

## The case of Yevtushenkov: One more look at Russia through the prism of clan battles

Marius Laurinavičius, Senior Analyst, EESC

[In the last essay of the series “Putin’s Russia”](#), I discussed the long efforts of Yevgeny Primakov’s clan to turn Ukraine’s conflict in the direction of conditional peace rather than war by imposing certain conditions and concluding everything with a peace agreement that is so useful to Russia.

I have also described the history of the clan and the development of its influence in the West. The attention was drawn to the fact that this particular clan basically controls Russian foreign policy, at least the official part. This time it is natural to focus on the roots of Primakov’s clan, the facts of this clan’s development history, its power structures and its most influential members in Russia.

However, this logical sequence is not the only thing that forces us to focus on Primakov’s clan. The topic of this essay is also based on the latest events, but from a bit different angle.

### Attack against Primakov’s clan

On 16 September, it was all over the world news that one of the most famous Russian oligarchs, 66-year-old Vladimir Yevtushenkov, was put under house arrest. Yevtushenkov, who is the main shareholder of the financial group Sistema, has a capital of USD 9 billion, and is the 15th richest businessman in Russia.

Both in Russia and in the West this piece of news was met rather unambiguously. “Yukos case No. 2”, stated headlines and commentators. Mikhail Khodorkovsky, the founder of the oil company Yukos who just last year was released from prison after serving a 10-year sentence, immediately joined the choir. He stated that just

like in Yukos’s case, it was Rosneft’s CEO Igor Sechin who stands behind Yevtushenkov’s case. He is allegedly led by his interests to take over the control of the company Bashneft from the conglomerate Sistema.

If things were really like that, the scenario would be very similar to the Yukos case. However, I would venture to doubt this popular interpretation of events. Mainly because Yevtushenkov is not Khodorkovsky and Bashneft is not Yukos.

In Russia and in the West, when explaining the differences between Yevtushenkov and Khodorkovski, it is usually stated that Sistema’s shareholder was never “into politics”, and the only politician who was supported by this giant business structure was Yuri Luzhkov, the former mayor of Moscow who was pushed away from political games a while ago.

Yet it is only a partial truth. When talking about Yevtushenkov, his relationship with Primakov is somehow overlooked. By the way, at the time when Yevtushenkov openly supported Luzhkov, Primakov’s clan was actually called the Primakov-Luzhkov clan. Logically thinking, it wouldn’t be surprising to find that Yevtushenkov continues working hand in hand with Primakov.

However, there is much clear and specific evidence to suggest that this is the case. I will mention only a few most obvious indicators. Yevtushenkov, in one way or another, consistently participates in almost all of Primakov’s initiatives, and is a member of various governing bodies of the organizations that are considered to be Primakov’s power

structures. Meanwhile Primakov is the chairman of the board at the military-civilian company group RTI that is owned by Yevtushenkov's Sistema. Prior to that he was the chairman of the board at the company Glonass which is also owned by Sistema.

The actual power of Primakov's clan was vividly illustrated in the last essay of this series, despite the fact that Primakov has not had any important or influential posts for quite a long time now. In the past Primakov held influential positions like the first deputy chairman of the KGB, head of the Russian Foreign Intelligence (SVR), minister of foreign affairs and was even the prime minister. Most importantly - Yevtushenkov with his Sistema is not only an active member of Primakov's clan at the moment, but also his whole business empire was built on the foundation of KGB-based clans.

Let's agree that if we look at Yevtushenkov as the oligarch who built his empire based on KGB clans and to this day is a member of one of the most powerful government clans in the country, everything looks much more different than "Yukos case No. 2". Therefore it would be difficult to state that there has supposedly been some kind of breakthrough in Russia because that would imply that a tacit agreement has been broken not to touch the large businesses in Russia as long as they are loyal to the government. This alleged agreement in Putin's Russia has been addressed ever since the Yukos case.

