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Acrimony Over Lenta Supermarket Continuing

By Khristina Narizhnaya

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Scandal erupted among shareholders of St. Petersburg-based supermarket chain Lenta on Tuesday, when reinstated deputy director Dmitry Kostygin, his bodyguards and lawyers were kicked out of the company's central offices, while a $800 million buyout offer was not accepted.

The nearly yearlong battle for control of Lenta — pitting investment group Svoboda against Luna, which is comprised of U.S. equity firm TPG and Russia's VTB Capital — has been conducted in three separate courts and involved a fist fight, mass arrests and claims of fraud from both sides.

The conflict escalated when American businessman and Svoboda owner August Meyer replaced chief executive Jan Dunning with a former chief executive, Sergei Yushenko, last summer.

In mid-September Luna reinstated Jan Dunning to the post, prompting a fist fight with company security on one side and Dunning and his bodyguards on the other as he tried to enter Lenta's offices. Dunning left the company at the end of October.

Kostygin showed up to his former post Monday with a court order, but Lenta staff, hired by Dunning, did not sign documents confirming his reinstallment.

According to Svoboda spokesman Gleb Krampets, on Tuesday, Kostygin — claiming to be empowered by Yushenko — came to the office with his lawyers and bodyguards and fired deputy director Anton Zavalkovsky.

At that point, Krampets said, a group of 15 security guards and staff used physical force to remove Kostygin and his men, breaking one of the lawyers' video cameras in the process.

However, Luna said Kostygin started his workday by giving orders to replace several employees and hire some of his relatives. Police were summoned and Kostygin and his entourage left as soon as they saw the officers.

Luna does not recognize Yushenko as having any executive powers. According to Luna's statement, e-mailed to The Moscow Times, only the board of directors can make decisions on staffing.

Lenta spokeswoman Yelena Georgobiani originally declined to comment, but later referred The Moscow Times to Luna's statement.

Luna on Tuesday also called Svoboda's buyout offer of $800 million a public relations stunt.

Luna spokesman Vladimir Melnikov accused Svoboda of trying to influence public opinion by leaking information to the press.

"We will not play this game," Melnikov said. "If you really want to make a deal you don't go to Kommersant and tell them everything beforehand."

Svoboda genuinely wanted the deal to go through to put an end to the conflict, Krampets said.

Richard Wallis, spokesman for the European Bank for Reconstruction and Development, which owns 11 percent of the company, said Lenta's business is unaffected by the conflict. Luna echoed the comment.

Lenta has 37 stores and had an annual turnover in 2010 of about $1.8 billion.

"Shareholder conflict is never good, but Lenta remains a leader," Wallis said. "It offers good services, good prices."

Shareholder disagreements are not uncommon in Russia. Currently, mining giant Norilsk Nickel and telecoms holding VimpelCom have significant, though less physical, shareholder disputes.

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