

RUSSIAN 'BLACK PR': **EXAMINING THE** **PRACTICE OF RUINING** **REPUTATIONS**

BY DR ANDREW FOXALL



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The **Russia and Eurasia Studies Centre** undertakes in-depth, analytically-focussed research into domestic and foreign policy issues in Russia and the other post-Soviet states. Established in 2010 as the Russia Studies Centre, the programme's geographical scope has widened since 2014, mirroring the high level of importance attached to the region.

Executive Summary

- 'Black PR' (*chernyi piar*) is a catch-all term that refers to a range of practices that seek to damage and discredit the reputations of individuals and entities. The practices blur the division between legal, semi-legal, and illegal, and are used by state, quasi-state, and non-state actors. These practices include: *kompromat* (comprising material); *zakazukha* or *zakazyne stat'i* (prepaid publications); *dvoyniki* (the process by which individuals with the same or similar names to an election rival register as candidates in order to confuse voters).
- Originally, black PR referred to manipulative practices that were associated with the introduction of competitive elections in the early 1990s. Political consultants – or so-called 'political technologists' – who acted on behalf of the state, or on behalf of oligarchs close to the state, oversaw these practices. In the 1996 presidential election, the oligarchs made use of their significant media holdings and political technologists hallucinated the threat of a looming 'red-brown' menace to win then-President Boris Yeltsin a seemingly lost election.
- Since Vladimir Putin came to power in 2000, he has overseen the creation of a grotesque kleptocracy in Russia. This kleptocracy has sought to own all forms of political discourse in the country and, in doing so, has centralised and systematised black PR practices in the Kremlin. As a result, black PR is now used across all aspects of life, most notably in business wherein it is an integral part of the widespread practice of corporate raiding (*reiderstvo*).
- Black PR is not only used by the Kremlin or regime insiders. In a country where it is possible to buy a court decision, pay for a tax investigation into a rival's business, or where the head of the government-owned national media agency declares that "there is no objectivity – only approximations of the truth by as many different voices as possible", black PR has become a common feature of many business disputes and transactions.
- This report highlights five case studies each of which is a particularly egregious example of how black PR is used as part of the *reiderstvo* process. To be sure, there are significant differences between them. Some clearly involve the Kremlin, while others involve arms of the Russian state and Russian state-owned entities. Others still involve Kremlin-connected oligarchs and regime insiders. Taken together, however, these cases demonstrate the centrality of black PR to Russia's business environment.
- Black PR does not remain in Russia. Instead, it appears in the West through the Kremlin's disinformation and misinformation campaigns, and as part of the 'information laundering' process. It appears in newspapers and on television, on billboards, and on social media. It also appears in due diligence reports, corporate intelligence investigations, litigation, arbitration, and court submissions, including as a part of the handful of Russian commercial disputes that are heard before London's courts annually.
- This report makes a series of recommendations that focus less on what can be done to stop the creation of black PR in Russia and more on what can be done to reduce the circulation of black PR outside of Russia. These recommendations include: corporate and business intelligence firms should conduct far more rigorous searches when producing due diligence reports on individuals and companies; in commercial disputes, courts should subject claims made by and about Russian individuals and entities to greater scrutiny; and, the International Communications Consultancy Organization should adopt a document on Black PR.

1. Introduction

Anastasia Vasilyeva is an unlikely opposition figure in Russia. An ophthalmologist by training, Dr Vasilyeva founded the Alliance of Doctors, a medical trade union, in 2018, following a mass sacking of medical staff, including her mother, at the Moscow hospital where she worked. Vasilyeva organised petitions and demonstrations, contacted the media to draw attention to the situation, and ultimately succeeded in getting some of the staff their jobs back. Given her success, and with Russia's underfunded healthcare system facing significant pressures, medical workers from across the country began contacting Vasilyeva to seek help. Then, in January 2020, the coronavirus pandemic struck. In the months since, Vasilyeva has exposed false assurances from the Kremlin that the country's health system is coping and that front-line health workers have the necessary PPE (personal protective equipment) to protect them from the virus.

