

Banged-up billionaire

Mikhail Khodorkovsky: He was once worth more than £10billion, now the Russian oligarch sits in a Moscow prison cell accused of stealing 350million tons of oil BY JOHN HIGGINSON

11 November 2009

Metro

Former oil magnate Mikhail Khodorkovsky was Russia's richest man and the 16th wealthiest person on the planet but he is now serving an eight-year prison sentence. In 2003, the former head of petroleum giant Yukos was arrested for fraud and two years later he was convicted.

While serving time at a re-formed labour camp near the Chinese border, fresh charges of embezzlement and money laundering were brought against him and Khodorkovsky now spends his time between a Moscow prison and courtroom where he is fighting to clear his name.

Khodorkovsky's conviction has sparked allegations of corruption by the Russian government and his trial will be a crucial test of President Dmitry Medvedev's pledge to end criminal case bias.

From behind a bulletproof glass cage at Khamovnichesky Court, where he is being tried, Khodorkovsky told of his determination to fight for a fair hearing.

'They are charging me with stealing all the oil produced by Yukos subsidiaries,' he said. 'That's more than 350million tons. Such a crime is not only in theory impossible, it is also illogical.

'First, it is simply impossible physically to steal so much oil, let alone without the owner noticing. Second, I was the owner along with my partners. Third, the indictment contradicts the verdict in the first case about not paying taxes. In Russia, there is no obligation to pay taxes on something that has been stolen.

'I did not and do not admit guilt with respect to either the first or the second charges. I intend to assert the rightness of my position and defend my good name to the very end. I am not guilty.'

Khodorkovsky, 46, a married father-of-four, says imprisonment terms include only seeing his family twice a month.

'For the past seven months, a typical day for me takes place in court. They bring us by 10am. The whole day we take part in the trial and then they drive us back to the investigative isolator (a Russian remand centre).

'The trial is in recess one day a week. This day is intended for meeting with my lawyers. Twice a month I have the right to meet my family. These are brief visits, during which we talk through armoured glass by telephone.' Khodorkovsky spends weekends in his cell at the Matrosskaya Tishina prison in Moscow.

'On these days I do some housekeeping, as well as reading and preparing for the trial,' he said.

'These are the only days when I have time for a stroll. In the investigative isolator, a stroll means walking in a cell with no ceiling. Generally, the living conditions in jail are the same for all prisoners, so I do not complain.'

His thoughts on President Medvedev (below) and Prime Minister Vladimir Putin are surprisingly diplomatic for a man in his position.

'Putin and Medvedev are two absolutely different people, but for the purposes of political expediency, at the moment they are working "in tandem",' Khodorkovsky said. 'I consider it a mistake to regard Medvedev as Putin's puppet. But the current president is completely loyal to the prime minister.'

'In the course of the first trial, Putin, in my view, was one of its initiators. On the second trial, however, he is not exerting an influence. For my case, the actions of Medvedev are more important.'

'If his initiatives with respect to weeding out legal nihilism and forming an independent judiciary are crowned with success, then this will have an impact on the court in which my case is being heard.'

'I do not need preferences, after all. An independent and lawful court is enough for me to be able to prove my innocence.'

Khodorkovsky spoke to Metro last week, as Foreign Secretary David Miliband visited Russia. Does he believe Britain has turned a blind eye to his plight?

'I am grateful to Great Britain and other countries for the attention given to my case,' he said. 'Your support is very important for me both in the moral and the legal sense.'

'But I do consider the key to a lawful and objective resolution to my case is found in Russia. My main objective is to attain justice in my Motherland.'

Prison time has given Khodorkovsky, a man whose wealth once rivalled Chelsea owner Roman Abramovich and still stands at an estimated £300million, time to reflect.

'Money has never been an end in itself for me,' he said. 'I engaged in business for self-realisation and the money was just an additional opportunity to increase the scale of the challenges to be met.'

'In terms of personal consumption, the standards in my family were much closer to the middle-class than the wealthy. I have never had either yachts or large real estate. I simply did not need this. So the "life of a billionaire" has no particular value for me.'

