



Written by [William F. Jasper](#) on October 8, 2014

Putin's Oligarchs: Some Get Bailouts, Some Get Jail

Russia's State Duma today passed in its first reading of a controversial bill that is widely referred to as the "Rotenberg Law," which would compensate Russian companies punished by Western sanctions over Russia's actions in the Ukraine crisis.

The bill must pass two more readings in the Duma, the lower house of Russia's parliament, before moving to the Federal Council, the upper house, and then to President Vladimir Putin's desk for signing, to become law.



The proposed law has stirred heated debate in Russia, as opponents see it as a taxpayer/pensioner bailout of Russia's wealthiest oligarchs, most of whom are closely tied to Putin. The legislation has been tagged for billionaire Arkady Rotenberg (shown, at right, without tie), a childhood pal of Putin who sits atop the SGM Group, a massive business empire that includes construction, natural gas pipelines, professional hockey teams, banking, and real estate. In September, Italy froze nearly \$40 million in assets tied to Rotenberg, including bank accounts, the Berg Luxury Hotel on Rome's plush Via Veneto, and several lavish villas. The Italian sanctions are not likely to make a dent in Rotenberg's lifestyle; the *Forbes* 2014 survey puts his wealth at \$3.2 billion, placing him at #510 among the world's billionaires. The *Forbes* profile also notes that "Arkady is the president of the multi-championship-winning hockey club Dynamo Moscow, which used to be sponsored by the KGB."

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A number of news stories have noted that the oligarch is a longtime judo partner of Putin, and a [profile on Rotenberg](#) last year in the Israel-based *Jewish Business News* featured a photograph of Rotenberg and former KGB chief Putin together in their judo uniforms. In various interviews, Rotenberg has denied that his friendship with Putin has helped him win business deals. He told the *Financial Times* that Putin "was sent to our country from God."

Putin's heavenly favor has apparently spilled over to Rotenberg. Last year *Bloomberg* reported that Rotenberg's companies had won \$7.4 billion of contracts for the 2014 Sochi Olympic Games.

Russian billionaire Dmitry Rybolovlev (#141 on the *Forbes* list, with \$8.8 billion net worth), meanwhile, may be feeling a bit more of an economic squeeze, though it has more to do with a divorce court ruling and business deals than any political sanctions. Rybolovlev paid \$95 million for Donald Trump's Palm Beach mansion and, reportedly, more than \$300 million for his luxury penthouse in Monaco. Last May, a divorce court in Switzerland awarded Rybolovlev's wife of 27 years, Elena, half of his fortune. But he is sure to appeal the decision and keep matters tied up in courts for a long time.

Rybolovlev also may be having problems with his soccer franchise. *France Football* reported on October 7 that the French League of Professional Football (LFP) will soon begin deducting millions of euros from Rybolovlev's television revenues for his football team, AS Monaco. The website [GetFrenchFootballNews](#) reports that "the Russian oligarch has no intention of paying the next installment (€6.25m) of the €50m



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fee they agreed to pay the LFP to make up for their tax free situation compared with other French football clubs.” The LFP, apparently, “has already made Monaco aware that if they do not pay the next instalment, then the money will just be taken out of the TV rights funds owed to Monaco for this season.”

Rybolovlev’s current standing in the Putin-led Kremlin shark tank is open to much speculation. However, fellow billionaire Vladimir Yevtushenkov is clearly on the outs. Yevtushenkov was arrested in September and charged with money laundering. The former Putin ally is the founder and majority owner of Sistema, a company with holdings in oil, energy, media, telecommunications, agriculture, clinics, and toy stores. Yevtushenkov has denied any wrongdoing, but he is not likely to escape the current purge underway among Russia’s business elite.

As we have noted in previous articles about the arrests and/or liquidations of top oligarchs and princelings in Russia and China, what we are witnessing is a replay of Communist dictator Josef Stalin’s recovery of “the Party’s Gold.” As we [reported last year](#), following the death of Boris Berezovsky, once known as Russia’s richest oligarch, but who had been living in exile in Britain since falling out with Putin:

There is good reason to believe that many of the murders of (and murder attempts on) Russian oligarchs and crime bosses may be part of the larger Putin effort to take back state control of assets that were privatized in the 1990s. It can be likened to Stalin’s re-nationalization of wealth that had found its way into private hands during Lenin’s New Economic Policy (NEP). The NEP was a massive deception run by Lenin’s Cheka (also known as the NKVD — forerunner of the KGB) to lure Western aid and investment. Communist Party officials posing as Russian “businessmen” went into partnership with Western companies, and for a number of years gave the appearance that capitalism was replacing communism in Russia. In order to make the ruse convincing, the communist “capitalists” had to be given some latitude. Many of the newly minted business elite quickly became seduced by the wealth and lifestyles that came with their assignments; they began building impressive dachas and stashing gold, foreign currencies, and other valuables. Stalin put an end to that. He instructed Genrikh Grigoryevich Yagoda, NKVD chief and People’s Commissar for Internal Affairs, to ferret out all the secreted wealth of the “corrupt” comrades, including their secret Swiss bank accounts. This Yagoda did, and Stalin then had the offenders purged (usually tortured and killed). However, Yagoda had made one particularly startling omission in his otherwise thorough investigation: his own Swiss bank account. Stalin, not trusting anyone, had had his own personal secret inner intelligence service investigate Yagoda. He confronted Yagoda with his own theft of “the People’s” property. Yagoda himself was executed in the same manner as those he had executed.

And as we reported last week, [Gulnara Karimova](#), the wealthy oligarch princess and daughter of Uzbekistan’s dictator, like many other former privileged players in corrupt regimes, now finds herself incarcerated, and protesting that she is being denied due process.

Photo showing Russian President Vladimir Putin (left) and Arkady Rotenberg (right, no tie): AP Images

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