Russia's authorities have reacted to Vasilyeva the only way they know how - with fury. In March, she was subject to a hit-piece on the state-run television channel *NTV*, entitled, "Who Is Churning out Fakes About the Situation in Russian Hospitals and Why?"¹ Shortly after, she was called in for questioning by the powerful Investigative Committee for allegedly spreading fake news about the coronavirus.² In April, as Vasilyeva and her team were preparing to deliver PPE to front-line health workers in Novgorod, they were harassed by a group of young men. In June, she was targeted by Vladimir Solovyov, the prominent host of a national television programme, who used his YouTube channel to brand the Alliance of Doctors a group of "crooks, scoundrels, villains, and bastards".³ According to Vasilyeva, whenever she goes online, she is greeted with unsolicited pop-ups advertising the "Nine Fakes of Anastasia Vasilyeva".⁴

Anybody familiar with Russia would recognise this campaign by state, quasi-state, and non-state actors, from law enforcement officers to so-called journalists and internet trolls,⁵ to discredit Vasilyeva and spread damaging information about her for what it is - an example of "black PR" (*chernyi piar*). Since its emergence in Russia in the early 1990s, black PR has evolved from being used against the state to being used on behalf of the state. Indeed, the authoritarian kleptocracy Vladimir Putin has built since his rise to power in 2000 has sought to own all forms of political discourse in the country and, in doing so, has centralised and systematised black PR practices in the Kremlin. But, in contrast to the 1990s, when it was largely used in politics, since 2000 black PR has been used across all aspects of life, most notably in business.

The story of Russia's chaotic post-Soviet transition during the 1990s is well told; so too is the story of how Putin built his highly personalised system from the turn of the millennium onwards, and all that this entails. Western academics, businesspersons, commentators, and politicians have spoken up, with legal and policy experts documenting the links between

¹ 'Virusniy khayp: kto i zachem shtampuet feyki o polozhenii del v rossiyskikh bol'nitsakh [Viral Hype: Who Is Churning out Fakes About the Situation in Russian Hospitals and Why?]', *NTV*, 30 March 2020, available at: <https://www.ntv.ru/novosti/2313641/>, last visited: 28 October 2020.

² 'Lidera "Al'yansa vrachey" vyzvali na dopros v Sledstvennyy komitet [Leader of the Alliance of Doctors Summoned for Questioning by the Investigative Committee]', *Radio Svoboda*, 31 March 2020, available at: <https://www.svoboda.org/a/30519723.html>, last visited: 28 October 2020.

³ 'Vladimir Solovyov hosts a Sunday night TV program and YouTube show targeting Putin critics. Here he takes aim at Dr Vasilyeva', *ABC*, 1 June 2020, available at: <https://www.abc.net.au/news/2020-06-02/vladimir-solovyov-takes-aim-at-dr-vasilyeva/12305060?nw=0>, last visited: 28 October 2020.

⁴ Campbell, E., 'The doctor who defied Russia's strongman', *ABC*, 1 June 2020, updated 31 July 2020, available at: <https://www.abc.net.au/news/2020-06-02/anastasia-vasilyeva-doctors-alliance-russia-coronavirus/12276094?nw=0>, last visited: 28 October 2020.

⁵ Zabriksy, Z., 'Putin Exports Medical Supplies While Russia Suffers from the COVID-19 Crisis', *Byline Times*, 7 April 2020, available at: <https://bylinetimes.com/2020/04/07/putin-exports-medical-supplies-while-russia-suffers-from-the-covid-19-crisis/>, last visited: 28 October 2020.

business, organised crime, and the state. Yet, at least outside Russia, few understand the real scale and significance of black PR. That is because, from the high-profile cases involving Yukos and Hermitage Capital to those involving TNK-BP and Toaz, black PR has been an overlooked part of a much larger story. Where it has received attention, it has been reported only on a case-by-case basis. Because of this, it has been difficult to see the centrality of black PR to the country's business environment and its use as part of the widespread practice of corporate raiding (*reiderstvo*).

This report examines in greater detail some of the more egregious cases of black PR and demonstrates its systematic use as part of *reiderstvo* alongside familiar tactics and with predictable consequences. Within Russia, these tactics include the misuse of a range of legal institutions to tilt the scales against business owners and to put a thin legal veneer over the theft of assets and destruction of enterprises. Outside Russia, they include pressuring businesspeople through the abuse of international treaties, legal mechanisms and, most especially, Interpol's 'Red Notices'. While the 'raiders' of the early 1990s were often criminal groups, those of today are the state and individuals connected to the state.⁶

The remainder of this report is divided into four sections. The next section documents the emergence of black PR in Russia in the early 1990s and explains how it was used to describe the practices that were associated with the introduction of competitive, if not democratic, elections there, and its subsequent development over the same decade. Section 3 analyses the use of black PR over the last two decades, during which the practices associated with it have largely been centralised in the Kremlin. Section 4 provides a number of case studies which, taken together, highlight the extent to which black PR is used by the regime and its insiders. Section 5 provides a conclusion and a series of policy recommendations.

