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Governors' Children Are Captains of Industry

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A surprising story recently swept the Russian Internet: A governor's 18-year-old daughter owns stakes in 10 companies and is the general director of nearly 20. How often does that happen?

Information about governors' children is usually scarce. Names, birth dates and genders are typically not publicly available — a simple statement that "he has two children" being the common disclosure. Vedomosti has uncovered information via open sources — in particular, Slon.ru — about 23 children of governors who own sizable stakes in companies. Here are several success stories of those who started early.

Anastasia Misharina, logger

"Nastya isn't crazy, she just really wanted to start her own business," Sverdlovsk Governor Alexander Misharin told Vedomosti about his daughter's decision to build a plywood-

manufacturing plant in the heart of the Ural Mountains. "Projects like that are the whim of either madmen or thrill-seekers, but Anastasia couldn't be talked out of it."

Anastasia's story would probably not have made our list if she had not been the same 18-year-old businesswoman whom Yekaterinburg legislator Leonid Volkov wrote about on his blog in February. Relying on information from the SPARK and YeGRYuL databases, Volkov reported that Misharina co-founded Argus-Holding in 2005, paying 123.6 million rubles ($4.5 million) for her 25 percent stake, and today is the founder of another 10 Yekaterinburg companies and general director of 17.

It soon emerged that the co-founder and general director of these companies had exactly the same name as the governor's daughter, Anastasia Alexandrovna Misharina, but the "real" Anastasia only has ties to the Argus forestry holding. Volkov also erred with her age — in 2005, Misharina was not 18 but 25. The deputy later apologized about the mistake on his blog. But he was correct about the forestry holding.

By 25, Anastasia Misharina had graduated from Moscow State University of Railway Engineering and had already worked for four years at Ernst & Young. After that, she became director of corporate finance at the Gallery advertising agency, where she remained until 2007.

"Nastya is an absolutely professional financial expert and an exceptionally strait-laced person. She made a very good impression at the company," a Gallery co-owner said. But he was unaware of her forestry business. "There were no signs of that at her main job," he said.

Misharina's business partners for the construction of the plywood plant and revival of lumber production in the Sverdlovsk region were long-time friends of her father. Besides Misharina, the other co-founders of Argus Les were Anna Surovikina, wife of Major General Sergei Surovikin, chief of staff of the Volga-Ural military district; and Oleg Latushkin.

Governor Misharin worked with Latushkin in the now-defunct Railways Ministry, Misharin said. He met Surovikin in the mid-2000s, while he was heading Sverdlovsk Railways and Surovikin was commanding the 34th Mechanized Infantry Division in Yekaterinburg. But Misharin said that, when he became head of the region, he did not provide any assistance to the lumber business project. He added, "My daughter should learn from her mistakes."

At first, the plan was to build a lumber-processing plant from scratch in the town of Sosva, said Gennady Makarov, first general director of Argus SFK, the holding's manufacturing company. A business plan was drafted, but investors switched the site to the nearby town of Vostochny, where the then-bankrupt Otradnovsky logging company was located. Argus acquired the 16,000-square-meter manufacturing plant, and sawing operations were resumed there.

The initial investment in purchasing the remains of the logging company was comparable to the price of a three-room apartment in Yekaterinburg, Argus SFK spokesman Vladimir Potepun wrote on his blog.

That price is about $100,000. Meanwhile, Argus-Holding's authorized capital amounted to 494 million rubles ($18 million), of which 123.6 million rubles came from Misharina.

The capital was formed on the basis of property purchased on credit, Potepun explained.

By 2008, Argus was leasing 251,100 hectares of forest (8.27 percent of the total area of the region's leased land) on a long-term basis. In forestry projects, lease contracts are key assets on which bank loans are based.

In 2008, Argus' plywood plant was included in the list of national priorities, which meant it was entitled to state support in the form of a 50 percent price cut for leasing forest land and the ability to rent land without holding a tender.

One of the criteria for its selection was investment size: at least 300 million rubles. This was exactly the amount that Argus declared — 40 million rubles for reconstructing old facilities and 260 million rubles for building the plywood-manufacturing plant.

