

'Putin's Banker' Pugachev Files \$12 Billion Claim Against Russia

By [The Moscow Times](#)

September 22, 2015



Sergei Pugachev

Sergei Pugachyov, a tycoon once dubbed “Putin’s banker” because of his influence in the Kremlin, has filed a \$12 billion claim against Russia after his business empire was carved up when he fell out of favor with President Vladimir Putin.

“Over the past few years, Russia has pursued a multi-pronged attack against me, my family, and my investments,” Pugachyov said in a written statement on Tuesday. “I refuse to be intimidated by Russia’s tactics.”

Reuters reported on Monday that lawyers for Pugachyov had issued notice of a claim of more than \$10 billion against Russia that is likely to be heard in the Permanent Court of Arbitration in The Hague.

Pugachyov’s lawyers said that such claims can take years but noted that Moscow is already

fighting a separate ruling by the same court in 2014, when it was ordered to pay \$50 billion for expropriating the assets of Yukos, once Russia's biggest oil producer run by Mikhail Khodorkovsky.

When asked about the Pugachyov claim, Putin's spokesman, Dmitry Peskov, said he had "no comment" but said that official investigations were ongoing.

Russia is seeking Pugachyov's arrest for embezzlement and misappropriation of assets, charges he denies. Peskov said the investigation into Pugachyov had nothing to do with his relationship with Putin.

"Investigative or search actions, of course, aren't related to the extent to which there were friendly or unfriendly relations" with Putin, Peskov said.

Since leaving Russia in 2011, Pugachyov, 52, has accused Putin's allies of bringing his multibillion-dollar business empire to its knees before picking off some of its best assets.

Pugachyov founded Mezhprombank, or International Industrial Bank, in 1992, just a year after the collapse of the Soviet Union. It grew to become one of Russia's biggest banks.

Pugachyov's business empire had stakes in the "Northern" and "Baltic" shipyards, the latter of which built the Tsar's battleships and Soviet nuclear-powered icebreakers, and a giant Siberian coal deposit.

Edward Kehoe, a lawyer at King & Spalding who is representing Pugachyov, said the claim against Russia alleged violations of a Russian-French bilateral investment treaty and international law.

"These cases do take a while," Kehoe said. "We can expect, if history is a guide, for a case of this type that it could be at least two to three years before we would expect an award."

Pugachyov, who became a French citizen in 2009, said the Kremlin stripped him of his assets without paying compensation. Pugachyov defied a British judge's order to stay in Britain and fled to France this year. His lawyers said he feared for his life after devices were found under his car.

"The reason Mr. Pugachyov left was that he was in real fear for his life," said Nick Cherryman, one of Pugachyov's lawyers. "It is not very pleasant to find black boxes underneath your car."

After helping Putin ascend to Russia's top job in 1999 during the last days of Boris Yeltsin's presidency, Pugachyov fell out with some of Putin's most powerful allies in the years after the 2008 financial crisis.

Russian authorities say Pugachyov helped himself to over \$700 million in Russian Central Bank bailout money.

Original url:

<https://www.themoscowtimes.com/2015/09/22/putins-banker-pugachev-files-12-billion-claim-against-russia-a49723>