

Corruption Watch: Putin Steps Up Anti-Corruption Investigation at RusHydro

By [The Moscow Times](#)

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Russian President Vladimir Putin ordered Interior Minister Vladimir Kolokoltsev to step up the investigations into graft allocations at the state-owned power utility RusHydro on Feb. 13.

Putin has been turning up the heat on what is now his, not instigator Prime Minister Dmitry Medvedev's, anti-corruption drive. The campaign went up a notch in November with the sacking of Defense Minister Anatoly Serdyukov, but it started in December 2011, when Putin called the power sector the most corrupt in Russia.

And the drive is increasingly reaching into the inner circles of Russia's elite. Putin re-emphasised the point in his state of the nation speech telling deputies that hold high public office they can no longer have foreign bank accounts or hold foreign assets like houses in London. Putin submitted a law outlining these rules to the Duma this week. The state of the nation speech is looking increasingly like Putin's second "oligarch meeting" is a repeat of the meeting with leading businessmen that Putin called in 2000 at the start of his first term. At that meeting, he told them to stop stealing, but this time it is his own government on the receiving end of the warning.

Kolokoltsev has been tasked with investigating the embezzlement of billions of rubles from hydropower company RusHydro, RIA-Novosti reported late on Wednesday.

In particular, investigators will look at the huge losses RusHydro racked up after the company's developer for the Zagorskaya

pumped-storage hydropower plant in the Moscow region, Hidrostoi, hired contractors with no real staff or infrastructure. Putin said that a total of 12 billion (\$400 million) had been allocated for the construction of the plant, including 6 billion allotted to Hidrostoi.

Putin called out RusHydro's CEO Yevgeny Dod by name and ominously criticized the company's inaction after the Interior Ministry suggested that RusHydro bring charges against the developer as the injured party.

"You should be fighting with your teeth to recover these funds," Putin told Dod.

"Your investigation is taking too long. A billion [rubles] has been stolen, a billion [rubles] has thus been given to a fake firm, a billion [rubles] has been dissolved. And you are still investigating and do not think that it is necessary to protect the interests of the company," Putin said.

Work on the 840-megawatt Zagorskaya power plant was completed but is now waiting to be connected to the grid by the Federal Grid Company of Unified Energy Systems. Despite failing to act on the fraud, RusHydro was quick to sue UES for delays in hooking up the new power plant to the grid.

This case highlights the change taking place at the top of Russia's government. There is an old Russian proverb: The fish rots from the head. In the past, the deal with Putin was if politicians and state employees in high positions showed Putin loyalty then he turned a blind eye to all else. Since Putin's "oligarch meeting II" that deal has ended. The new deal is: Stop the stealing and make your company/office work or you will go to jail.

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