⁶ Shelley, L. and J. Deane, 'The Rise of Reiderstvo: Implications for Russia and the West', 9 May 2016, available at: http://reiderstvo.org/sites/default/files/The_Rise_of_Reiderstvo.pdf, last visited: 28 October 2020.

2. What is Black PR?

In her book, *How Russia Really Works: The Informal Practices That Shaped Post-Soviet Politics and Business*, the Russian political scientist Alena Ledeneva describes black PR as the “manipulative technologies” that were associated – notoriously – with the major political development of the post-Soviet period – the introduction of competitive elections.⁷ Russia’s post-Soviet transition was economically, politically, and socially chaotic, and during the early years of the 1990s, citizens continued to rely, in many aspects of their lives, upon *blat*, or the Soviet-era practice by which personal networks were used for obtaining goods and services in short supply and for circumventing formal procedures.⁸ The widespread use of *blat* by Russia’s population gave rise to a number of informal practices during the decade, which the population largely accepted, if not approved of. The impacts of these processes are still felt in Russia today.

Other aspects of the Soviet legacy also provided conditions within which black PR, once it had emerged, could flourish. The top-down Soviet system used propaganda to persuade its own citizens and the outside world that communism – rather than democratic capitalism – was a superior ideology. In order to prove this, vast state-orchestrated campaigns (on everything from grain production to alcohol consumption to the space race) were launched every few years that lauded the system’s supposed achievements. Questioning the official narrative during the Stalin era was punishable by execution or an extended stay in the Gulag, even though it was not always clear whether what was true one day would still be true the next. In the post-Stalin period, as the paradoxes of the Soviet Union became apparent to its citizens (if the record-breaking quotas for grain production had been met, why was there no bread in the shops?),⁹ *otpepel* (thaw) gave way to *zastoi* (stagnation) which quickly gave way to *perestroika* (restructuring). Post-Soviet Russian citizens, thus, were accustomed to shifting realities, *dezinformatsiya* (disinformation), conspiracy theories, and a situation in which facts – and what constituted truths – were subjective.

Much has been written about the extent to which insider deals won out at privatisation auctions during the 1990s and were thus used by the Russian state as a means for asset disposal. So too is there extensive literature on the hostile corporate takeovers that proliferated during the decade and the use of selective state capacity in settling such conflicts, including the use of telephone justice (*telefonnoe pravo*). Similarly, most accounts of Russia during the 1990s emphasise that ‘information wars’ were waged daily in the country’s newspapers, making use of *kompromat* (which has no direct equivalent in English even though it can be literally translated as ‘compromising material’), character assassination, blackmail, and the manipulation of public opinion. During this same period, electoral campaigns of local, regional, and federal candidates were assisted by political consultants – or so-called ‘political technologists’ – who engaged in black PR by manipulating public opinion and pushing the limits of the law.

Some of the political technologists’ first clients were actually modernisers; individuals who believed Russia had to progress as quickly as possible, and who claimed – publicly, at least – that the country should seek to reform along Western lines. In the 1996 presidential election, Boris Berezovsky, the oligarch nicknamed the ‘Godfather of the Kremlin’, made use of his and

⁷ Ledeneva, A. V., *How Russia Really Works: The Informal Practices That Shaped Post-Soviet Politics and Business* (Ithaca and London: Cornell University Press, 2006) p.7.

⁸ Ledeneva, A. V., *Russia’s Economy of Favours: Blat, Networking and Informal Exchange* (Cambridge: Cambridge University Press, 1998).

⁹ See, for example, Yurchak, A., *Everything Was Forever, Until It Was No More: The Last Soviet Generation* (Woodstock: Princeton University Press, 2005).

the other oligarchs' significant media holdings to win then President Boris Yeltsin a seemingly lost election. Their television channels devoted minimal time to Yeltsin's rivals and offered maximum time to Yeltsin himself.¹⁰ Political technologists, meanwhile, hallucinated the threat of a looming 'red-brown' menace to persuade the country that Yeltsin was the only candidate who could save Russia from either a return to revanchist Communism (Gennady Zyuganov's Communist Party) or a new fascism (Vladimir Zhirinovsky's ironically named Liberal Democratic Party of Russia).

