

CORPORATE RAIDING IN POST-SOVIET RUSSIA

Hostile takeovers and company captures have been an everyday reality in the post-Soviet Russian economy. A new research agenda is needed to understand whether private property is worth anything in contemporary Russia.

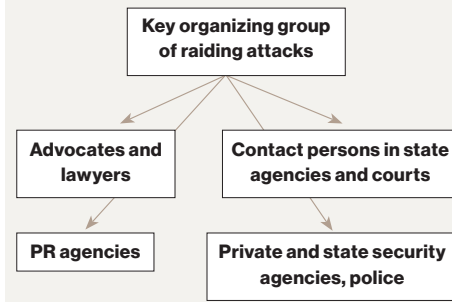
by **Ilja Viktorov**

What is post-Soviet corporate raiding?

This phenomenon is called *reiderstvo* in Russian, a term which is derived from the English word “raiding”.¹ A typical hostile takeover is based on the manipulation of weak legal institutions and the use of extralegal practices with the active involvement of courts, private and state security services, and corrupt government officials. Any entrepreneur in the country is a potential victim of groups that organize “raids” against both large and small companies. According to some estimates, about 60,000 cases of *reiderstvo* took place in Russia each year during the 2000s, and only a fraction of these cases led to legal prosecution.²

Corporate raiding in Russia has its historic roots in the initial process of privatization of state-owned assets in the 1990s, when the first hostile takeovers were characterized by a high degree of criminal violence. Since that period, however, the methods of raiders have grown much more sophisticated and elaborate. Not criminals, but highly educated lawyers, advocates, accountants, judges, investigators, court enforcement officers, and journalists have been the typical participants in raiding groups. A raiding network is created by a particular group which coordinates a raiding attack, provides financial support to all participants, and finally appears as the main beneficiary of a hostile takeover (see Figure 1). The spread of *reiderstvo* entails

Figure 1.
Corporate raiding (*reiderstvo*)



Source: author's research

profoundly negative consequences for Russia. It undermines the development of a market economy and the stability of its formal institutions, makes property rights insecure, and leads to failed investments and capital flight from the country. It is not possible to understand the Russian economy and the way it has been working during the last two decades without doing research on corporate raiding, or *reiderstvo*, as an institutional phenomenon. The presence of *reiderstvo* practices is central to the question of what went wrong with the Russian post-Soviet economic reform and why market capitalism with well-performing formal

institutions, not least private property, failed to be established in Russia.

THE ORGANIZATION OF A hostile takeover as shown in Figure 1 is actually an oversimplification, since a greater variety of actors can participate in the process. For example, ecological organizations in the form of “independent” NGOs may appear as a blackmail tool in launching a raid against a particular industrial enterprise. Fire-prevention and tax-collecting authorities as well as sanitary services and private banks may contribute to the process of a hostile takeover. To make the issue more complicated, raiding can be based on real corporate practice abuses, in some cases crimes, committed by entrepreneurs who are selected as victims of corporate raiding. That happened during one of the most famous *reiderstvo* cases, the hostile takeover of the company Evroset in 2008. The kidnapping of a mid-level Evroset manager, arranged by the company’s top managers in 2003 after the mid-level manager had stolen from the company, was used as a pretext to start a lawsuit against Evroset’s owner. The owner was finally forced to sell his business to persons affiliated with the raiding group at a discount price and later emigrated to the UK. The unclear origins of ownership rights emanating from the shadow privatization of the 1990s also provides a rich source of pretexts to organize *reiderstvo* attacks against Russian businessmen.



A sequence from the Russian director Vadim Abdrashitov's film *Magnetic Storms*. The film was released in 2003 and echoed the nightmarish reality that Russian industrial monotowns faced during the 1990s.

