

Russian Oligarchs' Exes Battle for Former Husbands' Fortunes

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Potanin, pictured in May 2014, is preparing to face off with his ex in court.

As Russia's richest man, Vladimir Potanin, prepares to go to court over his ex-wife's divorce settlement, lawyers say he need not lose any sleep over the risk of her winning half of his assets: Such cases only highlight the rule of the strong.

The Russian legal tradition is underdeveloped, meaning that whoever has more resources wins the case, legal experts told The Moscow Times.

On Friday a district court in Moscow held a pretrial hearing into Natalya Potanina's case against her ex-husband, whose estimated worth currently stands at \$15.2 billion, according to the Russian edition of Forbes magazine.

In accordance with Russian law, Potanina is seeking half of all of her former spouse's assets acquired during their 30-year marriage — including half of his 30.3 percent stake in Norilsk

Nickel, the world's leading producer of nickel and palladium.

Potanin claims that the marriage effectively ended in 2007, and says the value of his assets back then was just \$140 million.

The official divorce was, however, only formalized by a court in February 2014, so Potanina claims that she is entitled to half of every part of her ex-husband's empire. And in an apparent bid to win over the support of the authorities, last April Potanina announced that in the event of victory, she would give her potential 15 percent stake in Norilsk Nickel to the state to control, Interfax reported.

Potanin apparently had other plans for his assets. In 2013 he joined the Giving Pledge, a charity initiative set up by Bill Gates and Warren Buffett, and vowed to give the majority of his fortune to charity.

According to Potanina, after announcing his decision to divorce her in 2013, Potanin demanded that she sign a statement saying that she relinquished all her rights to his property.

"I was told that if I decided to defend my interests in court, nobody would ever hear me," Potanina told Forbes in an interview last August.

The Moscow district court that granted the couple's official divorce also ruled that Potanina should receive a quarter of her former husband's paycheck, or 8.5 million rubles per month (\$162,000) in child support payments for their teenage son, the Vedomosti business daily reported at the time. Four months later, the same court ruled that 50 percent of that monthly sum should be paid directly into the son's bank account.

In addition to the son, the Potanins have two grown-up children.

The first hearing into the settlement case is scheduled to take place on July 1. If the court finds in favor of Potanina, she will become the richest divorcee in history, replacing the current record holder Yelena Rybolovleva, ex-wife of Russian fertilizer king Dmitry Rybolovlev, who was awarded a \$4.5 billion settlement one year ago.

The difference is that Rybolovleva won her ruling in a Swiss court in Geneva.

Legal Labyrinths

According to divorce lawyers, in contrast to the West, Russian courts lack a developed legal tradition of ruling in such cases fairly and effectively.

One complication, they said, is that Russian oligarchs almost universally hide the ownership rights to their estates behind convoluted webs of trust funds and offshore schemes. Russian courts do not usually take the time to dig deep into such schemes, said Yana Teplyakova, lawyer for the Legis Group practice in Moscow.

"Our courts want to limit the time they spend on the trial; often they will make a ruling based on the documents presented and refuse to wait for additional evidence," Teplyakova, who has dealt with a number of high-profile divorce cases, told The Moscow Times in a phone interview.

Furthermore, many judges are simply too lazy to study divorce case materials in detail, said Dmitry Yastrebov, head consultant at Capital Legal Service law firm.

"Our legal system is still not developed enough in this field, and judges are often lazy because in many cases they have to investigate large volumes of materials on ownership schemes," Yastrebov said.

A spokeswoman for Moscow City Court denied the lawyers' claims.

"I believe this is a very subjective statement. Our judges spend enough time studying the materials from both sides and there is no pressure on them," Uliana Solopova told The Moscow Times.

Uneven Resources

Another obstacle faced by the wives of top-level Russian businessmen is that they often lack sufficient resources to retain a qualified legal team that would dig for proof of their legal ownership of valuable assets.

"Recently I had a case in which a man was able to hire a private detective in Los Angeles to obtain evidence. His ex-wife was unable to do so," Teplyakova said.

Rybolovleva, who won her settlement, did not face this problem. She was able to retain Marc Bonnant, referred to in the Swiss press as "the oligarchs' lawyer." At the time of their victory in Geneva, Bonnant told the Associated Press that "the judgment shows already that, for the Geneva Tribunal of First Instance, no one — not even a Russian tycoon who put his fabulous fortune into legal structures such as trusts and offshore companies — is above the law."

Rybolovlev appealed the case, which is expected to continue for some time across multiple jurisdictions.

The Rybolovlevs' record divorce settlement is followed in second place by the divorce of French businessman Alec Wildenstein from Jocelyn Wildenstein, which was estimated at \$2.5 billion, and in third place by the divorce of Britain's Formula One baron Bernie Ecclestone from Slavica Ecclestone, estimated at \$1-\$1.2 billion.

In contrast, Russian courts have universally ruled against the former wives of former oligarchs. In 2003 Yelena Novitskaya, the ex-wife of steel tycoon Alexei Mordashov, whose estate was estimated by Forbes at \$13 billion in 2015, lost her court case against her ex in the city of Cherepovets following a relatively modest initial divorce settlement.

Novitskaya was not only denied any further share of her husband's fortune, she was also ordered by the court to pay 213 million rubles (\$4 million) in court expenses.

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