
From Russian Shadowy Businessman to Georgian Pres. Claimant

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Parts I and II:

BADRI PATARKATSISHVILI: FROM RUSSIAN SHADOWY BUSINESSMAN TO GEORGIAN PRESIDENTIAL CLAIMANT (part one)

Badri Patarkatsishvili is the most powerful, albeit not the most popular, among the opposition candidates in Georgia's snap presidential election scheduled for January 5. The oft-used designation of Patarkatsishvili as an 'oligarch' is a misnomer in the Georgian context. Oligarchy involves a group, but Georgia does not have any such group, and Patarkatsishvili operates individually as the country's wealthiest businessman, now claimant to the presidency. Patarkatsishvili is a problem that Georgia inherited from Russia's crime-ridden world of business and politics of the 1990s and from Georgia's own near-collapse shortly thereafter.

Born in 1955 in Tbilisi, Patarkatsishvili was a minor Komsomol functionary and a participant in privatization deals during the final Soviet years in Georgia. In 1990, the rising entrepreneur Boris Berezovsky in Moscow recruited Patarkatsishvili to serve as director of the Caucasus branch of LogoVAZ, the car-selling venture that Berezovsky spun off the state-owned AvtoVAZ, the foundation of his business empire.

In 1992 Patarkatsishvili became LogoVAZ deputy director general (with Berezovsky as director general), with a 3.5% share in the company. He moved from Georgia to Moscow in 1993-94: first to the town of Lyubertsy, a criminal hub in Moscow oblast, and then to the capital itself. Otari Kvantrishvili, boss of a Georgian organized crime group in Russia (killed by rivals in 1994), used his connections with Russian authorities to arrange Patarkatsishvili's residence visas in Lyubertsy and Moscow (Russian Organized Crime, Global Organized Crime Project, CSIS, Washington, 1997; David Satter, *Darkness at the Dawn: The Rise of the Russian Criminal State*, Yale University Press, 2003).

In 1997 Patarkatsishvili chaired the Sibneft privatization tender commission, which awarded that major state-owned oil company to Berezovsky's holding, at a fraction of Sibneft's value.

From the end of 1994 until mid-2000, Patarkatsishvili was a key figure in Russia's Channel One Television --- ORT, the state radio-television company that Berezovsky privatized both financially and politically. Patarkatsishvili became ORT's deputy director general, in charge of financial operations. He prevailed early on in a conflict with then-director general Vladislav Listyev, who was assassinated in March 1995; the case was never cleared up. During his years at ORT Patarkatsishvili was also the head of ORT Reklama, controlling the channel's vast advertisement revenues. From 1996 until 2000, former KGB and FSB officer Andrei Lugovoi was the head of security at ORT as well as head of Patarkatsishvili's personal and family security detail. Lugovoi came under the limelight much later, as the suspect in the 2006 assassination of defector Alexander Litvinenko in London.

Caught up in Berezovsky's unanticipated conflict with the new Kremlin

leaders in 2000, Patarkatsishvili returned to Georgia that year. In 2001, the Russian Prosecutor General's Office issued an international arrest warrant against him through Interpol, on charges of complicity in Nikolai Glushkov's attempted escape from jail. Lugovoi led that abortive attempt to free Glushkov, a co-founder of LogoVAZ and a Berezovsky appointee as deputy director general of the Aeroflot airline. In 2002, Russia's Prosecutor General further charged Patarkatsishvili with embezzlement and misappropriation at AvtoVAZ/LogoVAZ, adding those charges to the Interpol arrest mandate.

In Georgia, then-president Eduard Shevardnadze characteristically made a deal with Patarkatsishvili. The businessman was personally richer than the Georgian state budget; did not display political ambitions initially; and craved honors for favors he dispensed in a traditional paternalistic style. In return for safe haven and state honors in Georgia, Patarkatsishvili invested in business ventures and funded charitable projects on a scale otherwise unimaginable in the deeply impoverished country. He became the head of the federation of Georgian businessmen and head of the Georgian National Olympic Committee, subsidized social programs and cultural activities, and on two occasions paid debt arrears for the gas and electricity consumed by Tbilisi residents. He also held court over ministers and other state officials and paid some of them.

Following the Rose Revolution, the new authorities saw no reason to challenge Patarkatsishvili's legitimate business and charitable activities. Russia's Prosecutor General's office continued requesting Patarkatsishvili's extradition, but the Georgian authorities refused any trade-off. Handing him over may have helped at least temporarily relieve some of Russia's pressure on Georgia. But the government took the position that Patarkatsishvili was entitled to the protection of the law as a Georgian citizen; and that his extradition to Russia would have been illegal, given the absence of a relevant inter-state agreement.

In business terms, however, the modus vivendi between the Georgian government and Patarkatsishvili had unraveled completely by 2006. The government's anti-corruption policies and the new business environment in the country had severely curtailed Patarkatsishvili's scope for doing business in his accustomed, post-Soviet 1990s-style ways. Moreover, his political influence and ability to sway the government had vanished. In 2006 Patarkatsishvili moved into moderate opposition to the government, accusing the government of violating democracy and human rights and casting himself as victim of persecution. Meanwhile he negotiated with the government as late in the game as summer 2007 about the possibility of taking over Georgia's railroads in trust management through a shadowy British-registered company.

