

Foreign Firms' Security Service Raided

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Gennady Gudkov **Andrei Makhonin**

Police have raided a company that provides private security to major Western firms like IKEA and Procter & Gamble in what its founder, State Duma Deputy Gennady Gudkov, called punishment for his support of anti-Kremlin protests.

The operation — which saw police confiscate about 170 guns — may represent the first repercussion from the ongoing protests for foreign investors, who could be spooked by the unfavorable attention shown to a company that they rely on for protection.

It may also prove a headache to President Vladimir Putin, who has made it a priority to create an attractive investment climate for foreigners.

Police accused the private security company Pantan, a subsidiary of Gudkov's Oskord security holding, of improperly using and storing its guns and decided to cancel its permits to keep the weapons, according to a police statement. By 7 a.m. Sunday, they had removed all the company's weapons and bullets, the statement said.

If Oskord loses its permits, it would be de facto shutdown, Gudkov said. “Today they have seized the means of production from our company: service weapons,” he said on Twitter.

“Over the course of 20 years, I have worked to build a company that looks like it could be destroyed in 20 days,” he said. “This is the investment climate in Russia!”

Oskord’s clients, in addition to IKEA and Procter & Gamble, include the likes of Cadbury, Shell, Raiffeisenbank, the EBRD, IBM, Adidas, General Motors, Schlumberger, Air France, KLM and Lufthansa, according to the company’s website.

Calls to the cell phone of a Russia-based senior executive with Procter & Gamble went unanswered Sunday, while nobody picked up the office phones of the other companies.

But foreign investors are likely to keep a close eye on how the affair unfolds. “A situation like this could very well damage the investment climate,” said a senior U.S. lawyer who represents several major Western companies in Russia. He asked for anonymity so as not to draw attention to himself and his clients.

Gudkov, a former KGB officer who retired with the rank of colonel, said he believed that he had angered someone by attending the mass opposition rallies that erupted after disputed Duma elections in December, and he said his company might have been targeted because it has provided 10 security guards for each of the rallies.

“My boys guarded the stage for pay at the rallies,” the Just Russia deputy told Izvestia.

He added on Twitter: “I do understand why I am being punished, but who is the mastermind?”

Gudkov, interviewed by The Moscow Times at an opposition rally attended by thousands of people Sunday, said he had no further comment and that he hoped to settle the matter on Monday.

Asked whether he would take a lower profile within the opposition movement, he said, “No, absolutely not.”

Police denied that their actions were related to the protests, saying they had received a request from a citizen to conduct a check into Pantan. “The citizen did not like how Pantan employees were conducting themselves at one of the shopping centers in the capital,” police official Yelena Alexeyeva told Izvestia.

Gudkov rushed to his company’s office when he learned about the raid, the police statement said, adding that company executives made it difficult for the police to fulfill their duties by refusing to provide keys to storage facilities. The statement also said the company’s general director refused to meet with police and, citing poor health, called for an ambulance, which whisked him away.

Gudkov founded Oskord, which means Slavic warrior’s ax in Russian, after retiring from KGB successor Federal Security Service in 1992. His first major contract was to provide protection for Turkish construction company Enka as it built housing for military personnel in the North Caucasus, Izvestia said.

After being elected to the Duma in 2001, Gudkov transferred ownership of the company to his wife, Maria Gudkova. It now has 15 subsidiaries and a staff of more than 1,000 people.

With possibly every major company seeking security in Russia, the private security service market is worth an estimated \$7 billion, industry experts said. Part of the market is controlled by the Interior Ministry, whose Okhrana branch provides security to businesses and households. The branch was recently embroiled in a scandal when its founder, Deputy Interior Minister Mikhail Sukhodolsky, was dismissed and an investigation was opened into whether it had bought equipment through companies affiliated with Sukhodolsky's business partners.

Gudkov may be coming under pressure from several sides. Sofya Gudkova, the former wife of his son Dmitry Gudkov, resigned as an editor at NTV television last week to protest a company plan to release a film about the private life of her ex-husband and other members of the opposition.

Staff writer Jonathan Earle contributed to this report.

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