Reiderstvo in public debate and research

The problem is well known and broadly debated in Russia, from regional media and NGOs up to the top of the Russian business community and bureaucracy. On several occasions, the negative impact of *reiderstvo* on business in Russia was officially acknowledged and condemned by President Putin and Prime Minister Medvedev. Even Russian mass culture has reacted to the escalation of *reiderstvo*, with popular detective novels and films devoted to this topic.³ *Reiderstvo* is not unique to Russia, and is equally common in most parts of the post-Soviet territory. In Ukraine and Kazakhstan, the Russian term *reiderstvo* is applied in public discourse to similar corporate raiding practices. This fact is an essential one, since it demonstrates that *reiderstvo* originated in particular policies of economic reform and privatization chosen by the majority of post-Soviet states in the early 1990s. The Baltic countries and Belarus can be viewed as notable exceptions to the broad spreading of corporate raiding practices, although *reiderstvo* is not completely absent from these countries either.

THE SPREAD OF corporate raiding in Russia has resulted in numerous publications in the Russian media. In addition to journalistic reports, there is a body of academic and quasi-academic studies in Russia devoted

to *reiderstvo*. Most books published on the topic are written by lawyers and criminologists, and are not of high analytical quality. Works of this type usually include empirical examples of company captures and give practical advice for entrepreneurs, the judiciary, and state authorities to “improve” legislation against corporate raiding. Notably, there is little research on the topic in the English-language literature. The only two examples that specifically deal with *reiderstvo* as a phenomenon are a short research paper written by the political scientist Alexander Settles⁴ and a short description of a few pages in the sociologist Alena Ledeneva’s recently published book on the Russian *sistema*.⁵ Both of these texts briefly identify the problem and describe the main methods employed by Russian raiders. However, they are not based on primary sources and do not provide a sufficiently detailed account of *reiderstvo* to explain its origin in post-Soviet reality. The lack of research in English specifically dedicated to *reiderstvo* is surprising.

The evolution of reiderstvo: preliminary remarks

What we know so far about the development of *reiderstvo* throughout the post-Soviet transformation is a preliminary outline. The process of the initial nomenklatura privatization during and after the collapse of the Soviet system in the late 1980s and early 1990s is

relatively well documented.⁶ But it is still unclear under what circumstances, and why, this initial stage of privatization evolved into the next wave of ownership redistribution with a broad criminal presence in the middle and late 1990s. The spread of criminality in the Russian economy during the 1990s is well highlighted by previous research.⁷ Yet there is still no recent study available to identify the specific historic conditions that resulted in the first violent stage of corporate raiding and to separate the first *reiderstvo* cases from other forms of criminal activity. Above all, the primary concern of criminals was to take control over cash flows with a short-term perspective rather than to secure long-term ownership over former state enterprises. To what extent were criminal circles used in this violent stage of corporate raiding by other actors, such as former party officials or future oligarchs, and to what extent did the criminals appear as an independent force? Both practices actually happened, and a wide geographical variation between regions was observed, but we still cannot provide a comprehensive answer to this question. In the 1990s, the term *reiderstvo* was not in broad use. The term “black raiding” (*chernoe reiderstvo*) denotes mainly violent criminal methods in company takeovers. However, it seems to be a later construction, invented in the 2000s to be applied retrospectively to the reality of the 1990s.

The next stage of *reiderstvo* was connected with the use of bankruptcy law as a specific takeover in-

Is there a connection between a lack of respect for private ownership and decades of state ownership?

Reiderstvo, both real and alleged, has been a reality in Russian everyday life. Three posters hang at the entrance to a newly closed shopping mall in central Moscow with the following text: "Attention, Muscovites!

A pretend remodeling is in progress. Be careful! A raiding attack is going on here: a raiding capture of Tverskoi shopping mall."