How much did the Misharin name help? Potepun notes that the elder Misharin only became governor late in 2009. Before that he was deputy transportation minister, and eventually director of the government's industry department.

Today, Argus' sawmill is operating, but its plywood plant is not. First there were problems hooking it up to electrical power, then it emerged that a new heating plant for drying plywood would need to be built. In 2009, according to the SPARK database, Argus SFK showed losses of 71 million rubles and debts of 468 million rubles — loans for equipment purchases.

Vedomosti located Anastasia Misharina at the diamond miner Alrosa, where she is director of international financial reporting. She declined to talk about her forest business.

Nikita Gordeyev, farmer

Nikita Gordeyev's father, Alexei, was agriculture minister and is now governor of the Voronezh region. Nikita is a deputy in the Ryazan regional legislature and co-owner of a large agricultural holding company. At the age of 25, he has already tried many different things.

"During my second year studying law at Moscow State University, I got a job as an assistant investigator at Moscow's Gagarinsky Interregional Prosecutor's Office. But I quickly understood that it wasn't for me. The district was complicated," Gordeyev said.

He then decided to try his hand at corporate law and switched jobs to Vasily Anisimov's Coalco Development. But that work also disappointed Gordeyev. "One of the deals required that a factory be stripped of its noncore assets, among which were essential enterprises in Murmansk. That approach seemed wrong to me."

So the governor's son left to work for Nikolai Dyomin's Exima, which controls the Mikoyan meat factory in Moscow and a pig-breeding business in Oryol. This occupation turned out to be right for Gordeyev. "I grew up with agriculture," he said. But he didn't stay there for long.

In 2009, the U.S. firm Alta Genetics — the world's largest private cattle breeder — decided to set up an office in Russia. Former Exima lawyers headed the company, and Gordeyev became its commercial director. "I won't deny that my surname helped me get the job, but I didn't receive any bonuses or raises because of it," he said.

Meanwhile, Gordeyev decided to start his own business. In Ryazan, his parents' hometown, he began to create an agro-holding. "The startup capital was money I had earned at Exima and Alta Genetics," Gordeyev said. He partnered with Sergei Salnikov, former head of the Ryazan region's agriculture and food department and now a local legislature deputy. Gordeyev declined to discuss the holding's structure, saying it does not plan an initial public offering.

According to the SPARK database, since February 2010, Nikita Gordeyev has owned 100 percent of the Sady Podmoskovya company, which, in turn, is the sole owner of Oka Agro. According to its web site, Oka Agro was created in 2007 from two farms, Vozrozhdeniye and Intensiv (formerly the Avangard agricultural cooperative, which was owned by Vera and Sergei Salnikov).

By 2010, the agro-holding had five farms, working 45,000 hectares of land and keeping 2,400 head of dairy cattle. Total profit in 2009, according to SPARK, was nearly 200 million rubles.

According to Gordeyev, almost all the revenue goes to servicing bank loans, which under the business plan are to be paid off within eight years. Total debt to creditors is about 500 million rubles. Gordeyev said the company obtained the loans "in the general way, very long and drearily," both from state-owned and private banks. "I think sometimes your surname can serve as an additional guarantee that the client will not take off with the money and will pay off the debts," he said.

Sady Podmoskovya is not a technology company; it is a beautification and landscape design business in the Moscow region. But, according to its web site, it owns an equipment supplier called Agropromservis, with a customs terminal and temporary-storage warehouse near Lytkarin.

Landscaping does not bring its owners a lot of cash. According to SPARK, the total revenue of the Sady Podmoskovya nursery, retail center and company in 2009 amounted to only 29.2 million rubles. Agropromservis' revenue was 70.4 million rubles.

"We tried selling greenery, but the business wouldn't go," Gordeyev said. "We kept the planting stock at Agropromservis and advertised it on the web site. I'm not the owner of that company."

Limited revenue did not hinder Sady Podmoskovya from becoming a co-founder in 2009 of yet another company in Ryazan — Meshcherskiye Dali, with a founding capital of 578 million rubles. Gordeyev's stake is 56.78 percent; another 130.2 million rubles belong to Vera Salnikova.

