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Aeroflot Won't Take Baby on Board

By Irina Filatova

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Alexey Navalny

An eccentric move by billionaire Alexander Lebedev resulted in a wave of bloggers' irony Wednesday after the banker nominated his 1-year-old son to the board of directors at Aeroflot, in which he owns a minority stake.

Yegor Lebedev, reportedly born in November 2011, was listed among senior executives of domestic and foreign companies nominated for the state-controlled carrier's board, according to a statement on Aeroflot's website.

The 14 candidates on the list include UniCredit Bank board chairman Yury Alexeyev; Deutsche Bank's deputy chairman for eastern Europe, Igor Lozhevsky; Aeroflot chief executive Vitaly Savelyev; and Altera Capital managing partner Kirill Androsov, who chairs Aeroflot's board of directors, said the statement posted Tuesday.

The move caused an unequivocal response on local social networks.

"Now Aeroflot's business will take off. In the old days ... in tsarist Russia, the children of the nobility were signed up for the army at a young age. ... Good old traditions," LiveJournal user kuzneczberg posted on his blog Wednesday.

"You'll be offered diapers, rattles and carrot juice on board," another LiveJournal user, razumnyi, said in his post.

Lebedev, who ranked 89th on the Forbes billionaire list last year, with a fortune of $1.1 billion, rushed to dispel any doubts.

"The essence of this joke is that the boards of state-owned companies basically have no decision-making power. Why do they need adults?" he tweeted.

The banker apparently referred to his earlier claims that he couldn't benefit from holding a stake in the country's flagship carrier.

In an interview with Bloomberg last year, Lebedev accused Aeroflot of illegally depriving minority shareholders of dividends by channelling about $1 billion in overflight fees to the government instead of paying shareholders.

Nominating minors for a board of directors is not forbidden by Russian law, which doesn't specify an age for a candidate, lawyers said.

But proposing a toddler makes no sense because a 1-year-old is legally incompetent and thus can't make decisions as a board member, said Andrei Goltsblat, a managing partner at Goltsblat BLP.

In documents regulating board activity, Aeroflot doesn't specify any requirements for board members. That makes the election of Yegor Lebedev theoretically possible, said Andrei Ivanov, a lawyer at Khrenov and Partners.

But since he has no decision-making ability, the board couldn't approve a number of crucial issues that usually require unanimous approval, Ivanov said.

Yegor Lebedev is one of the three nominees proposed by National Reserve Bank, owned by his father. The other two are the bank's executive board chairman, Andrei Manoilo, and the head of macroeconomic research at the Higher School of Economics, Sergei Alexashenko, who is currently a board member.

Opposition leader Alexei Navalny, who was elected to the company's board last year after being nominated by Lebedev, wasn't put forward as a candidate this time.

Navalny said the decision not to propose him had been made with Lebedev, since the anti-corruption blogger is facing several criminal cases and is unlikely to have sufficient time to effectively perform on the carrier's board.

"We discussed this with Lebedev after the New Year's holidays. Two factors played a role: reduction of his stake in Aeroflot and the fact that it remains unclear how much time I'll be spending in Moscow," Navalny told journalists Tuesday, Interfax reported.

Navalny said it's hard to predict whether he'll be able to participate in the board's work because he will have to travel to Kirov for court hearings on accusations of embezzlement at state-owned company KirovLes.

The controversial blogger faced new accusations Wednesday. The Investigative Committee said he had fraudulently obtained his status as a lawyer by misleading the bar association in Kirov, where he passed his qualification exams.

Navalny, who participated in anti-government protests last year, didn't fulfill Lebedev's expectations last year, since he was very inactive during board meetings, Prime reported Tuesday, citing sources close to the businessman.

But Navalny said he had gained "interesting experience while working at the company." Aeroflot followed his recommendation and hired a consultant to advise on corporate governance, he added, Interfax reported.

Lebedev pointed out that his stake in Aeroflot is between 5 and 6 percent, down from 15 percent in 2011. That amount is sufficient to get only one of the National Reserve Bank's candidates elected, Vedomosti reported Wednesday.

The banker said he plans to vote for Alexashenko.

The fact that Navalny won't be on Aeroflot's board is positive for the company, since the criminal cases against him could affect the carrier's reputation negatively, Investkafe analyst Andrei Shenk said, adding that the board structure is unlikely to change drastically.

The carrier's new board of directors is set to be elected in June.

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