

There's No Escape for Russian Billionaires (Op-ed)

In the current political climate, the West won't be as welcoming of Russian oligarchs' money, as it once was.

By [Leonid Bershidsky](#)

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Dmitry Rybolovlev / Zuma / TASS

The detention of Dmitry Rybolovlev for questioning in Monaco on Tuesday is only the latest of the Russian billionaire's troubles – and a signal to other wealthy Russians who might dream of getting rid of all their assets in the home country, as Rybolovlev did: In the current political climate, the West won't be as welcoming of their money, and their ways, as it once was.

Rybolovlev is known to Americans as the man who paid Donald Trump \$95 million for a Palm Beach, Florida, mansion in 2008, about twice as much as the developer had bought it for in 2004. Trump's opponents deem the deal suspicious and allege it was part of a putative Russian bailout for Trump. Rybolovlev, however, is known as a big spender; his long-running

feud with Swiss art dealer Yves Bouvier, whom the tycoon accuses of overcharging him for a series of art masterpieces, is evidence of that. (One of the works, incidentally, is Leonardo da Vinci's "Salvator Mundi," currently the most expensive painting in the world despite its contested provenance: It fetched \$450 million at auction; Rybolovlev had bought it for \$127.5 million from Bouvier, who had secured it for \$80 million). Bouvier denies Rybolovlev's accusations.

Rybolovlev's detention is linked to the Bouvier saga. In September, 2017, Monaco Justice Minister Philippe Narmino resigned immediately after the French daily *Le Monde* published an investigation into what it called Monacogate, based on text messages between Rybolovlev, his lawyer and local officials including Narmino. They appeared to point to a high degree of cooperation between the officials and Rybolovlev's side in the Bouvier case; *Le Monde* thought it could point to possible "influence buying." Now, a Monaco judge is investigating whether the Russian tried to influence law enforcement officials. In addition to his detention, his villa was searched, though he wasn't charged with a crime and has denied any wrongdoing. He's likely to be released on Thursday. His lawyers plan to appeal the detention; they also question the legitimacy of the evidence used against Rybolovlev.

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At the same time, Rybolovlev faces another potential scandal, this time involving AS Monaco, the soccer club based in the principality that he bought in 2011, pledging to invest at least 100 million euros (\$115 million) in the failing team over the following four years. But the French website *Mediapart* claimed on Nov. 5 that Rybolovlev did more than that, engineering a fictitious marketing deal in 2014 that they allege allowed him to pump 140 million euros a year into the club in contravention of the Union of European Football Associations' "financial fair play" policy. That policy aims to prevent clubs from serving as wealthy people's toys at a perpetual loss. *Mediapart* also alleged that AS Monaco lobbied UEFA officials to look the other way in a previous investigation, where the football body imposed only a relatively small fine on the club in 2015 after it found its financial deficits excessive.

In response, AS Monaco issued a statement in which it "firmly denies" trying to circumvent "financial fair play" and points out the marketing contract was never executed. The club "was forced to choose an alternative strategy, based on the sale of players," says the statement. Rybolovlev has recently had little incentive to keep pumping money into the club anyhow. His scandals have angered Monaco's monarch, Prince Albert, who feels they cast a shadow on the principality's institutions. Continuing to prop up AS Monaco to create goodwill no longer makes sense.

All these troubles, both legal and reputational, are hardly what Rybolovlev planned on when he sold his Russian fertilizer companies for a total of \$7.5 billion in 2010 and 2011, pulling out of Russia entirely. Bloomberg Billionaires estimates his net worth at \$10.5 billion, and this vast fortune appears to be held in the West, including \$2.7 billion worth of art and real estate.

Most wealthy Russians, commonly and erroneously referred to as "oligarchs," are essentially hostages to President Vladimir Putin, called upon to invest large sums in his pet projects and support his policies lest they lose their Russian assets. Rybolovlev's is the cleanest known

break. Other billionaires who prefer to live and invest in the West, such as Mikhail Fridman and Roman Abramovich, still have strong links to the home country. According to data compiled by Bloomberg Billionaires, Russian assets account for about a quarter of Fridman's fortune and more than a third of Abramovich's.

Getting rid of Russia exposure may look like an especially attractive proposition in this era of increasing U.S. sanctions and the growing scrutiny of U.S. regulators, who are responding to ham-handed, murderous Russian intelligence activity in the U.K. But it doesn't quite work this way for a rich Russian – they don't do inconspicuous and they like their power plays. That's how most of them made their money, often in an environment of relative lawlessness. The attention an "oligarch" draws even in a normally quiet, lenient jurisdiction such as Monaco leaves him exposed to every hostile wind, and, with no Russian base, there's no easy way to run home, where a billionaire who toes Putin's line can escape scrutiny.

Link:

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Russian officials understand the value of Rybolovlev's example to Putin's long-standing, and largely unsuccessful, attempts to lure Russian capital back from the West. On Tuesday night, the Russian embassy in France issued a statement saying it had requested information about Rybolovlev's detention from the Monaco authorities, though it said the billionaire himself hadn't been in contact with Russian diplomats. The point of the communication is to show Russia stands ready to defend its citizens in trouble wherever they've chosen to keep their money – but there's not much it can do unless they actively seek help. As Putin has stressed many times, Russians are safer at home.

Rybolovlev's tribulations in the West probably aren't over. As other wealthy Russians watch them, perhaps the lesson they can draw isn't that it's safer to keep one's fortune firmly anchored to Russia; it's that being as conspicuous, forceful and bent on destroying one's enemies as Rybolovlev may have adverse effects on their ability to enjoy their money in the West. The money, no longer as welcome as it was 15 or even five years ago, can even turn into a source of trouble.

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