Photo: Ilja Viktorov



strument between 1998 and 2002. This practice has been well investigated by previous research.⁸ Unfortunately, neither Volkov nor Adachi provides a definite answer to why this wave of ownership redistribution arose. More importantly, they do not view it as a subsequent stage in the evolution that *reiderstvo* practices underwent during these years. Volkov for example connects this wave of ownership redistribution to the central authorities' attempts to strengthen control over the executive branch of state power in Russia's regions, not least after the accession of Vladimir Putin to presidential power in 2000. As the criminal groups of the 1990s disappeared from the scene, their niche as providers of security and guarantors of economic transactions was taken over by special police, the FSB (Federal Security Service), and state prosecutors. Company owners who resisted could easily be accused of economic crimes and possibly imprisoned. At the same time, Volkov points out that these networks of state representatives were mobilized by private business groups. The latter were still the main organizers of enterprise takeovers between 1998 and 2002.

THE DECADE AFTER Putin's accession to power in 2000 witnessed a culmination of *reiderstvo* practices: hostile takeovers acquired a much greater degree of variety and sophistication. No "improvements" in the bankruptcy legislation proved effective: hostile take-

overs only increased and intensified even though the bankruptcy procedure ceased to be used as a primary means. The *reiderstvo* practices affected all levels of economic activity in Russia, from the largest oligarch groups – the Yukos case being the most famous example – down to small and medium-sized enterprises.⁹ It was during this time that the term *reiderstvo* found broad acceptance in Russian popular media discourse and in everyday language. This wave of what could be called "gray" corporate raiding started in Moscow in the early 2000s,¹⁰ and then spread to the rest of Russia. In contrast to the mainly criminal "black raiding" of the 1990s, legal and quasi-legal procedures of corporate raiding were employed in the 2000s. A typical case of *reiderstvo* in this period would not be a result of the spectacular violent storming of industrial locations by groups of private enforcement agencies of unclear origin. Instead, a hostile takeover would be mandated in a court decision by a corrupt judge based on falsified documentation, and enforced by official police forces, all in accordance with official judicial procedure. A judgment on a corporate property transition might be based on records of shares falsified by a real or fake registrar. It might also be based on non-payment of a real or invented bank loan by the victim, the owner of a company under attack. The entire process of a hostile takeover could now take place in public, with broad coverage in the media, controlled and mobilized by the raiding group. Only the best pro-

fessionals in each particular sphere are involved in a carefully planned and successful raiding attack.

Reiderstvo and its victims

Small and medium-size enterprises have also been victims of raids. Not only the economic activity of these firms themselves, but also the commercial properties they own attract raiders. Agricultural lands are also widely targeted in *reiderstvo* practices, especially in the Moscow region. Public organizations with limited budget financing, such as schools, universities, hospitals, museums, and theatres, can also fall prey to raiding groups. This is because such institutions may be physically located in attractive properties inherited from the Soviet past. Using connections with corrupt decision-makers in public administration, raiders may organize the takeover of such properties by closing a public institution and then transferring its premises to a specially created private firm. In the largest Russian cities, particularly in Moscow, even private persons can become targets of raids since the value of their housing can be high enough to make "residential raiding" (*kvartirnoe reiderstvo*) profitable. The same quasi-legal practices employed in company takeovers are used in "residential raiding", though on a smaller scale. This is an additional reason why "corporate raiding" is not an adequate translation of the word *re-*



reiderstvo in English. Post-Soviet *reiderstvo* practices are not exclusively confined to the sphere of corporate abuse, but can affect any economic agent or private person who possesses property of substantial market value.

A raiding attack may lead to different outcomes for an entrepreneur who becomes a target of *reiderstvo*. Usually, resistance is deemed to be futile since each raiding group has connections with corrupt officials in police, state security, and investigative agencies which either support or act as the real organizers of a company capture.¹¹ In rare cases, the victim can repel an attack by using the same quasi-legal methods and contacts among corrupt officials and judges. In other cases, the owner of a company may achieve a compromise by selling the company at a discounted price, well below its real market value. Although hardly any comprehensive statistics

on *reiderstvo* practices are available, this seems to be the most common outcome. Alternatively, a businessman may be imprisoned during the prosecution process. Such a businessman may ultimately be freed, or even win an appeal in a higher court. Nevertheless, the owner's absence from the business provides an opportunity for a provisional administration to strip the company of all its assets. This provisional administration would naturally be a part of the raiding group. In rare cases the businessman may commit suicide or otherwise die in prison. Such deaths have usually received publicity in the Russian media, yet with no apparent practical consequences for the organizers of raiding attacks.

