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Friendly Oligarch Buys 'Putin' Palace

By Roland Oliphant

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Officers milling about during a previous inspection of the mansion by eco-group Environment Watch North Caucasus. **Environment Watch North Caucasus**

If you've ever felt like picking up a seaside palace for a song, now might be the time.

At least, that's what reclusive oligarch Alexander Ponomarenko claims to have done.

Acting on the principle "buy on a scandal, sell on good news," the little-known billionaire claims to have picked up nothing less than the mysterious Italianate mansion dubbed by the media "Putin's Palace."

"If you're not afraid to buy on a scandal, you can make good money," Ponomarenko told Kommersant on Thursday.

Ponomarenko, who made his fortune controlling the Black Sea port of Novorossiisk, said he had acquired the company Idokopas, which owns the palace complex, from Nikolai Shamalov and "two of his partners" last week.

Idokopas, Ponomarenko told the business daily, owns around 67 hectares of "recreational" land near the settlement of Praskoveyeka, including a "guesthouse" complex amounting to 26,000 square meters.

He also said he had bought a second company, Yazurnaya Yagoda, which owns 60 hectares of agricultural land near Divnomorsk, a settlement 13 kilometers from Praskoveyevka.

Ponomarenko, who seldom appears in the media but is rumored to be a recluse who nurtures an extraordinary passion for hunting, said he hasn't yet decided what to do with the vast property.

The unfinished mansion has been at the center of tabloid controversy since last December, when businessman Sergei Kolesnikov claimed that state funds were being diverted to build a personal palace for the prime minister.

Photographs that appeared on the whistleblowing site RuLeaks.org showed a sumptuous mansion with copious amounts of marble and gold leaf, as well as extensive landscaped gardens.

Last month, Environment Watch North Caucasus, a local green group that says the complex was illegally built on publicly owned forestland, got close enough to the site to take more photos before being detained by the Federal Guard Service.

Shortly afterward, the head of the presidential property service, Vladimir Kozhin, was caught lying about his connection to the building. He had denied having any knowledge of it, but documents made public by Novaya Gazeta last month show he had his deputy authorize the construction, and even personally signed relevant papers.

Ponomarenko refused to discuss the value of the deal, but hinted that he had picked it up for a song when Shamalov and his friends ran out of money to finish the building — and perhaps got fed up with the publicity it was attracting.

He conceded that an estimate the entire property would be worth $350 million when complete "is close to the truth." Previous rumors have valued the helipad-equipped imitation Versailles at $1 billion.

But skeptics say picking up bargains like that takes more than business acumen and a stroke of luck.

In 2008, Ponomarenko and his long-time business partner Alexander Skorobogatko ceded a 20 percent stake in Kadina, the company through which they controlled Novorossiisk, to Arkady Rotenberg, a childhood friend and former judo partner of Prime Minister Vladimir Putin.

Kadina and the rights to the Novorossiisk port were bought by a Transneft-led consortium in September. Ponomarenko now says he wants to go into property.

But Sergei Kolesnikov, who started the rumor mill rolling in December, suggested that knowing a "friend of the prime minister" like Rotenberg is enough to explain the pricing disparity.

The government position is that Putin himself has never had any connection to the project.

Whatever the truth about the house's ownership, its apparent sale is the latest bizarre twist in a growing "battle of the dachas" that has seen environmentalists and opposition groups clash with high-profile holiday home owners on the Black Sea coast of Krasnodar.

Environment Watch North Caucasus has targeted a series of grandiose dwellings on the Krasnodar coast that they say have been built on public land and in violation of numerous environmental regulations.

Shortly after inspecting the "palace" in February, Environment Watch visited a church property — listed officially as a spiritual and cultural center — which also turned out to be built on forestland.

Forestland in Russia is publicly owned and freedom of access is guaranteed by law — making attempts to fence it off as private property illegal.

Last Sunday, about 20 Environment Watch and Yabloko activists held a "protest picnic" at a comparatively modest four-story brick structure they say is being built for Krasnodar region Governor Alexander Tkachyov.

"We found dozens of violations. First of all, it is partially built on forestland; then it violates the Water Code by blocking off free access to the shore," said Andrei Filimonov, deputy coordinator of Environment Watch, who was at the protests.

They also found evidence of the felling of endangered Pitsunda pines, he said.

The activists were soon arrested, however, and four of them — Zufar Achilov, Yevgeny Vitishko, Suren Ghazarain and Dmitry Shevchenko — are still in detention awaiting trial for disobeying police orders.

On Wednesday, the four went on a hunger strike to protest the conditions they are being held in. Filimonov said late Thursday that a public committee was inspecting the incarceration facility, and that the four were in reasonably good shape.

Yabloko activists unfurled a banner opposite the Kremlin in Moscow on Thursday to demand the release of the "political prisoners."

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