

Nadezhda Popova (Moscow)

9 Eggs of Vekselberg

The “Kompromat” magazine, January 27, 2005

The third richest man in Russia is fighting sick children.

Victor Vekselberg, one of the richest men in Russia, had bought in the West nine Faberge eggs and brought them back to Russia. This patriotic deed, though not yet fully appreciated by the country, assures him a place in the Russian history. But he has also another claim to a place there: he was successfully sued by a sick 18 old boy from the town of Nadvoitsa, Dmitriy Kuzin. Nobody has ever heard of the Faberge eggs, or about their creator, in the Dmitriy Kuzin home place, the small Karelian town of Nadvoitsa. Yet, the villagers have no difficulty pronouncing the difficult name “Vekselberg”. Though some shorten it to “Veksel”. Alternatively, they call him “the Boss”. The townspeople know him as the person who appropriated their aluminum plant. They have also heard of the Vekselberg’s company, SUAL: it was the Siberia – Urals Aluminum Company that took over their town. The Boss has another twenty something aluminum plants like the one in Nadvoitsa, but none comparable in the outrage that is happening here.

Dmitriy Kuzin looks a small, dried up old man with the mouth disfigured by fluorosis. Dmitriy is not the only one in the town suffering from fluorosis. Indeed, the favorite pass time of the children here is scaring each other with their bleeding gums and the blackened remains of the teeth. But, so far, he is the only one, who won a compensation in the court: 50 000 rubles (*about 1800 US dollars*). The doctors promised this would be enough to stop the rotting in his mouth and to make him dentures.

Following Dmitriy example, other Nadvoitsa residents started filing court suits. But there are 15 000 of them in Nadvoitsa and their claims may bankrupt the plant. There have been death threats against Dmitriy Kuzin.

The pale Abraham, mustached and holding a rapier

Victor Vekselberg became known to the general public not too long ago, in 2002, when he brought to bankruptcy his bank, the First City Bank (*Pervyy Gorodskoy Bank*), and left his clients to hold the bag. 40 million dollars went missing. The depositors’ money was being

siphoned off through offshore accounts to, in particular, the Alba Alliance Bank owned by Vekselberg.

Vekselberg's friend, Alfred Kokh, who turned writer¹, has published a voluminous interview with him, in which he questioned Vekselberg about the meaning of life, about Vekselberg's business, hobbies, favorite countries, etc. This is how Kokh introduces his friend:

"I have known him for 10 years. In this day and age, it is quite some time. There have been a few occasions when we helped each other a lot, and that made us friends."

"Outwardly, he resembles Abraham, the Bible's patriarch, or Isaac, or Jacob: gray hair, beard. The black eyelashes accentuate the lively eyes in the pale face. With his eyes always squinted and the mouth hidden in the mustache, it is difficult to tell whether he is laughing or crying. Talking to him keeps you on your toes, and to follow his train of thought is even more difficult..." ("Non-Biblical Patriarch" by Alfred Kokh, the "Medved" magazine.)

His clients long searched all over Moscow for the one who had victimized them and whose thoughts were that difficult to follow, but Veksekberg was too good in blending into the crowd. It was only when Russian papers published the news that somebody named Vekselberg, the Executive Director of TNK-BP, had bought Faberge eggs in the US, for 100 million dollars, that they filed a suite in the Moscow Zamoskvoretskiy court to distrain the Faberge jewelry. Then they appealed to the Prosecutor General Office to help find the missing millions. Inquires were sent to the Swiss authorities and prosecutors. The case # 239 had been opened and the FSB² Moscow directorate took active interest in it.

However, the "oligarch" remained unfazed by this turn of events: while his former clients were busy writing appeals to the prosecutors of Russia and Switzerland – Vekselberg kept some of his millions in Credit Suisse and UBS – he took his eggs on the tour of Russia to demonstrate his collection to a more enlightened and appreciative audience than the depositors of the First City Bank. After showing them in the Kremlin, Vekselberg took them to Sankt-Petersburg and Yekaterinburg. Local newspapers carried the headlines: "Vekselberg returned eggs to Russia". As of today, the 40 millions are still missing. Press-secretary of the Swiss federal prosecutor office, Andrea Sadeki, has declined to reveal to the initiative group of the of the First City Bank depositors whether her office has received any documents from the FSB or the Russian Prosecutor General Office. She noted that the Swiss federal prosecutor office investigates

¹ Alfred Kokh, a businessman and a public servant, from 1993 to 1997 was involved in privatization of Russia's industry as Vice-Chairman and then Chairman of State Committee for the Management of State Property. Various accusations concerning his alleged abuse of office for private gain have been leveled against him. One involved receiving an exuberant, by Russian standards, honorarium for his book "The Selling of the Soviet Empire" (available in English). Currently is a member of the Federation Council, where he represents Leningrad region.

