

Berezovsky, the Brilliant Strategist

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For two weeks now, a London court has been considering a \$5.5 billion lawsuit that self-exiled tycoon Boris Berezovsky has filed against fellow tycoon Roman Abramovich, and everyone is wondering: Why is Berezovsky going to the trouble? The answer is that he wants his money back.

Berezovsky is approaching this lawsuit as if it were a business project. He figures that if he invests enough in powerful, high-priced lawyers, he will earn a fat return. Surely, if all he could get out of it were moral satisfaction, he would not waste his time. Second, Berezovsky is a brilliant strategist. He makes plans decades in advance.

In the London lawsuit, Berezovsky claims that he sold his stakes in the ORT television channel (now Channel One) and Sibneft well below market value to win the release of his jailed close friend, Nikolai Glushkov. That is doubtful to say the least — not because Berezovsky is incapable of a selfless gesture, but because it is difficult to believe that he would sacrifice billions of dollars for the sake of a friend.

The question then becomes: Why did Berezovsky and Badri Patarkatsishvili sell their shares in ORT for only \$175 million, in Sibneft for \$1.3 billion and in RusAl for \$450 million? And why

did Berezovsky not immediately file a complaint in the London courts if he was being robbed?

The answer is that at the time of the sales, Berezovsky did not yet have the reputation as a warrior against the Kremlin, and then-President Vladimir Putin did not yet have the reputation as a tyrant.

What's more, Berezovsky had no legal grounds for a complaint. He registered all of his shares in Sibneft and RusAl in Abramovich's name as if Abramovich were his wife. Berezovsky has even admitted that he held only an oral agreement with Abramovich to the effect that he and Patarkatsishvili owned 50 percent of Sibneft and 25 percent of RusAl.

The only documents confirming Berezovsky's stake in Sibneft and RusAl are the receipts he received when he sold them. This is precisely where his brilliant strategic skills came into play.

The moment Berezovsky quarreled with Putin, he formulated a plan. First, he would unload his shares for whatever he could get for them, simply to have the paper in hand confirming his ownership. Second, he would strengthen his reputation as Putin's sworn enemy.

Now, Berezovsky has a good chance of winning his case in London because he can prove he once owned extremely valuable shares and that he was forced under heavy pressure to sell them to Abramovich for peanuts.

My guess is that the court will rule in favor of Berezovsky. The only question is how much will it award him in compensation.

It is entirely possible that the London court will rule that Abramovich stole Berezovsky's business from him. Berezovsky wanted to sell his 50 percent stake in Sibneft for \$2.5 billion and got only \$1.3 billion.

But Berezovsky himself said he did not run the company and did not invest a single ruble of his own money in it. What's more, Berezovsky initially purchased 51 percent of the company for a mere \$100 million, as it states in the court record. Thus, the court will likely rule in Berezovsky's favor, but the award will probably be peanuts — an amount far from what he was counting on.

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