At the same time as making their resources available to the state, the oligarchs made use of the state's resources. Just as low-level bureaucrats could be bought off, so too could judges and law enforcement officials. During the 1990s, the police, security services, and other parts of the state all fell under the influence of business and organised crime. Not only this, but they also began to work together, as the 2016 Litvinenko Inquiry established.¹¹ This led to the emergence of a whole series of political practices, many of which were coordinated by political technologists, that soon became widespread. This included the bugging of rivals' campaign headquarters by the security services, the giving of anonymous tip-offs resulting in investigations of rivals and/or raids of their homes, and the publishing of 'hit-pieces' (articles extremely critical of a person or other entity) in local and national media.¹²

Just as important as the selective enforcement of law, however, was the selective non-enforcement of law. In the same way that it was possible to pay a police officer to open an investigation into a rival's alleged misdemeanours, so too was it possible to pay the same officer not to look into your own misdemeanours (alleged or otherwise). Thus, police officers would regularly refuse to break up a fight at a rival's campaign rally and election officials would frequently overlook blatant breaches of electoral law, such as vote tampering. Somewhat paradoxically, then, the law was central to the activities of political technologists and black PR campaigns.

This is not to say that there was – or is – no place for the rule of law or legal procedures. Rather, it means that the ability of the rule of law to function was subverted by a powerful set of informal practices and unwritten rules that emerged in the 1990s and resulted, in part, from the Soviet legacy. Thus, a whole series of illegal activities became commonplace: the manipulation of election results at polling stations, cutting cables of television and radio stations to block a competitor's campaign, and organising violent meetings in the streets and attributing them to a competitor.¹³ So too did a series of activities that were formally legal but ethically dubious, including *dvoyniki*, or the process by which individuals with the same or similar names to an election rival would register as candidates in order to confuse voters. All of this occurred because the population at large was accepting of informal practices and was susceptible to influence and propaganda, as well as because the country's institutions were defective and the rule of law had not been properly established.

These practices and rules have evolved as Russia's post-Soviet transition has continued. In the late 1990s, for example, it was not uncommon for businesspersons to stand in local or regional elections purely to advertise their commercial offerings, or for individuals to stand in regional (or gubernatorial) elections solely to bolster their image and increase their profile ahead of subsequent local mayoral elections. (Suffice it to say, neither of these is unique

¹⁰ Hutchings, S. C. and N. Rulyova, *Television and Culture in Putin's Russia: Remote Control* (Basingstoke: Routledge, 2009).

¹¹ 'The Litvinenko Inquiry: Report into the death of Alexander Litvinenko', January 2016, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/493860/The-Litvinenko-Inquiry-H-C-695-web.pdf, last visited: 28 October 2020.

¹² Ledeneva, A. V., *How Russia Really Works*, pp.47-48.

¹³ *Ibid*, pp.36-37.

to Russia.) At the same time, other practices, such as that of *kompromat*, have become increasingly widespread, particularly as technology has advanced. In March 1999, with Yeltsin facing calls to resign amid an investigation into corruption led by Prosecutor General Yuri Skuratov, the state-owned television channel *RTR* broadcast a video entitled "Three in a Bed". The grainy footage showed a man resembling Skuratov in bed with two unidentified women. The tape's authenticity was confirmed by the head of the Federal Security Service (FSB), and this provided a pretext for Yeltsin to sack Skuratov, effectively ending both Skuratov's career and the corruption investigation.¹⁴ At the time, the head of the FSB was Vladimir Putin.

As Russia developed, so too did forms of political competition and, with them, black PR. Since 1999, writes Ledeneva, "the effectiveness of PR practices seems to have gradually diminished ... The electorate starts to feel cheated. Voters cannot understand the nature of it exactly but they sense that what's going on is some kind of deception."¹⁵ As elections were gradually hollowed out and some removed, political technologists and other purveyors of black PR were forced to move beyond politics to ply their trade - and many switched to business.

¹⁴ See Gordon, M. R., 'Russian Far-Right Party Is Barred From Parliamentary Election', *The New York Times*, 12 October 1999, available at: <https://archive.nytimes.com/www.nytimes.com/library/world/europe/101299russia-politics.html>, last visited: 28 October 2020; 'Yeltsin Removes Skuratov Again', *The Jamestown Foundation*, 5 April 1999, available at: <https://jamestown.org/program/yeltsin-removes-skuratov-again/>, last visited: 28 October 2020.