² Federal Security Service

individuals, not banks. Does this mean that Vekselberg will keep his 9 eggs and the depositors will never see their money?

“In life, he is an easygoing and a mellow person: his first answer for anybody is ‘no’” – continues Alfred Kokh. “This seems to be a conditional reflex he has.” He puts his next question to Vekselberg:

“In the course of business you have to compete, to ruin somebody financially, to squeeze out of the market, to make people lose their fortunes and businesses. Is this not too high a prize you make people pay to indulge yourself?”

And Vekselberg answers:

“Some of it is sport. I like having worthy opponents very much. For me it is irresistible...”

Kokh eggs him on:

“You mean like fencing, only with the buttons off. And each strike with the foil draws blood ...”

An Aluminum Magnate and an Oil King

The “Vedomosti” newspaper has its own opinion as to why Vekselberg has bought the eggs: “He became known all over the country for buying a collection of the Faberge Easter eggs from the Forbs family, for 100 million dollars. It was not philanthropy: for him it matters what the West thinks about the Russians, because most of his business is closely tied with his foreign partners.” Indeed, Victor Vekselberg has interest in several businesses, as both a co-owner and a manager: TNK—BP, an international oil company, and the aluminum company SUAL, the one that continues poisoning Nadvoitsa children. He started his career in business in not so remote 1991, when he became a cofounder of the “Renova” company. In 1996, he co founded SUAL, which initially had united the Irkutsk and the Urals aluminum plants. In 1998, he was appointed vice-chairman of the board and the first vice-president of TNK. In July 2001 he was promoted to the post of the director for strategic planning and corporate development. In 2002 he became chairman of the board of TNK. Presently, the proud owner of the 9 Faberge eggs heads the board of directors of “Renova” and sits on the boards of directors of the companies the “Renova” owns: Russia Petroleum, SIDANKO, ONAKO. Immediately after the “SUAL Holding” company was formed, in 2000, Vekselberg became its president.

Lately, aluminum has been lessening its grip on Vekselberg’s imagination, which is perhaps the fault of the Nadvoitsa residents, who have been all but attacking the aluminum plant managers with pitchforks. Vekselberg is aware of that, and mutiny on his ship is the last thing he needs, especially since the ecology situation at the Nadvoitsa aluminum plant has already become a concern of international environmental organizations.

95% of children in Nadvoitsa suffer from fluorosis, the condition that leads to softening of bone tissue. This means that the children's milk teeth start to rot before they are replaced by permanent teeth.

Recently, at the Nizhniy Novgorod conference on stable organic pollutants conducted by Russian and British environmentalists, a decision has been taken: to inform consumers of the aluminum produced in Nadvoitsa, through the London Nonferrous Metals Exchange, at what cost it has been produced.

For the reader's information: capacity of the Nadvoitsa aluminum plant is 67 thousand tons per year. The plant employs about 2000 people. "SUAL Holding" controls 60% of the shares, and the rest belongs to the group "Russian Aluminum".

This is quite something to run from. Vekselberg has publicly said already that he intends to switch to oil projects, exclusively. This is to immerse himself into oil, completely.

Vekselberg's golden list

Presently, Vekselberg works systematically and methodically on the project of exploitation of oil deposits in Eastern Siberia. A pipeline will be build to the Far Eastern port of Nakhodka to transport the oil. The program of development of the Verkhnechonsk oil fields is ready; the license for oil exploration in the East Sugdinsk territory has been applied for. More is coming: both discovered and potential oil deposits on the border between Irkutsk region and the republic of Sakha-Yakutiya, north shores of Lake Baikal.

But their best hopes Vekselberg and BP put in Samatlor. Indeed this Russia's region has more oil deposits than one can count without missing a few. In Samatlor, Vekselberg is looking, with the help of hi-tech seismic equipment that can show geological structures in 3-D, for new oil on the existing oil fields. Previously, this expensive method of geological survey was used only to map new deposits.