Reiderstvo and informal networks

Why did *reiderstvo* become so widespread in Russia in the 2000s? A hypothesis concerning the causes and persistence of corporate raiding in Russia was put forward by two analysts from the Russian journal *Expert*, Alexandr Privalov and Alexandr Volkov.¹² They claim that the main raiding groups were organized and controlled by high officials from the regional branches of the FSB (Federal Security Service) who are the real beneficiaries of the largest hostile takeovers after 2000. This explains why only a fraction of all raiding cases were investigated by prosecutors and just a

handful of raiders were sentenced in courts.¹³ No empirical support for this thesis is provided.

Since 2011, a new analytical concept of the Russian network state, centered on informal power networks in Russian business and politics, can contribute to our understanding of post-Soviet corporate raiding. Although the concept does not deal with the phenomenon of *reiderstvo* specifically, it shows how the power networks merged with new business elites to use property relations and wealth to consolidate their position. The concept's main point is that informal groups, or networks, infiltrate formal authorities at all levels, in effect merging with the Russian post-Soviet state, to maintain full control over key decisions and to proliferate in the most lucrative industries and branches of the economy.¹⁴ Compared to the 1990s, some major changes occurred in the 2000s with regard to particular types of networks. Oligarch groups led by rich businessmen and networks of criminal origin, although powerful during the 1990s, lost influence during the 2000s. Instead, new networks with connections to Putin's bureaucracy, especially with origins in former St. Petersburg security services, advanced in the 2000s.¹⁵

It remains to be investigated how the activities of these informal networks are related to the spread of "gray" and "white" *reiderstvo* practices in the 2000s. Such an investigation is not possible without studying primary sources. In general, the Russian business press potentially constitutes a valuable source for the study of post-Soviet economic history, and encompasses a great variety of materials devoted to corporate raiding practices. Thus, the material on this topic is abundant; at the same time, this abundance creates difficulties of selection and representativeness. Some of the material available is quite credible and informative: as an example of a serious approach, see the interview with the Russian lawyer Alexandr Rappoport in which he briefly describes typical raiding practices and how they evolved during the 2000s.¹⁶ However, some articles on specific cases of *reiderstvo* in the daily press may be biased.¹⁷ In extreme cases, these materials may have been created by raiding groups as a part of a takeover process.

Interviews as an indispensable source on post-Soviet reality

To compensate for the drawbacks of published sources, interviews with people who witnessed or experienced *reiderstvo* can be used in research on *reiderstvo* practices. Because of the sensitivity of the issue, interviews with leading organizers of raids will be rare, although not completely impossible. I experienced myself how an interview with a person previously involved in corporate raiding can give a completely new perspective on *reiderstvo*. While interviewing financiers in Moscow for my research project on the Russian financial market, I encountered an interviewee who temporarily lost his job in the financial sector after the 1998 crisis.¹⁸ To escape unemployment, the respondent had participated in a raiding operation against an aluminum plant owner in Siberia in 2000. That particular company capture was organized by a famous oligarch with close connections to the former president Yeltsin's family. The victim was a criminal leader who had taken control of the plant during the

1990s privatization. Numerous details of the operation, which became highly profitable for the oligarch, were told. More importantly, *reiderstvo* as a practice appeared as a very complex issue rather than as a simple corruption practice.¹⁹ It became hard to see a difference between the "victim" and the "predator". At any rate, it was apparent that the criminal leader, who had allegedly committed a long list of crimes in the 1990s, was inappropriate as the owner of an industrial giant with thousands of employees. From the point of corporate governance, the outcome of this particular *reiderstvo* case hardly made matters worse for the company concerned. Today, the same oligarch continues to control the plant, which has been one of the main assets in his portfolio.