Asked what he would do if he was not in prison, Khodorkovsky revealed: 'The main priority for me is family. I miss my wife, children and parents very much. I owe them a great deal of time and attention for all the years spent in jail.'

'If we speak of professional endeavours, I might engage in problems of civil society. Or work in the field of alternative energy. I have enough experience and qualifications not to have to worry about whether or not I will be in demand.'

'But I know for certain what I will not engage in. The subject of the oil business for me is unequivocally in the past.'

Russia's Black Gold Rush

Yukos was created as a state-owned oil company in 1993 following the collapse of the Soviet Union in 1991. With no money for modernisation, £1.8 billion in debt and falling output, the state was forced to sell Yukos in 1996.

Mikhail Khodorkovsky (pictured, right, with Russian prime minister Vladimir Putin), who made his initial money from banking and importing, took a majority stake for £350 million. Russia's emergence from communism into capitalism appeared like a Wild West-style gold rush to those rich enough to buy assets at low prices.

The initial period of 'oligarchic privatisation' was characterised by bloodshed and Yukos was no exception. Alexei Pichugin, Yukos' former security chief, has been convicted on multiple murder and attempted murder charges for killing alleged rivals. Even Khodorkovsky has admitted he took 'moral decisions' he would not do now. By 2003 Yukos had become one of the world's largest non-state-owned oil companies, accounting for around two per cent of the global production.

In February 2003 Khodorkovsky criticised Putin, then Russian president, and in April that year he publicly supported an opposition party. In July Khodorkovsky was arrested on charges of tax evasion.

The Russian government accuses Yukos of avoiding £5 billion in tax by keeping money in onshore tax havens. Unable to pay the bill the Russian government has since taken control of Yukos and sold it off in parts.

Russia's richest men

Russia's oligarchs have seen their piggy banks shrink 70 per cent in a year, according to the latest Forbes magazine survey. The number of billionaires slipped from 110 to 32, while their collective fortunes have sunk from £315 billion to £100 billion. Russia's eight richest men and their fortunes and (in brackets) what they used to be worth.

- Mikhail Prokhorov - £5.75 billion (£12bn): The 44-year-old playboy sold a stake in mining company Norilsk Nickel just before the financial crisis.
- Roman Abramovich (pictured) - £5.15 billion (£15bn): The 43-year-old Chelsea owner was the second richest in Britain prior to his losses.
- Vagit Alekperov - £4.7 billion (£7.9bn): At 59, Azerbaijan-born Alekperov is the president of leading Russian oil company Lukoil.
- Mikhail Fridman - £3.8 billion (£12.6bn): Fridman, 45, co-founded the Alfa Group which sold half of its oil business, Tyumen, to BP in 2003 for £3.7 billion.
- Vladimir Lisin - £3.15 billion (£12.3bn): Specialising in the steel industry, Lisin, 53, started his career as a foreman at a metal works. Alexander Abramov - £2.65 billion (£7bn): The former

scientist, 50, has amassed the largest steel and iron empire in Russia and employs 125,000 people.

- Leonid Fedun - £2.6billion (£3.9bn): The 54-year-old former military man turned financial whiz owns Spartak Moscow football club. He is Alekperov's right-hand man at Lukoil.
- Alexei Mordashov - £2.6billion (£12.8bn): Mordashov, 44, is the main shareholder and chairman of Russia's second largest steel company but it recently shed 9,000 jobs.



Behind bars: Mikhail Khodorkovsky attends court in a bulletproof-glass cage

Picture: AP

Banged-up billionaire

Mikhail Khodorkovsky: He was once worth more than £10 billion, now the Russian oligarch sits in a Moscow prison cell accused of stealing 350 million tons of oil **BY JOHN HIGGINSON**

Former oil magnate Mikhail Khodorkovsky was Russia's richest man and the 16th wealthiest person on the planet but he is now serving an eight-year prison sentence.

In 2003, the former head of petroleum giant Yukos was arrested for fraud and two years later he was convicted.

