

## The pursuit of Yukos' wealth

By Kathrin Hille in Moscow

When Leonid Nevzlin, the former business partner of [Mikhail Khodorkovsky](#), met the one-time Russian tycoon after his release from prison, he says the two men spoke “about the kids, the weather and other pleasant things”.

Since Russian President [Vladimir Putin](#) allowed Mr Khodorkovsky to be freed last month after 10 years behind bars on charges of fraud and money laundering, speculation has mounted over whether Russia's one-time richest man will be able to regain some of his wealth, and what his role may be in the proliferating legal battles over the remainders of the business empire that the Russian government removed from him.

Mr Nevzlin is one of those best-placed to know. In 2005, Mr Khodorkovsky transferred his majority stake in Menatep, the holding company which controlled his Yukos Oil group, to his fellow investor who had already fled to Israel.

After Mr Khodorkovsky's arrest, Russian authorities started investigating Yukos for tax evasion and eventually placed the group into bankruptcy in 2007 and sold its Russian assets off to competitors, mainly state oil firm [Rosneft](#).

But Yukos' assets outside Russia remain beyond the control of the Russian state under two Dutch-registered protective foundations. Former Yukos managers who run those are also fighting a host of lawsuits in the European Court of Human Rights, the Netherlands and other jurisdictions over damages from the forced expropriation of the group and to defend the remaining assets against attempts by Rosneft to gain control.

The mushrooming litigation has been a constant thorn in the side of Rosneft. Only last Thursday, a New York court ordered Samaraneftegaz, a former Yukos subsidiary now owned by Rosneft, to turn over assets to the US to satisfy a judgment to pay Yukos Capital – a company under the Dutch foundations – \$186m and restrained it from transferring assets to either shareholders or affiliates. Samaraneftegaz has been refusing to pay the damages ever since 2007. The rare order amounts to an attempt to temporarily block dividends to Rosneft from this affiliate.

The \$186m is just one small part of a total of up to \$2.5bn in claims, according to [Bruce Misamore, the former Yukos chief financial officer](#) who helps run the foundations. So far, \$485m has been collected, and all other claims are either in some stage of litigation or may be submitted in the future.

The foundations also have in excess of \$1.2bn in cash from the sale of two former Yukos overseas assets. Eventually, this money should be distributed to former shareholders, who are believed to total as many as 55,000.

But this year, the Yukos managers who manage the assets have their eyes set on a much bigger prize: they are waiting for a ruling from the European Court of Human Rights on a claim related to the Yukos bankruptcy potentially worth tens of billions of dollars. Some suggest it is closer to the value that was placed on Yukos by analysts and economists at the time of liquidation, frequently stated as between \$40bn and \$60bn. Rosneft is defending the action.

Separately, Gibraltar-registered Menatep, now called GML, is awaiting a ruling in an arbitration under the Energy Charter Treaty in The Hague over a \$100bn claim against the Russian Federation.

Mr Nevzlin, who was unavailable to comment to the FT, told Russian media that Mr Khodorkovsky would have nothing to do with any of these claims – in line with the former Yukos chief's assurances to Mr Putin that he would not fight for his former assets after regaining freedom.

In an interview with independent TV channel Dozhd aired late on Friday, Mr Nevzlin said Mr Khodorkovsky had “severely rebuffed” his attempt to inform him about the group's finances. “He is not interested in this. Therefore we did not succeed to talk about business and finances with him,” Mr Nevzlin said. “It has become clear that as far as the management of the group by the trusts is concerned, I will continue to do that.”

The Russian newspaper Novaya Gazeta quoted Mr Nevzlin as saying that the transfer of Mr Khodorkovsky's shares to him was irreversible.

But some of the conspiracy theories traded in Russia since Mr Khodorkovsky's release see the tycoon as not only not fighting for his former wealth, but speculate he could try to make a deal with Mr Putin to settle the court case in The Hague in exchange for the release of Platon Lebedev, his other former partner, and Aleksey Pichugin, another former Yukos official, who are still in prison in Russia.

A ruling against the Russian state in the world's largest-ever arbitration case in The Hague “would have a monstrous impact on the Kremlin regime and on Vladimir Putin personally – from a legal, reputational and also from a financial perspective,” said Andrey Illarionov, a former economic adviser to Mr Putin, in his blog. The date for a ruling has been postponed. “We had expected it early this year but were recently notified that it will now come before the end of the first half – so I expect it in June,” said Tim Osborne, the GML director who heads the case.

Mr Khodorkovsky's partners fiercely reject the idea that the claim in The Hague could be withdrawn. “The group under the leadership of Tim Osborne intends to fight for victory in that process and fight for compensation from the Russian Federation no matter what,” said Mr Nevzlin in the Dozhd interview. “First and foremost, the group needs to win the case. If the case is won and damages are awarded, then one will be able to talk about things.