THE USE OF PRIMARY sources, especially interviews, would help to clarify our understanding not only of *reiderstvo*, but also of how post-Soviet business works in reality. This is especially true in regard to the Russian regions in the 2000s. Most regional businesses are not market entities acting in a competitive environment. Instead, these structures are closely affiliated with governors and controlled by relatives, friends, and trusted associates of high officials, who are the real beneficiaries of nominally private companies. After the Beslan hostage crisis of 2004, the federal authorities were able to remove previously independent regional leaders, replacing them with officials controlled by rival informal power networks inside Putin's administration, or by oligarch groups. Each such removal shook to the ground the quasi-market-oriented business structure of a particular region. Since 2004, this happened in the republics of Tatarstan and Bashkortostan, twice in the Sverdlovsk region, and four times in the Irkutsk region. The most spectacular case was the defeat of the Moscow group in 2010, when the previous mayor was dismissed after almost two decades in office, to be replaced by a Putin appointee. What do the *reiderstvo* practices contribute to this process of ownership redistribution on the regional level? Under what circumstances does it make sense for a businessman affiliated with a previous administration to resist the loss of his business? Under what circumstances does he (or she, as in the case of the former Moscow mayor's wife) give up and accept replacement by other agents affiliated with a new administration? To what extent do the practices of "black raiding" survive in some Russian regions? We cannot yet provide empirically supported answers to these questions, only opinions and impressions gained from reading the biased Russian press. In other words, the main theoretical gain of such an investigation would be to understand whether private property is worth anything in contemporary Russia, and what rules, formal and informal, define the limits of private property as an institution in post-Soviet reality.

TO SUM UP THIS overview, I would like to discuss a preliminary hypothesis that would explain the persistence of *reiderstvo* practices. It is apparent that they are rooted in ineffective and weak formal institutions in post-Soviet Russia. Private property, as a key formal institution for the emerging market economy, is not supported by the available institutional framework; the state as an effective third-party enforcement agency and independent judiciary is very weak. This



Another sequence from the film *Magnetic Storms* (2003).

creates the conditions for a greater discrepancy between the officially existing formal institutions and the economic reality, with a strong presence of informal institutions, networks, and practices. The particular forms of *reiderstvo* that existed and evolved throughout the first two post-Soviet decades depended on the prevailing type of informal network in each historic period. In the 1990s, mostly networks of former Soviet enterprise directors, oligarchs, and groups of criminal origin were active. These were supplanted by networks with connections to security services and state apparatus in the 2000s. This hypothesis needs to be proven on the basis of empirical research and the analysis of primary sources such as interviews.

FINALLY, READERS MAY GET the impression that the *reiderstvo* practices of the 2000s make any economic transformation of Russia towards improved rules and well-functioning formal institutions unachievable, at least in the near future. This may be true to a certain degree. Still, I would claim that the situation is actually not as bad as it seems. Whatever apparent abuse of formal rules and property rights the spread of “gray” and “white” *reiderstvo* entails, these practices in the 2000s already represent a kind of improvement compared to the 1990s. At that time, the shadow privatization led quickly to the spread of violent crime that was a by-product of the first wave of ownership redistribution throughout Russia. A considerable part of the male population was involved in that wave of criminal redistribution. Considering the extent of the violence and killing, that initial wave of “black raiding” was comparable in some respects to a civil war, and affected most of Russia’s industrially developed regions. Fortunately, this nightmare of the 1990s is now past, and ownership redistribution today is mainly conducted in a manner less violent, although by no means appealing. ❌