### **Sistema's roots are obvious**

We should start with who Yevtushenkov is and how his Sistema was founded. There have been many public addresses and announcements that Yevtushenkov is a former KGB agent who went by the nickname "Yenakiev". It was also stated that the most important task he had been assigned was to become Luzhkov's go-between. The two have been familiar since the 1980s. But the information about Yevtushenkov being the KGB agent can be neither confirmed nor denied, at least in the public sources. So let's not bustle here any longer.

Nevertheless, there are other public sources of information that describe Sistema's development process rather eloquently. For instance, Vagif

Huseynov (former head of Azerbaijan's KGB) and Vladimir Kryuchkov (former head of USSR's KGB) managed the company Region which was considered Sistema's informational-analytic safety structure. Region itself was called by some authors the bastion of KGB and GRU like many other informational-analytic safety structures of the then-emerging business empires.

There have been hints in Russian media that Huseynov was recommended to Yevtushenkov by Philipp Bobkov, a former director of KGB political police department (the Fifth Directorate). By the way, Huseynov to this day is the head of the Institute for Strategic Assessment and Analysis that was established on the basis of Sistema's informational-analytic safety structures, and is a member on the board of Foreign and Defence Policy that is also attributed to Primakov's power structures.

Some Russian authors claim that Bobkov was the one to involve Huseynov into KGB structures in post-Soviet Russia because of their personal experience when resolving the crisis after the bloody events in Baku in 1990. Bobkov then visited Baku to seek a solution to the problem.

Primakov also went to Baku that time together with Bobkov. Later on, in his memoirs "More than one life", Huseynov draws an unambiguous image of resolution meetings where Primakov was an obvious leader and looked the most influential among the guests from Moscow. So maybe it was Primakov who kept an eye on Huseynov and decided to include him in his KGB-based structures that were being developed at the time.

Moreover, after the coup in 1991, Bobkov got the position at the business empire "Most" that was being established by another oligarch Vladimir Gusinsky. Truth be told, Gusinsky (coincidentally or not) has also often been associated with Moscow's mayor Luzhkov.

And here is what Vladimir Pribylovsky (the president of the information research center Panorama) and historian Yuri Felshtinsky write in their book "The Corporation: Russia and the KGB in the Age of President Putin": "Each oligarch in 1999-2000 had a solid, time-tested representative from special services. And vice

versa. Roman Abramovich, Boris Berezovsky and Anatoly Chubais had Colonel Vladimir Putin, the director of the FSB. Vladimir Gusinsky had General Phillip Bobkov; Yuri Luzhkov had Yevgeny Primakov, and Mikhail Khodorkovsky had KGB general Alexei Kondaurov."

Let me remind you that the Russian-born historian Felshtinsky became famous when he wrote the book "Blowing up Russia" together with the now murdered former FSB agent Alexander Litvinenko. Pribylovsky is a well-known researcher of KGB clans and Putin's current regime in Russia.

The aforementioned quote basically reveals the entrenchment history of the KGB-based clans. And though Yevtushenkov and his Sistema are not mentioned here yet (in 1999 he was not at the same level as Abramovich, Bezerovsky, Gusinsky or Khodorkovsky), the parallel proposes itself. Especially when the above-mentioned facts lead to the same conclusion - one particular KGB clan was always standing behind Yevtushenka and his Sistema. It was Primakov's clan.

Going back to the actual or alleged connections between Yevtushenka and KGB, one more parallel emerges. Felshtinsky argues that Gusinsky was Bobkov's agent since Soviet days, had a KGB pseudonym and was officially registered in agency's network. Although it is hard to imagine that the first Deputy Chairman of KGB could directly supervise one of the agents, the fact that the long-time acquaintance, related to "KGB line", later became a joint development of a business group comply with the usual schemes of establishing KGB clans.

And it can only be guessed if, based on the rumors of Yevtushenkov's connections to the KGB, this oligarch can be suspected of the same things that Felshtinsky has stated about Gusinsky. And in this case, whose acquaintance was Yevtushenkov?

