

# Smearing Navalny for Peanuts

November 01, 2011

**The  Moscow Times**

Novaya Gazeta reported that a smear campaign was being planned against blogger Alexei Navalny one week before it began.

When it did come, it was surprisingly unimpressive: an anonymous blogger posted a document containing more than 1,000 pages of Navalny's alleged personal correspondence. But because the material revealed nothing incriminating, a couple of pathetic, amateur forgeries were inserted.

In one of them, someone easily recognizable as analyst Stanislav Belkovsky writes Navalny something like this: "Since I bought you for peanuts, I suggest you damage [billionaire Oleg] Deripaska's interests for the same price."

Navalny allegedly responded along the lines of: "Because you bought me off, I will get Deripaska."

It seems as if the author of these lines was emulating Russian novels in which the main villains call themselves villains while addressing the audience.

But whoever wrote those letters overlooked one small detail about the participation of state-owned banks VEB, VTB and Sberbank in the RusAl initial public offering held in Hong Kong, which Navalny adamantly opposed. For those who don't remember, RusAl's capitalization fell 11 percent on the first day of trading. That is, RusAl lost that 11 percent.

Why did VEB participate in the IPO? Even if VEB directors considered RusAl shares a good investment, why did they need to participate in the IPO? Why couldn't they have just bought the shares on the first day they were traded and saved that 11 percent?

Even if VEB had failed to calculate the price dynamics, why did it have to participate in the IPO? At the time, RusAl owed money to VEB. If the bank thought the price of aluminum and RusAl shares would rise, why did it help the debtor pay off its debt when it could have simply taken ownership of the shares that were used as collateral for the debt?

If Joe Schmo owes me money and has put up his house as collateral, why should I pass him money through the back door to make sure he pays me back? To answer that, consider who the chairman of the VEB supervisory board is — none other than Prime Minister Vladimir Putin. I'll give you three guesses as to who made that decision.

Of course, the RusAl IPO is not the only dubious transaction conducted by Russia's state-owned banks. I would love to see Navalny make a detailed investigation into the Russian government's purchase of a 5 percent stake in the European Aeronautic Defence and Space Company, or EADS. Rumor has it that VTB first started quietly buying EADS shares in the hope that their value would climb. When the stock price went down, VTB opted to buy even more. And when its stake reached 1 billion euro, the only option available was to approach Putin and try to sell the idea as a "strategic partnership."

I would also love to hear Navalny expose the details concerning Sberbank's involvement in a project to build a "millionaires' ghetto" in Rublyevo-Arkhangelskoye. Recall that billionaire Suleiman Kerimov originally planned to build the "ghetto" but sold the project to Binbank chief executive Mikhail Shishkhanov shortly before the economic crisis in spring 2008. Sberbank backed Shishkhanov for \$4.5 billion in return for 10 percent of the project.

Now the questions are: What is that land worth today? It was valued at \$400 million in summer 2009. Is it right for a state-owned bank to buy into a luxury housing development for millionaires? And is it true that Sberbank chief German Gref wants to use the land for a Moscow international financial center to dump off all of its losses?

In any case, even the Rublyevo-Arkhangelskoye project and the murky EADS transactions pale in comparison with the RusAl IPO.

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*Editor's note: An earlier version of this column incorrectly referred to the anti-corruption blogger as Alexander Navalny. His first name is actually Alexei.*

Original url: <https://www.themoscowtimes.com/2011/11/01/smearing-navalny-for-peanuts-a10570>