¹⁵ Ledeneva, A. V., *How Russia Really Works*, p.56.

3. Black PR in Contemporary Russia

Many of the practices and rules outlined above have taken on new meaning since Vladimir Putin came to power in 2000. The process of *dvoyniki*, for example, has been applied to whole political parties: in the 2003 parliamentary elections, a series of parties were registered with the same initials as the Communist Party of the Russian Federation (KPRF), including the Conservative Party of the Russian Federation (KPRF) and Constitutional Party of the Russian Federation (KPRF), in order to split the Communist Party's vote. But unlike during the 1990s, when such practices were used by others on the Kremlin's behalf, since 2000 these practices have been centralised and systematised in the Kremlin.

Since he came to power, Putin has built a system that mocks and mimics democracy but in reality is neo-Soviet and based on a "vertical of power": a top-down, centralised command structure.¹⁶ In this system, civil and political rights have been eroded; media freedoms have been all but eliminated; critical journalists and political opponents are killed; elections and political institutions have been hollowed out; the FSB, successor to the Soviet-era Committee of State Security (KGB), has emerged as the country's pre-eminent institution; the country frequently breaks its commitments to international institutions; and, state-of-the-art propaganda is used to attempt to control public opinion.¹⁷

But that is not all. A central feature of the system is the Kremlin's attempt to own all forms of political discourse, and to not allow any independent movements to develop outside its walls. The system has sought to take control of opposition groups, ideologies, and movements, bringing so-called 'opposition' political parties under its control. In 2005 it created *Nashi*, which officially was a democratic, anti-fascist movement but in reality was the Russian equivalent of the Hitler Youth. It funded civic forums and human rights non-governmental organisations (NGOs), and simultaneously supported nationalist movements that would accuse the NGOs of being tools of the West. All of this was an attempt to delegitimise independent and opposition movements, and to convince Russians that there was no alternative to Putin - who also just happened to be their saviour.

If this resembles the black PR activities employed by political technologists in the 1990s, that is because the project was overseen by a political technologist from the 1990s: Vladislav Surkov. Surkov worked for Mikhail Khodorkovsky in the early 1990s, overseeing PR operations related to Bank Menatep and trying to create an image of the oligarch as a socially responsible millionaire. He later worked as head of PR at Channel 1 (*Perviy kanal*, or ORT), the most-watched television channel in the country which was owned at the time by Berezovsky. In 1999, Surkov joined the Kremlin and attempted to create an image for Putin just as he had for Khodorkovsky. Soon after, Putin forced Berezovsky into exile and jailed Khodorkovsky, and Surkov helped run the media campaigns for both. Instead of being depicted as a socially responsible oligarch suitable for the cover of *Forbes*, Khodorkovsky was behind bars for fiddling taxes and committing fraud.

Thus, since 2000, political technologists' techniques have become part of Putin's system, and for almost two decades were coordinated by Surkov, first as deputy head of the presidential administration, later as deputy prime minister, and then as assistant to the president on

¹⁶ Satter, D., *Darkness at Dawn: The Rise of the Russian Criminal State* (New Haven, CN: Yale University Press, 2003).

¹⁷ On various aspects of this system, see Harding, L., *Mafia State: How One Reporter Became an Enemy of the Brutal New Russia* (London: Guardian Books, 2011); Felshtinsky, Y. and V. Pribylovsky, *The Age of Assassins: The Rise and Rise of Vladimir Putin* (London: Gibson Square, 2008); Soldatov, A. and I. Borogan, *The New Nobility: The Restoration of Russia's Security State and the Enduring Legacy of the KGB* (New York: PublicAffairs, 2010); and Pomerantsev, P., *Nothing Is True and Everything Is Possible: The Surreal Heart of the New Russia* (New York: PublicAffairs, 2014).

foreign affairs.¹⁸ It was Surkov who created *Nashi* in 2005, and the following year coined the term 'sovereign democracy' to describe Putin's system: in short, democratic in rhetoric but undemocratic in intent. In an excellent profile of Surkov for *The Atlantic*, the British-Ukrainian author and journalist Peter Pomerantsev describes Surkov's role thus:

As deputy head of the administration he would meet once a week with the heads of the television channels in his Kremlin office, instructing them on whom to attack and whom to defend, who is allowed on TV and who is banned, how the president is to be presented, and the very language and categories the country thinks and feels in ...