### Similarities - not with the Yukos case

Either way it is not very important. Having discussed the assumption that Yevtushenkov is still the member of Primakov's clan and loyal to Putin's regime, any talks about the parallels with

the Yukos's case do not make any sense. Because Yukos's case, after all, was not political although Sechin's desire to deprive the best Russian oil company from Khodorkovsky was intense.

The fact that Khodorkovsky (although his empire was created with the help of KGB) tried to destroy the evolving regime of Putin's KGB clan battles and balance suggests that Yukos's case was not (or was to a very little extent) a result of the classic battles of Russian government clans. As a result, when the open attack started against Khodorkovsky, even the KGB clans and representatives from special services that used to support him, stayed loyal to Putin's regime, not Khodorkovsky. Yevtushenkov, on the contrary, to this day stays loyal to the system and one particular clan.

If there has to be a comparison, it would be fair to compare Khodorkovsky's case with the attack against Gusinsky or Berezovsky, and Yevtushenkov's case can be compared, for instance, with the story of another oligarch Mikhail Gutseriev who not only had to say goodbye to the company Rusneft but escape to London.

But after a couple of years Gutseriev not only got back to Russia but recovered his company Rosneft and now owns 100 per cent of its stakes. Gutseriev's and Yevtushenkov's stories are similar not only because Gutseriev is also associated with Primakov's clan and both battles centered around oil companies (Rusneft and Bashneft). There is yet another similarity that reveals a lot about the system of Putin's government clans. In 2007 there have been open talks that the root to Gutseriev's problem is his open support for the opponents of the then-president of Ingushetia - Murat Zyazikov. It is safe to say that one of the main reasons of Yevtushenkov's problems is his support for yet another member of Primakov's clan, the former president of Bashkortostan - Murtaza Rakhimov, and the challenge to the current president - Rustem Khamitov.

### The core of Rakhimov's battle

There have been various publications in Russia that a battle for Bashneft has been going on since at least 2003 when Rakhimov noticed an

unexpected competitor in Bashkortostan's presidential elections. A competitor that had a real chance of winning in the second round, according to many analysts.

That competitor was a well known businessman in Russian arena - the co-owner of the Mezhprombank, now the owner of Centrkom Bank and co-owner of various other enterprises - Sergey Veremeenko.

There have been speculations that Veremeenko's challenge to Rakhimov was related to Kremlin's so-called "siloviki's" attempt to take over the control of Bashneft. But it has already been explained in the first essay of this series that dividing Russian government to "siloviki" and "liberals" is not only inaccurate but also misleading. So it is worth trying to find out which clans stand behind this fight.

Already in 2003 Veremeenko's partner was Yuri Bushev famous for business hijackings using state structures and official authorities.

That same Bushev later became one of the actual or alleged victims of the so-called Kingisep case (the predecessor of Bashneft case) when Igor Izmistiev (Rakhimov's comrade, the former senator of Bashkortostan in the Russian Federation Council) was sentenced to life imprisonment. Izmistiev's onwards testimony turned into allegations for Yevtushenkov.

More importantly - in 2003 Yevtushenkov was indirectly supported by Bashkortostan's current leader Rustem Khamitov. While Veremeenko's brother Alexander (who held an influential position in the State) was Rakhimov's opponent. Well before the 2003 presidential elections Veremeenko participated in Bashkortostan's parliamentary elections (in the opposition camp). Thus it can be reasonably assumed that this particular group of Bashkortostan is the one standing behind both the allegations for Yevtushenkov and the whole Bashneft case in general. Especially when taking over the control of Bashneft is also a question of establishment for Khamitov - some say that Bashneft's influence in Bashkortostan can even be comparable to the impact of presidential administration.

