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Morgan Stanley, U.K. Law Firm Helping Oligarch Seize Russian Oilfield – The Guardian

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Sergei Kolesnikov. **Erik Romanenko / TASS**

U.S. investment bank Morgan Stanley and British law firm Allen & Overy are helping Russian-born oligarch Sergei Kolesnikov as he seeks to claim ownership of a major oilfield in southern Russia, The Guardian reported Monday.

Kolesnikov, who is president of the construction materials producer TechnoNicol, as well as the majority shareholder of the Cypriot firm Inflection Management, left Russia in 2010 and is now a citizen of Malta under the country's "golden passport" scheme.

In 2012, Morgan Stanley helped Inflection Management negotiate a loan of $70 million to the Astrakhan Oil Corporation (AOC), which pledged its subsidiary Southern Oil Company (UNK) as security for the loan.

After AOC fell behind on its loan payments in 2014, Morgan Stanley launched an effort to help

the creditors take a majority stake in UNK, which owns dozens of wells at the Verbluzhye oilfield in southern Russia's Astrakhan region.

Russian courts have blocked those efforts so far.

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Proceedings with the involvement of Morgan Stanley and Allen & Overy are now underway at the London Court of International Arbitration, according to The Guardian.

The publication reported that Morgan Stanley put forward an expert witness to value UNK's shares, while an Allen & Overy partner provided an expert opinion during the proceedings.

Both Morgan Stanley and Allen & Overy pulled out of Russia after the country invaded neighboring Ukraine in early 2022.

The Guardian stressed that there is no suggestion either Morgan Stanley or Allen & Overy broke any laws or regulations.

However, the publication does note that their work for Kolesnikov illustrates how Western firms continue doing business with oligarchs and firms that have profited off Russia's defense industry and the war in Ukraine.

Kolesnikov's TechnoNicol products are openly sold in Russian-occupied Ukrainian territories and feature prominently in Moscow's reconstruction projects there following its full-scale invasion.

According to The Guardian, TechnoNicol won tenders to supply 18 Russian defense enterprises with roofing, waterproofing and thermal insulation materials until at least 2018, though the Kremlin restricted access to information about military contracts after the war started.

The investigative news outlet Proekt estimates TechnoNicol's profits in 2022 grew 55-fold from the year before.

Kolesnikov, who is under Ukrainian sanctions, has insisted that he does not do business with the arms industry.

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