"Of course, we didn't put that amount in the authorized capital. If we'd had money like that, we wouldn't have taken out a loan," Gordeyev said. "Founding capital, not just at our holding but at any agrarian one, I can say, often seems large because of three factors: The capital includes the cadastral value of the land, while its market value is a half or third of that amount; the value of agricultural machinery can also vary depending on the appraiser; and, finally, the value of the buildings and facilities built on farms during the Soviet period is often not formalized, and, if they are also included in the authorized capital, the sum turns out to be massive."

Yury Tsukanov, real estate developer

"That's the last time I volunteer to help my father prepare for an inauguration," Yury Tsukanov, son of the Kaliningrad governor, wrote on the portal Kaliningrad.ru. "From now on, I don't have a bit of interest in his stately affairs. And one thing is perfectly clear: I do not intend to use my father's current post to my advantage."

Before becoming governor in September 2010, Nikolai Tsukanov headed the Gusev municipal district of the Kaliningrad region for five years. His son Yury turned 23 at the time.

A graduate of Moscow State Social University's law school, Yury Tsukanov had already owned 60 percent of Standard Development Group, or SDG, for half a year. The other co-owners were general director Mikhail Sakhonenko and architect Artur Sarnits.

In 2009, under a federal program to reconstruct outdated housing, Gusev received 60 million rubles, which went to restoring the historic appearance of the former Tilsiter Strasse. According to the German newspaper Die Welt, 46 historic building facades on that street were restored by Sarnits himself under the auspices of the head of Tsukanov's administration.

But a spokesperson for Sarnits told Vedomosti that SDG did not take part in reconstructing the facades; the design work was done by the company Artur Sarnits Konigsberg, which received only a symbolic payment of 100,000 rubles.

"For us, this was a charitable project," the spokesperson said. The actual remodeling, the source told Vedomosti, was performed by local construction companies.

SDG, the spokesperson said, was to have undertaken another charitable project — to rebuild a park in Gusev, but that lacked funding. Tsukanov exited as an SDG founder just a year after the company was started, the source said. The SPARK database, however, still lists him as a founder.

In 2009, Tsukanov began to work as a supplier of medical equipment, predominantly pacemakers. In March 2010, he acquired 50 percent of the firm Tekhinvestmed, according to the YeGRYuL database. In the early 2000s, the elder Tsukanov worked as a lawyer in that company. Fifty percent of Tekhinvestmed belongs to Yury Ananin. The partners also have another company with a similar name: Tekhinvestmed Plyus.

That business is not as big. Tekhinvestmed's 2008 revenue was 95 million rubles. In 2010, Tekhinvestmed Plyus won four or five tenders to supply pacemakers to hospitals in Tambov, Oryol and Ryazan; the sum of the contracts did not surpass 2 million rubles.

Tsukanov now works as commercial director of Kaliningrad's Yantarny sports palace. "Well, my son Yury was unlucky with his surname," the elder Tsukanov complained on Rugrad.eu. "A grown-up man, 24 years old, with a higher education, he should work somewhere, right? Do I have to deport my kid from the region now?"

The younger Tsukanov declined to discuss his personal business with Vedomosti.

Marat Orlov, bread seller

"If Alexei Maratovich [Orlov, head of the Kalmykia republic] weren't so by-the-book, it would be much easier for us to expand our business," Erik Buberenko complained. In 2010, he decided to start a company to sell frozen bread and began looking for investors. He partnered up with Alexander Petrov, who knew Buberenko from previous work.

Petrov then brought in Marat Orlov, the governor's 23-year-old son, with whom he had already done business. In 2008, they founded the firm ID Media. Buberenko took 20 percent of bread company Bulanzheri Artisan Rus, which was registered last year, and Marat Orlov and Alexander Petrov each got 40 percent.

Frozen bread is bought by restaurants and store chains. It is bread baked until it is 80 to 90 percent done, then frozen. You heat it up quickly in your own oven until fully baked and sell it as fresh bread.

Sales did not pick up as fast as the partners had expected. Buberenko did not disclose the investment sum but said the first year's revenue was 10 million rubles below target. Bulanzheri Artisan Rus, he said, is only now considering starting negotiations with retail chains.

Marat Orlov said he's too busy to discuss his business with Vedomosti.

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