Not only has Yevtushenkov always supported another member of Primakov's clan - Rakhimov - but the latter almost immediately after his

retirement from the presidency was appointed a member of Directors' Board at Bashneft (controlled by Sistema) and held the position until 2012. It has clearly shown that Bashneft was not only actually sold to people related to Rakhimov but will be his support continuing the battle for influence in the republic. Moreover, Rakhimov is a chairman of the board at the charity fund Ural that manages huge financial flows and was established using the money received after Sistema's acquisition of Bashneft.

Not surprisingly, such situation poses a serious threat to Khamitov's establishment in the Republic which was almost entirely controlled by Rakhimov for nearly two decades. Especially when this summer Rakhimov and Yevtushenkov's Sistema tried to openly challenge Khamitov. The former prime minister - Rail Sarbayev decided to participate in the presidential elections in Bashkortostan.

Rakhimov particularly wanted his old comrade Sarbayev to be his successor after realising in 2010 that he was unable to save president's chair himself. However, his hopes did not come true both then and now - he was removed from the ballot. Khamitov's supporters had sufficient forces to do that but the emerging threat became even clearer.

### **Is Sechin's footprint real?**

So it is safe to assume that Bashkortostan government clan is the initiator of the attempt to take over the control of Bashneft and the personal attack against Yevtushenkov. Veremeenko, the member of this clan, is famous for his especially valuable connections in Russian law enforcement authorities. But it is obvious that without the help of Kremlin clans it wouldn't be possible to start such a battle against Rakhimov, Yevtushenko or even Primakov's clan. So what is that force from Russian government clans that started a battle against Primakov?

The most popular version has already been discussed. Many believe that it was Sechin who came up with the idea to take over Bashneft. It is often recalled that Rosneft was previously interested in acquiring Bashneft from Sistema

but Yevtusenkov ostensibly refused the transaction.

There are various other assumptions that suggest Sechin's involvement. E.g. In 2003 Veremeenko's partner in Mezhprombank was Sergey Pugachyov, a much more famous banker. This person, who back in the day was called Putin's comrade, is now forced to comment on the events in Russia from London and claim that there is no private property or businessmen left - only serfs. In Russia Pugachyov is facing criminal proceedings and his property of almost GBP 1.2 billion is seized. Pugachyov's fate once again refutes the myth that Russia is autocratically controlled by Putin, and his friends or companions are inviolable. Pugachyov was always considered the member of Sechin's clan but apparently failed in the clan battles.

However, Yevtushenkov's connection to Pugachyov cannot be seen as a confirmation that Sechin was the one standing behind the Veremeenko-Bushev-Khamitov group. Namely the elections of 2003 in Bashkortostan became the reason of Veremeenko's and Pugachyov's separation (that later turned into hostility). And Pugachyov continued to be Sechin's proponent. Truth be told, in 2003 and afterwards the aforementioned group of Rakhimov's opponents was supported by Gennady Bukayev, the former minister for Russian Taxes and Dues. After Khamitov became a leader of Bahkortostan, he appointed Bukayev his advisor. However, in 2013 Bukayev went on to become the advisor of Sechin, the head of Rosneft.

Gleb Pavlovsky, Russian political technologist who was close to Kremlin, once called Bukayev the representative of Sechin-Ivanov-Pugachyov group. So it might seem like yet another reason to go back to "Sechin's version".

But the version can again be denied by the implied intentions of Veremeenko-Bushev-Khamitov group in Bashneft's case. In all likelihood, the purpose of this case is not to transfer Bashneft to the Sechin-led company Rosneft but to simply return it to the state - particularly Bashkortostan where it would be controlled by the local authorities.

By the way, Rosneft's representatives not only strongly deny that the company is in any way

connected with Bashneft's case but also the fact that they would be willing to acquire it if the opportunity occurred. Meanwhile, Russian newspaper Novaya Gazeta has recently announced that Yevtushenkov, before the attack against him, had agreed with Sechin about selling Bashneft. They only had to coordinate price and payment schemes, and there were no remaining unsolvable disagreements.

More and more Russian observers start to doubt whether the footprint of Sechin is real or it is just a very convenient "smoke screen".