While serving time at a re-formed labour camp near the Chinese border, fresh charges of embezzlement and money laundering were brought against him and Khodorkovsky now spends his time between a Moscow prison and courtroom where he is fighting to clear his name.

Khodorkovsky's conviction has sparked allegations of corruption by the Russian government and his trial will be a crucial test of President Dmitry Medvedev's pledge to end criminal case bias.

From behind a bulletproof glass cage at Khamovnichesky Court, where he is being tried, Khodorkovsky told of his determination to fight for a fair hearing.

'They are charging me with stealing all the oil produced by Yukos subsidiaries,' he said. 'That's more than 350 million tons. Such a crime is not only in theory impossible, it is also illogical.'

'First, it is simply impossible physically to steal so much oil, let alone without the owner noticing. Second, I was the owner along with my partners. Third, the indictment contradicts the verdict in the

first case about not paying taxes. In Russia, there is no obligation to pay taxes on something that has been stolen.'

'I did not and do not admit guilt with respect to either the first or the second charges. I intend to assert the rightness of my position and defend my good name to the very end. I am not guilty.'

Khodorkovsky, 46, a married father-of-four, says imprisonment terms include only seeing his family twice a month.

'For the past seven months, a typical day for me takes place in court. They bring us by 10am. The whole day we take part in the trial and then they drive us back to the investigative isolator (a Russian remand centre).'

'The trial is in recess one day a week.

This day is intended for meeting with my lawyers. Twice a month I have the right to meet my family. These are brief visits, during which we talk through armoured glass by telephone.'

Khodorkovsky spends weekends in his cell at the Matrosskaya Tishina prison in Moscow.

'On these days I do some housekeeping, as well as reading and preparing for the trial,' he said.

'These are the only days when I have time for a stroll. In the investigative

isolator, a stroll means walking in a cell with no ceiling. Generally, the living conditions in jail are the same for all prisoners, so I do not complain.'

His thoughts on President Medvedev (below) and Prime Minister Vladimir Putin are surprisingly diplomatic for a man in his position.

'Putin and Medvedev are two absolutely different people, but for the purposes of political expediency, at the moment they are working "in tandem",' Khodorkovsky said. 'I consider it a mistake to regard Medvedev as Putin's puppet. But the current president is completely loyal to the prime minister.'

'In the course of the first trial, Putin, in my view, was one of its initiators. On the second trial, however, he is not exerting an influence. For my case, the actions of Medvedev are more important.'

'If his initiatives with respect to weeding out legal nihilism and forming an independent judiciary are crowned with success, then this will have an impact on the court in which my case is being heard.'

'I do not need preferences, after all. An independent and lawful court is enough for me to be able to prove my innocence.'

Khodorkovsky spoke to Metro last week, as Foreign Secretary David Miliband visited Russia. Does he believe Britain has turned a blind eye to his plight?

'I am grateful to Great Britain and other countries for the attention given to my case,' he said. 'Your support is very important for me both in the moral and the legal sense.'

'But I do consider the key to a lawful and objective resolution to my case is found in Russia. My main objective is to attain justice in my Motherland.'

Prison time has given Khodorkovsky, a man whose wealth once rivalled Chelsea owner Roman Abramovich and still stands at an estimated £300 million, time to reflect.

'Money has never been an end in itself for me,' he said. 'I engaged in business for self-realisation and the money was just an additional opportunity to increase the scale of the challenges to be met.'

'In terms of personal consumption, the standards in my family were much closer to the middle-class than the wealthy. I have never had either yachts or large real estate. I simply did not need this. So the "life of a billionaire" has no particular value for me.'

Asked what he would do if he was not in prison, Khodorkovsky revealed: 'The main priority for me is family. I miss my wife, children and parents very much. I owe them a great deal of time and attention for all the years spent in jail.'

'If we speak of professional endeavours, I might engage in problems of civil society. Or work in the field of alternative energy. I have enough experience and qualifications not to have to worry about whether or not I will be in demand.'

'But I know for certain what I will not engage in. The subject of the oil business for me is unequivocally in the past.'

