

10 Years on, Khodorkovsky's Arrest Called a Turning Point in History

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The former billionaire at a court hearing in 2005. **Igor Tabakov**

When Vladimir Pereverzin woke up on Oct. 25, 2003, he had no reason to suspect there would be anything unusual about the day. But when he clicked on the television, he saw mind-boggling news: billionaire Yukos owner Mikhail Khodorkovsky, once Russia's richest man and Pereverzin's former boss, had been arrested.

"I could not believe my ears," Pereverzin said, recalling the moment. "It was more likely that aliens had landed on Red Square than Khodorkovsky had been arrested."

Ten years later, the man who managed to transform a small, debt-stricken oil company into an international energy empire is known primarily for his time behind bars, with many people barely able to remember a time when he was free.

The transformation from oil baron to suspected criminal was sudden and stark. Sitting on a

chartered jet in the Novosibirsk airport while on a speaking tour, Khodorkovsky was put in handcuffs by Federal Security Service agents and taken into custody on charges of fraud and tax evasion. He has not spent a single full day out of jail since then.

In what was widely considered a political order by President Vladimir Putin meant to bring Russia's wealthiest tycoons into line and to punish Khodorkovsky for supporting the political opposition, the founder of Yukos Oil Company and his business partner Platon Lebedev were convicted of fraud and tax evasion in 2005 and sentenced to nine years in prison. Five years later, they were tried in a second case and found guilty of stealing 350 million tons of oil from Yukos and laundering the proceeds. Last December, a Moscow court reduced their sentence from 13 years to 11.

Opposition politician Boris Nemtsov, who was then head of the liberal Union of Right Forces party, which Khodorkovsky had helped fund, said the arrest ushered in a new era for Russia.

"Khodorkovsky's arrest was a turning point in Russia's history," Nemtsov said. "On Oct. 25th, institutions of justice and law enforcement were destroyed in Russia, while political police and political hit jobs became the norm."

Not everyone would agree with that assessment — Khodorkovsky's detractors say he had been involved in plenty of murky, often illegal practices just like his fellow burgeoning magnates who made their fortunes in the chaotic 1990s. But few would dispute that the case was a watershed moment.

For many critics of the case, it was the first political prosecution in 21st-century Russia, marking the beginning of a crackdown by Putin on those threatening his leadership.

Some say little has changed in the political system since then. Putin is still in power, and the economic charges brought against Khodorkovsky are still being brought against prominent figures who disagree with Putin's policies, such as opposition leader Alexei Navalny, who was convicted earlier this year of embezzlement and later given a suspended sentence.

"They tested those charges on us," said Pereverzin, a former Yukos top manager who was also prosecuted and spent seven years behind bars before being freed last year. Several other former Yukos employees have also been sentenced to jail time on various charges.

For Khodorkovsky and his family, the 10 years he has spent in prison is a loss that cannot be recouped.

"Ten years have gone by, 10 years — to the day — that I have spent in the jails, prisons and camps of the new Russia," Khodorkovsky wrote in an op-ed published Thursday in *The New York Times*. "Much has changed."

He noted that his oldest son, Pavel, had become a father; his youngest sons, who were four-years-old when he was arrested, are taller than he is now; and his elderly parents have health ailments. There have been other milestones that he failed to mention: A few years ago his parents celebrated 50 years of marriage, and this past summer he marked his own 50th birthday.

Khodorkovsky is now set to be released in less than a year, with the Supreme Court ruling

in August to cut his sentence by two months, meaning he is scheduled to get out of prison in August 2014. Khodorkovsky said in an interview with The New Times earlier this year that he "could hardly imagine the possibility of being released" because he had grown so accustomed to prison.

Through a spokesman, Khodorkovsky declined an interview request from The Moscow Times. But friends and former colleagues describe the time Khodorkovsky has spent behind bars as a period of growth for him as a politician and a person — but also as a lost decade, for both him and the nation.