references

- 1 Although the definition of *reiderstvo* is etymologically derived from the English word “raiding”, there is no English equivalent that would provide an adequate translation. Both “corporate raiding” and “hostile takeover” are not defined precisely enough to grasp the complexity of the Russian phenomenon. I will therefore use the Russian term *reiderstvo* alongside the more conventional term “corporate raiding” throughout the text.
- 2 Alexandr Privalov and Alexandr Volkov, “Rassuzhdenie o reiderstve po metode barona Kiuv’e” [Discourse on *reiderstvo* using the method of Baron Cuvier], in *Expert*, no. 18 (2007), p. 59. All numbers on *reiderstvo* are no more than estimates. For comparison, Alena Ledeneva refers to 70,000 raids a year (Alena Ledeneva, *Can Russia Modernize? Sistema, Power Networks and Informal Governance*, Cambridge 2013, p. 19).
- 3 The most popular case of such crime literature is the novel *Raider*, written by the Russian celebrity lawyer Pavel Astakhov. The book was followed by a film version which was widely screened in Russian cinemas, and broadcast on TV in 2010. The first violent stage of *reiderstvo* was reflected in the earlier film *Magnetic Storms*, directed by the famous Russian filmmaker Vadim Abdrashitov in 2003. The film was inspired by real events that took place in industrial “monotowns”, or company towns, in the Urals during the 1990s. At that time, a part of the male population perpetrated violent acts during the ownership redistribution of plants, usually in exchange for some form of payment. These workers supported competing groups vying to take control of the plants that were the main employers in such monotowns. While the film did demonstrate rather high artistic qualities compared to crime thrillers such as *Raider*, it remained unknown to a broader Russian audience.
- 4 Alexander Settles, “Evolving Corruption: Hostile Takeovers, Corporate Raiding, and Company Capture in Russia”, 2009-08-31, accessed 2013-06-09, <http://www.cipe.org/publications/fs/pdf/083109.pdf>.
- 5 Alena Ledeneva, *op. cit.*, pp. 188–194.
- 6 Steven Solnick, *Stealing the State: Control and Collapse in Soviet Institutions*, Cambridge, Mass., 1998, and Alexandr Bim, “Ownership and Control of Russian Enterprises and Strategies of Shareholders”, in *Communist Economies and Economic Transformation* 8, no. 4 (1996).
- 7 Federico Varese, *The Russian Mafia: Private Protection in a New Market Economy*, Oxford 2001, and Vadim Volkov, *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism*, Ithaca & London 2002.
- 8 See Vadim Volkov, “Hostile Enterprise Takeovers: Russia’s Economy in 1998–2002”, in *Review of Central and East European Law* 29, no. 4 (2004), and Yuko Adachi, *Building Big Business in Russia: The Impact of Informal Corporate Governance Practices*, London 2010.
- 9 The Yukos affair did include a number of components that would make it an example of carefully planned corporate raid. One was its culmination in a takeover of Yukos’s main assets by a fake company, Baikalinvestgrup, and the subsequent transfer of those assets to the state-controlled company Rosneft. However, the Yukos affair was primarily a matter of Russian high politics and should not be viewed as a typical *reiderstvo* case. Still, by adopting some basic *reiderstvo* practices, it certainly revealed the main trend of ownership redistribution which affected Russian business during Putin’s first two terms as president.
- 10 On how the Russian State Investigative Committee defines “black”, “gray”, and “white” *reiderstvo*, see the interview with a senior inspector of the Committee: Expert-TV, “Reiderstvo v Rossii: Interviu s Georgiem Smirnovym, starshim inspektorom Sledstvennogo komiteta Rossiiskoi Federatsii” [Reiderstvo in Russia: Interview with Georgii Smirnov, the Chief Inspector at the Russian State Investigative Committee], 2012-06-21, accessed 2013-06-09, <http://www.youtube.com/watch?v=NBLGADanPU>. For a more academic approach to these three terms, see Tat’iana Ostiakova, *Reiderstvo v sovremennoi Rossii: Osobennosti reiderstva kak sotsial’no-ekonomicheskoi deiatel’nosti* [Reiderstvo in contemporary Russia: Peculiarities of Reiderstvo as social and economic activity], Moscow 2010.
