

In New Blow, BP Office Is Raided

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Jeremy Huck, right, leaving BP's office near the Arbat on Wednesday. **Mikhail Voskresensky**

Insult was piled on injury for BP when the company's Moscow office was raided Wednesday by court marshals less than 24 hours after international rival ExxonMobil signed an enormous Arctic exploration deal with BP's former partner Rosneft.

A \$16 billion "strategic partnership" between BP and Rosneft was unveiled with great fanfare in January but collapsed acrimoniously after successful legal challenges from Alfa, Access and Renova group, which represents BP's oligarch partners in TNK-BP.

The search of BP's offices, expected to last several days, was initiated on the orders of a Tyumen region arbitration court looking at a suit filed against BP by minority shareholders in TNK-BP. Led by minority shareholder Alexander Prokhorov, they claim that BP's actions cost TNK-BP a lucrative Arctic tie-up with Rosneft and are suing for \$3 billion in damages.

TNK-BP's equity is 96.5 percent held by AAR and BP's Cyprus-based company Novy Investments. There are 71 other investment groups with a stake in TNK-BP.

Documents are being examined in the search that relate to BP's negotiations with Rosneft surrounding their now defunct strategic partnership. BP's offices, less than a kilometer from the Kremlin, remained sealed and guarded by armed officers Wednesday night.

BP said the raid lacked a legal foundation. "BP's work has been paralyzed, and we consider this one aspect of the pressure [being exerted] on the work of BP in Russia," Vladimir Buyanov, a Moscow-based spokesman for BP told The Moscow Times. BP will appeal the court's search order, he added.

Jeremy Huck, president of BP Russia, said about 20 people were present in the company's offices, including representatives of Prokhorov and court marshals, Interfax reported. The court order authorizing the search stipulates that Prokhorov's representatives have unlimited access to any information found, added Huck.

Dmitry Chepureenko, a partner at the Liniya Prava legal practice representing the minority shareholders in TNK-BP, said in a statement that BP had failed to provide the documents relating to its strategic partnership with state-owned Rosneft requested by the Siberian court.

Guzel Galiyeva, a Liniya Prava spokeswoman, said TNK-BP had complied with a similar request for materials.

The raid on its offices comes at a particularly sensitive time for BP. ExxonMobil appeared to step into BP's shoes Tuesday as Prime Minister Vladimir Putin and Deputy Prime Minister Igor Sechin oversaw the signing of a deal with Rosneft almost identical to the one both men witnessed BP chief executive Bob Dudley signing with Rosneft head Eduard Khudainatov eight months ago.

Putin said the ExxonMobil deal could generate up to \$500 billion in investments.

But Galiyeva denied the suggestion that the search of BP's offices was planned for maximum effect. "It's simply a coincidence," she said. "There's no link with any deal between Rosneft and an American company."

BP's partnership with Rosneft was torpedoed by the legal challenges of AAR, which refused a generous offer by BP to buy them out of TNK-BP. AAR is currently seeking damages of between \$5 billion and \$10 billion from BP via a Stockholm arbitration tribunal for the alleged losses suffered by TNK-BP.

AAR, which represents the interests of Russian oligarchs Mikhail Fridman, Viktor Vekselberg, Len Blavatnik and German Khan in TNK-BP, has a history of animosity with its BP partners and a reputation for uncompromising business practice.

A source close to AAR told The Moscow Times that the minority shareholders who initiated the suit in Tyumen "are completely independent, doing their own thing, and it has nothing to do with AAR at all."

There are two suits filed in the Tyumen region. One, by Prokhorov and a group of other minority shareholders, is directed against TNK-BP directors Peter Cherow and Richard Sloan who allegedly failed to inform TNK-BP of negotiations between BP and Rosneft. The second, by Prokhorov alone, seeks damages from BP on the grounds that the company did not inform

the TNK-BP board of its deal with Rosneft as it was obliged to do by the TNK-BP shareholder agreement.

The complaints of the minority shareholders led by Prokhorov are almost identical to those which AAR has filed against BP with a Stockholm arbitration tribunal.

Moreover, the Tyumen location of the court has raised some eyebrows. In one of the episodes of a bitter 2008 shareholder dispute between AAR and BP, Tetlis, a little-known company that had recently purchased a minority stake in TNK-BP, filed a suit against BP in a Tyumen court.

Tetlis' head was Alexander Tagayev, a former employee of Alfa Group, controlled by Mikhail Fridman. AAR denied any link to Tetlis.

BP spokesman Buyanov — who represented BP in 2008 — said the current suit by minority shareholders was being considered in the same Tyumen court used by Tetlis in 2008.

Semyon Epshtein, managing partner at Padva and Epshtein law firm, said that "TNK-BP has shareholders in lots of regions. It's unlikely to be a coincidence, as I see it's comfortable for them to carry out this process there [in Tyumen]."

Epshtein added that it was likely to be the pressure they could exert on BP through the judicial process, as much as any financial reward, that was motivating TNK-BP's minority shareholders in their legal action against BP.

As far as any payouts go, suits like those currently being pursued by the minority shareholders in Tyumen, "usually end in nothing," he said.

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