"Man of the System"

Looking back at Khodorkovsky's arrest, his former associates are bewildered by the way things played out.

There are numerous theories behind why Khodorkovsky was targeted by the authorities, but most observers believe it was an act of personal revenge by Putin, who purportedly thought that Khodorkovsky wanted to take power in the country.

But political analysts and Khodorkovsky's friends say he was always willing to act within the existing political system. He believed, they say, that he could contribute to Russia's development without resorting to extreme measures.

"He was not a voice of opposition," said Bruce Misamore, former chief financial officer and deputy chairman of Yukos, in a phone interview. "In 2001, he told me that he did not like Putin's approaches, but he would always try to support Putin to take the country forward. He often met with Putin to discuss legislation and other political issues."

Khodorkovsky was arrested while on a trip around Russia, meeting with regional officials and giving lectures to university professors and students, often criticizing the oil-dependent economy.

Such trips were a usual thing for him, Misamore said, with Khodorkovsky taking them every one or two years. "I saw him last time, right before he took his journey to the regions. It was a one-to-one meeting that we had every Monday. He told me he would be off for the next week."

Eight months earlier, in February 2003, Khodorkovsky had accused state-run oil giant Rosneft — which later acquired most of Yukos' assets in a fire sale after Khodorkovsky's arrest — of corruption at a meeting attended by Putin, who retorted that Yukos did not pay its taxes in a transparent manner. That statement foreshadowed Khodorkovsky's later conviction on tax evasion charges.



Igor Tabakov / MT

Khodorkovsky in 1995 standing in an office of his Bank Menatep holding company.

Then in April 2003, Khodorkovsky announced plans to finance liberal political parties Yabloko and the now-defunct Union of Right Forces, or SPS, ahead of parliamentary elections that December.

The next month, the Council for National Strategy think tank, headed by political analyst Stanislav Belkovsky, published a report accusing Yukos' leadership of plotting to overthrow Putin by financing the liberal opposition. According to the think tank's theory, Khodorkovsky and his co-conspirators wanted to make Russia a parliamentary republic. The report was published online by one newspaper with the headline: "Oligarchs Plan Coup in Russia."

Speaking by phone this week, Belkovsky said these plans were not a secret, with Yukos representatives speaking about them openly. They only became silent, he said, after the arrest of Platon Lebedev in July, on the same charges that Khodorkovsky would later face.

Belkovsky said the purpose of the report was simply an analysis of the current political situation, and the media had exaggerated its significance. He also said that despite the planned coup, Khodorkovsky was a "system player" who respected the government but was largely manipulated by other politicians and businessmen who wanted the coup to take

place.

"He remained a man of the system even in prison," Belkovsky said. "I do not expect him to be a harsh critic of Putin when he is released."

Prison Transformation

While much has stayed the same with Russia's political system since Khodorkovsky's arrest, one thing that has changed is Khodorkovsky himself.

His former colleagues and friends say that prison has made him a more compassionate and sympathetic person, while observers have said the main change has been in his status, with prison having made him into an influential political figure.

"There is an opinion that prison makes people tougher, but what happened with Khodorkovsky is the absolute opposite," Nemtsov said.

Irina Yasina, the former head of Khodorkovsky's charity Open Russia, said he used to be "machine-like," but is no longer. "Ten years ago, I would not expect to hear from him the phrases full of kindness and sympathy that I see in his letters from prison now," she said.

On a political level, Khodorkovsky has gone from being a donor and supporter to a full-fledged politician with his own nuanced views on contemporary issues.

In 2004, Khodorkovsky wrote an article in Vedomosti in which he criticized Russia's liberal forces for a lack of detailed policy doctrines and also said he felt guilty for being a part of the 1990s reforms that were harmful for Russia.

He wrote, defiantly, that he knew there were people who wanted him to be in prison forever. "But what they have managed to achieve so far is the opposite — they made us, ordinary people, a symbol of struggle against iniquity."