### **Remembering Yanukovych**

Novaya Gazeta reporter raised another version that has been particularly popular in Ukraine recently. Allegedly Yevtushenkov suffered from supporting the "Novorossiya" project that was not coordinated with Kremlin.

This version was first raised by Ukrainian journalist Vitaly Portnikov. It is based on the reliable information about Yevtushenkov's close connection with former Ukraine's president Viktor Yanukovych well before the Ukraine's revolution. The version was also supported by a famous Russian journalist Yulia Latynina who ostensibly received the information that after Yanukovych's getaway to Russia Yevtushenkov became the agent between the former Ukrainian president and someone in Russia. There are some who state (although there is no sufficient basis for such assumptions) that Yevtushenkov was a patron of another Russian oligarch - Konstantin Malofeev.

This whole cocktail might taste intriguing but covers too many mismatches to consider it a reliable version.

I wrote about Malofeev when I was analysing the influence of Rogozin clan towards the aggression in Ukraine. It is obvious that he is mostly affiliated with representatives of Russian government "war faction" - mostly with Sergey Ivanov (the head of presidential administration) and "Izborsk club". Meanwhile Yevtushenkov is a longtime loyal member of Primakov's clan.

So there is no reason to link Yevtushenkov to Malofeev. Especially when only the representatives of special services can be the patrons of Russian oligarchs. Other oligarchs can only be business partners- and often temporarily. There is also no reliable basis to suggest that Yevtushenkov would finance “Novorossiya” project.

Only a few of Russian oligarchs (such fanatics as Malofeev) would be willing (unless forced by the government) to spend money on such projects. And the head of Sistema never seemed like one of them. Even if Yevtushenkov supported the idea of “Novorossiya”, he would use his connections, not money. And if Sistema had nevertheless financed the Donbass terrorists, Primakov’s clan would have not defended Yevtushenkov so actively as he does to this day. To add more, it wouldn’t make sense to think that Kremlin punished Yevtushenkov but let Malofeev stay untouched knowing that he was the direct supporter of the operation.

But that does not indicate that Yevtushenkov’s connection with Yanukovich and the mediation of Sistema’s owner couldn’t be exploited by Primakov himself - both before the revolution in Ukraine, and after Ukrainian president’s escape to Russia.

### **A look at Shoigu**

So who of the most important Russian government clans could assure at least the backup of Veremeenko - Bushev - Khamitov group’s attack against Yevtushenkov in the Kremlin and around?

To answer this question we need a more detailed research. There is not enough public information. But some assumptions can already be made.

First, it looks like Khamitov is close to Russian defense minister Sergey Shoigu. There is information about their personal friendship, and Khamitov’s career is closely related to Shoigu. Khamitov himself did not even deny it in some of his interviews. If it wasn’t enough, Khamitov and Shoigu even created the faction Unity which was fiercely competing with Primakov-Luzhkov-Shaimiev faction United Russia.

It might not be enough to call Khamitov loyal to Shoigu’s clan. But there are more evidence that indicate the connections of the whole group. E.g., the current deputy head of United Russia is Andrei Vorobyov who is close to Shoigu’s clan and one of the closest comrades of the Russian defence minister.

Truth be told, the Veremeenko-Bushev-Khamitov clan might exploit their previous connections with Sechin’s clan. Regional clans in Russia often try to fight for their interests using more than one clan. Especially if the interests of these clans are not conflicting.

Even if this is the case, Sechin’s clan should not be seen as an initiator of the attack against Yevtushenkov, as stated by Khodorkovski and many commentators in Russia. It is unlikely for this clan to grab the prey (in this case - Bashneft), although the fight is far from over, and the events might take an unexpected turn.

Yevtushenkov himself is hardly doomed to the fate of Khodorkovski or Gutseriev. He will likely beat the rap although a goodbye to Bashneft is inevitable. That is until the next division of property when the balance of forces is changed again.