- 11 Expert-TV, “Problema reiderstva v Rossii: Interviu s Yanoi Yakovlevoi, predsedatelem nekommercheskogo partniorstva ‘Biznes-Solidarnost’” [The problem of Reiderstvo in Russia: Interview with Yana Yakovleva, the Chair of the non-commercial partnership Business Solidarity], 2011-10-10, accessed 2013-06-09, <http://www.youtube.com/watch?v=5za-HkWG4Tc>.
- 12 *Expert* is a Russian counterpart to the British *The Economist*. It is claimed that *Expert*’s editors depend on and enjoy financial support from some influential officials in Putin’s administration. Nevertheless, *Expert* is one of the few serious Russian business journals that publish analytical materials of rather high quality. Some of its materials may indeed be preordered by state authorities or sponsored by private business groups.
- 13 Alexandr Privalov and Alexandr Volkov, *op. cit.*; Vadim Volkov, “Kommercheskie seti silovikov” [The *Siloviki*’s commercial networks], 2011-10-07, accessed 2013-06-09, <http://www.forbes.ru/ekonomika/vlast/74879-kommercheskie-seti-silovikov>. Compare with Vadim Volkov’s recent research on the commercial activities of security services (Vadim Volkov, *Silovoe predprinimatel’stvo, XXI vek: Ekonomiko-sotsiologicheskii analiz* [The entrepreneurship of force, 20th century: Economic and sociological analysis], St. Petersburg 2012, pp. 310–341).
- 14 Olga Kryshatanovskaya and Stephen White, “The Formation of Russia’s Network Directorate”, in Vadim Kononenko & Arkady Moshes (eds.), *Russia as a Network State: What Works in Russia when State Institutions Do Not?* Basingstoke, Hamp., 2011.
- 15 Anton Oleinik, *Vlast’ i rynek: Sistema social’no-ekonomicheskogo gospodstva v Rossii “nulevykh” godov* [Power and the market: The system of social and economic domination in Russia during the 2000s], Moscow 2011, pp. 286–287; Vadim Volkov, *Silovoye predprinimatel’stvo: XXI vek*, St. Petersburg 2012, pp. 293–309.
- 16 Alexandr Rappoport, “Reiderstvo v Rossii” [Reiderstvo in Russia], 2009-09-20, accessed 2013-06-09, <http://www.youtube.com/watch?v=8hdIH3k6ed4>.
- 17 That is why I would object to Ledeneva’s reliance on interviews with the advocate Pavel Astakhov as a source to describe raiding practices. Astakhov chose *reiderstvo* as one of his fields of specialization to strengthen his status as a celebrity in the Russian media. Meanwhile, Astakhov, who himself has a past in security services, had a highly controversial profile as an advocate in the 1990s. In recent years he has distinguished himself as an activist in a number of pro-Putin political movements. His latest official appointment as Russia’s children’s rights ombudsman is also controversial.
- 18 The glimpse into the post-Soviet business reality uncovered during this interview was one source of inspiration for writing this text.
- 19 It was actually the criminal leader, not the oligarch, who enjoyed popular support in the region during this *reiderstvo* case. The oligarch was perceived as an outsider coming to the region to grab property. Although the former owner was briefly arrested and finally lost control of the plant, he continued his political career and still serves as a member of the regional legislative assembly. The outcome of this *reiderstvo* case is quite common, if not banal, in post-Soviet Russia; similar examples can be found in other regions. Those criminal leaders who survived the 1990s strive today to distance themselves from their dark past to assume the image of respectable businessmen with legal economic activities.