That article broke ground for further discussions on the direction of Russia's development, according to Belkovsky.

Later, Khodorkovsky published a series of articles and a book on liberal politics and the prison system, his correspondence with writers Lyudmila Ulitskaya and Boris Akunin, and numerous articles and statements on current affairs.

In his articles, he welcomed the opposition rallies that followed the disputed December 2011 parliamentary elections, condemned Russian authorities for prosecuting opposition activists, and also criticized the opposition for substituting real actions with words.

"He never wanted to be in opposition to the authorities, but now he is recognized as the voice of opposition," Misamore said. "He had to do that because it's the only way for him to push changes in his country."

Khodorkovsky has been awarded several prizes for human rights activity and in the fields of literature and journalism. The board of the Lech Walesa award for human rights, a prize given to him in September, said Khodorkovsky was being recognized for "courage

in promoting civil society values, " building foundations of economic freedom, and his "unwavering struggle for justice and human dignity."

Having been in jail for so long, Khodorkovsky is thought of by many Russians as a permanent prisoner.

"So many years have passed — a new generation does not know what he was like before prison," said Yasina, of the Open Russia fund. She quoted her daughter, now 24, who said: "Just as the sun rises, Khodorkovsky is in prison."

But Yasina said Khodorkovsky had stayed mentally strong, becoming a rare example of someone not broken by the pressure of the system. "Despite his fall from such a high position, he managed to keep his human dignity."

A Turning Point

Khodorkovsky had risen swiftly to the top of the business world in the 1990s, and his associates believe that had he not gone to prison he could have used his significant fortune and capabilities to benefit the country.

Misamore described his incarceration as "a total, complete waste of one of the most talented people in the world."

Pereverzin argued that he would have contributed to developing a multiparty political system and a State Duma that would be able to make independent decisions, while Yasina said his charity work would have had a major impact.

"Since I worked at Open Russia, I know about those programs that we planned to run and the amount of money allocated to them," Yasina said, referring to the foundation's scholarships for university students and democracy-promotion efforts. "We would have another country now, just because we would talk to hundreds of thousands of people, promoting our ideas among them."

Aside from lost potential due to his arrest, there were other negative effects. Misamore said the Yukos case exerted a negative influence on investor sentiment for years, being cited by business people as a reason to use caution when considering placing a bet on the Russian market.

"It led to a situation in which money flew out from Russia," Misamore said. "Investors do not trust the Russian authorities and the Russian judiciary" because of the Yukos case, he said.

Nemtsov said the case was also a signal that funding the opposition was a dangerous business, leading to financial problems for the opposition even now.

So, if his imprisonment had such a harmful effect, could his release bring a boon to Russia?

Khodorkovsky's future remains unclear. Belkovsky said Putin doesn't see Khodorkovsky as a rival anymore and is ready to free him, as proven by the Supreme Court rulings to cut his sentence.

Speculation about a third Yukos case emerged several years ago and intensified this spring, with Khodorkovsky's lawyers saying that a team of prosecutors who worked on the first two cases still existed and had become more active in the last two years.

Belkovsky said that fears on the part of Rosneft chief Igor Sechin that Khodorkovsky could come after his former assets — something Khodorkovsky has denied he would do — could lead to another case against him but was unlikely.

Khodorkovsky has said he would not go into politics when he is released, remaining vague about his ambitions and plans, perhaps in order not to provoke concerns about reprisals against those who supposedly arranged his prosecution.

In his op-ed published Thursday, he spoke of the need for peaceful opposition protests to enact change in the country.

"The movement must take inspiration from Nelson Mandela of South Africa, who was able to rise above personal grievances and racial and class prejudices to lead his society along a difficult road from civil war to social peace," Khodorkovsky wrote. "Mr. Mandela's genius lies in the fact that when he came out of jail, instead of shutting the door in the face of his jailers, he left it open, so they could come out together with him."

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