Vekselberg does not like answering journalists' questions if he has problems with the government. As it s turned out, the authorities have long been threatening to cancel his production licenses issued for a large gas production project in Eastern Siberia, the very project that caused BP to invest in TNK-BP. British Petroleum representatives and Vekselberg himself "remain optimistic as to the perspectives of the project".

Vekselberg knows that, despite rising rates of oil production and lobbying by the potential customers in Asia and America, the Kremlin is not in a hurry to approve building of more pipelines to transport oil to the world markets. Experts believe that the reason for the government's go slow policy is the "traditionally cautious estimate of the reserves".

“Russia can produce more oil from the existing oil fields than it was previously thought”, says François Cattier, an analyst with the International Energy Agency (France). “We believe this tendency will continue.”

Today, thousands of oil wells remain inoperational; the oil workers are busy cleaning up oil spills, some of which occurred more than 10 years ago. But Samotlor has been already put on the Vekselberg’s “golden list”: discovered in 1969, it has produced so far only 17 billion barrels of oil, while experts say it is only one fourth of what it can produce. Mr. Vekselberg knows it too.

Because the Samotlor oil has long stopped gushing from the wells, water has to be pumped in to bring the remaining oil out. Foreign made electrical pumps have been brought in, since the Russian made pumps lack sufficient productivity, and are pumping water day and night. In 2003, TNK – BP spent 1 million dollars to modernize the pumps, which had increased oil production by about 2.2 million barrels a year, a three fold increase as compared to the results of the previous year.

Presently, the company has begun to implement a new method of unlocking underground formations. The results exceeded all expectations: the long - dry well # 5689 began gushing oil. What does it all lead to? So far, Victor Vekselberg, a successful businessman and a co-owner of an international oil company, TNK – BP, is the 143rd in the list of the richest people in the world, his worth being estimated at \$5.9 billions. Vekselberg says that he likes an element of sport in his business. Perhaps, for the mustached Abraham the 143rd place is not the limit.

The cost of aluminum

Let us return to Karelia, to the long suffering Nadvoitsa.

The realities of life there are such that Dmitriy Kuzmin has to carry a pneumatic pistol when going out. Both Dmitriy and his relatives get threats and demands to withdraw his suit for compensation. Who threatens them?

“Nadvoitsa criminals”, says Dmitriy. “The aluminum plant has decided to appeal the court decision on the compensation for my ruined health. So far, we don’t know what will happen to the suit.”

Besides Dmitriy, there are 4 more children in the Kuzmin’s family. While Dmitriy only suffers from fluorosis of teeth and bones, his older brother has also a tumor sitting on his carotid artery. Other children are sick, too. Dmitriy’s father hanged himself several years ago, leaving a note, “Struggle on without me, I am tired, I am leaving.” Dmitriy’s father also was suing the plant.

Andrei Kozlovich, president of “Ariston”, a children and youth foundation, from the town of Segezha in Karelia tells about the ecological situation in Nadvoitsa:

“Besides fluorine containing compounds in the water, benzopyrene, a carcinogen, has been discovered in the air. In the residential area of Nadvoitsa its concentration is 77 times higher than the maximum permissible concentration. And there are places in the town where it is still higher, exceeding permissible concentration by the factor of 240. The town’s women suffer three times higher rate of miscarriages than the national average, they give birth to stillborn children four times more often, and the percent of children with birth defects is 16.8 times higher than average. The Nadvoitsa aluminum kills people.... The plant has been dumping and continues to dump the fluorine containing industrial waste into the swamp that surrounds it, since the reservoir built to hold the waste is overflowing. From there, the waste seeps into the drinking water supply. Incidentally, neither reporters, nor environmentalists are allowed into the plant. They have things to hide from TV cameras. Nowadays, the plant illegally dumps the waste in other places around Nadvoitsa: one of the dumping grounds lies near the Uzkaya Salma Lake. We are trying to fight water pollution, but we encounter such a brutal resistance on the part of the plant management that we have to think of self-defense. This is true that Dmitriy Kuzmin does not leave home without his pneumatic pistol. He was badly beaten after he won his case in the court.”

Does Vekselberg know all this? Or is he interested just in rare jewelry catalogs and in the gold spouting oil fields?

Meanwhile, life goes on in Nadvoitsa and children are given birth to. Children without teeth, without fingers, oligophrenic children, and children with Down syndrome. The average pay at the plant is 5000 rubles (*about \$180*) a month.

This is how the Nadvoitsa aluminum is paid for.

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