BADRI PATARKATSISHVILI: FROM RUSSIAN SHADOWY BUSINESSMAN TO GEORGIAN PRESIDENTIAL CLAIMANT (part two)

Patarkatsishvili had set up his fully owned Imedi media holding in 2002 and the Imedi television channel in 2003. Given Georgia's meager advertising market, Imedi was a money-losing enterprise, heavily subsidized from Patarkatsishvili's funds. It cost him some \$20 million annually, according to Georgian financial and law-enforcement authorities (Prosecutor General Office briefing, Civil Georgia, November 16, 17). That investment may well have aimed to build political leverage in Georgia as contingency planning, should Patarkatsishvili decide to use such leverage at some point in time. That point drew near in 2006, when Imedi TV moved from political neutrality toward opposing the government systematically.

Patarkatsishvili began financing activities by political opposition

groups selectively in 2006-early 2007. A pro-Patarkatsishvili group in the Georgian parliament emerged and has since then developed into a party, 'Our Georgia.' That group's leader is Valeri Gelbakhiani, who had previously led the group of deputies from the party of Ajaria's pro-Moscow leader Aslan Abashidze in the Georgian parliament. Giorgi Targamadze, who was also a leader in Abashidze's parliamentary group, doubled at that time as a manager of Abashidze's television in Ajaria and is currently the director of political programs for Patarkatsishvili's Imedi TV.

Meanwhile, Patarkatsishvili's relations with the Russian authorities improved significantly. From early 2006 onward, the Russian Prosecutor General's Office stopped requesting Patarkatsishvili's extradition from Georgia. Patarkatsishvili then mediated the sale-and-purchase of the Moscow-based Kommersant publishing enterprise -- centered on the influential Kommersant daily -- between Boris Berezovsky and Gazprom, a transaction that would not have been possible without Kremlin approval. In January 2006 Berezovsky sold his controlling share to Patarkatsishvili, who proceeded to increase his own share to 100% and sold it in August that year to Gazprominvest, the holding of Gazprom's non-gas assets.

In November 2007, after a long-running investigation, a Moscow court found Berezovsky guilty of embezzling assets from the Aeroflot airline in 1996-97 and sentenced him to six years imprisonment in absentia (Kommersant, November 30). Nikolai Glushkov, Aeroflot's deputy director general at that time and a close associate of Berezovsky and Patarkatsishvili, was indicated as an accessory. However, Patarkatsishvili's name was no longer mentioned in this context. Cumulatively, these developments indicated some rapprochement between Patarkatsishvili and Russian authorities.

Andrei Lugovoi, the long-time chief of Patarkatsishvili's personal security detail, seems to have been part of this rapprochement in some way. Imprisoned until 2004 for complicity in Glushkov's abortive escape, Lugovoi metamorphosed into a businessman and visited Patarkatsishvili in Georgia. He made eight visits in 2006 alone, using a multiple-entry Georgian visa obtained for him by Patarkatsishvili's charity foundation. On October 16, 2006, Lugovoi arrived in London where traces of radioactive polonium were found in all the hotels he visited. After meeting with defector Alexander Litvinenko in London, Lugovoi visited Georgia on November 2-3 for the last time. Litvinenko died at the end of November 2006 from exposure to radioactive polonium. During 2007, Russian authorities rejected Britain's requests for extradition of Lugovoi to stand trial.

In December 2007 Lugovoi was elected to Russia's Duma in the number-two spot on the list of Vladimir Zhirinovskiy's party -- again, a move that would not have been possible without Kremlin approval. At his post-election news conference in Moscow (alongside Zhirinovskiy), Lugovoi described Patarkatsishvili as 'my friend' and an 'absolutely decent and law-abiding man' and accused President Mikheil Saakashvili of having 'demolished' Georgia's relations with Russia (Interfax, Regnum, Rustavi-2 TV, December 5).

Patarkatsishvili launched the 'Georgia Without a President' campaign in October 2007, as informal leader and self-declared financier of an alliance of nine small opposition parties. Aware that it could not defeat the popular Saakashvili through the normal process of elections, the alliance called for abolishing the presidential institution altogether. Patarkatsishvili has also called for dividing Georgia into ten 'federal' units, which would practically dissolve the state.

As a presidential candidate, he has promised to spend \$1.5 billion of his own money to subsidize electricity and gas consumption for Georgia's population, pay out unemployment insurance, and finance other social

programs, all within a period of 12-18 months after the election, if he is elected president in the January 5 snap election. Meanwhile he is openly discussing financial support to other candidates and parties within the nine-party coalition, consistent with his public vow to spend his entire fortune for regime change.

Patarkatsishvili's claims to have sold 51% of Imedi TV's shares to Rupert Murdoch's News Corp are not confirmed by any known legal or financial document, nor by News Corp itself. The only confirmed transaction is the transfer of operating rights to Imedi TV, from Patarkatsishvili to News Corp, for a 12-month period starting in November 2007. Following the November 7 disorders in Tbilisi, which Imedi TV openly encouraged, the Prosecutor General's Office on November 9 charged Patarkatsishvili with conspiring to overthrow the constitutional order. However, Patarkatsishvili had already left Georgia for London on November 3.

Meanwhile, his organization is campaigning freely in Georgia on his behalf. The Central Electoral Commission registered Patarkatsishvili as a presidential candidate on December 9; and law-enforcement authorities allowed Imedi to return to the airwaves on December 12 after a five-week suspension. Patarkatsishvili enjoys legal immunity as a presidential candidate.

see EDM, October 26, November 5, 12, 13, 21, 30, December 13, 14,18)