They repeat the great mantras of the era: The president is the president of "stability," the antithesis to the era of "confusion and twilight" in the 1990s. "Stability" – the word is repeated again and again in a myriad seemingly irrelevant contexts until it echoes and tolls like a great bell and seems to mean everything good; anyone who opposes the president is an enemy of the great God of "stability."¹⁹

Thus, black PR, like many processes that emerged in Russia in the 1990s, has evolved and, as it has done so, has taken on a life of its own under Putin. Black PR no longer refers solely to the manipulation of Russia's legal system by political technologists in the pursuit of playing politics, but instead to something much broader. In his 2002 satirical work "Unfettered Competition", the screenwriter Viktor Shenderovich attempted to capture the essence of what was included within the expanded rubric of black PR:

Complete moral destruction of a rival assured. Creation of a black biography with evidence and documentation. Theft at school, schizophrenia, membership of the Jehovah's Witnesses, betrayal of our Motherland, child masturbation – anything you want.²⁰

Understood in these terms, black PR serves as a catch-all term that includes the practice of *kompromat* as well as a multitude of others, including *zakazukha* or *zakazyne stat'i* (prepaid publications), or the practice through which journalists or media outlets are paid to write or publish particular materials and present them as being objective or unbiased.

In 2001, an enterprising Moscow-based PR firm, Promaco, drew attention to how widespread the practice of *zakazukha* was. The firm invented an electronics store, Svetofor, supposedly opening in central Moscow, and sent a press release announcing this to 21 publications. Of those, 13 papers and magazines offered to run it as an article, for fees ranging from around US\$135 to more than US\$2,000.²¹ The official government newspaper, *Rossiskaya Gazeta*, printed the story (as a *bona fide* news item) on its back page, carrying quotes from the store's non-existent manager and praising the non-existent equipment for sale.²² Although the activity ('hidden advertising') was – and is – unlawful, the law is not enforced. As a result, media opacity has been a standard practice since the early days of black PR.

In his 2005 book, *Virtual Politics: Faking Democracy in the Post-Soviet World*, Andrew Wilson, now Professor of Ukrainian Studies at University College London, suggested, "The entire range

¹⁸ Pomerantsev, P., 'The Hidden Author of Putinism: How Vladislav Surkov invented the new Russia', *The Atlantic*, 7 November 2014, available at: <https://www.theatlantic.com/international/archive/2014/11/hidden-author-putinism-russia-vladislav-surkov/382489/>, last visited: 28 October 2020.

¹⁹ Ibid.

²⁰ Shenderovich, V., 'Svobodnaya konkurentsia [Unfettered Competition]', *Kompromat.Ru*, 28 January 2002, available at: http://www.kompromat.ru/page_10281.htm, last visited: 28 October 2020.

²¹ 'Bought in the Act', *The Economist*, 1 March 2001, available at: <https://www.economist.com/business/2001/03/01/bought-in-the-act>, last visited: 28 October 2020.

²² Warren, M., 'Corruption in Russian newspapers exposed', *The Telegraph*, 26 February 2001, available at: <https://www.telegraph.co.uk/news/worldnews/europe/1324254/Corruption-in-Russian-newspapers-exposed.html>, last visited: 28 October 2020.

of operations carried out by political technologists in the former USSR is often referred to as 'black PR'.²³ Wilson queries this, describing it as "a misnomer".²⁴ Other authors define the term broadly, as being practices "associated with manipulative technologies that were used in political public relations and political election campaigns".²⁵ Yet others use the term but avoid defining it.²⁶

What is clear is that black PR is not a single practice, but instead a series of practices that are used to achieve multiple ends, some of which may appear contrasting or contradictory. Some of these practices are illegal, but they are not exclusively so; indeed, the full range of practices blurs the division between legal, semi-legal, and illegal, and is used by state, quasi-state, and non-state actors.

Whatever practices are included in black PR, however, it is also clear that it is a large and lucrative business in Russia. According to estimates in an article published by the Russian-language version of *Forbes* in February 2020, black PR is worth between 1 billion rubles (£9.8 million) and 4 billion rubles (£39.2 million) annually.²⁷

With the embracing of black PR by Putin's system, as well as the end of competitive elections, political technologists have turned their attention away from politics and towards business. As Russia slowly descended towards authoritarian kleptocracy from 2000, the Kremlin asserted its dominance over the country's political and judicial systems, effectively controlling both by the mid-2000s. With no meaningful 'rule of law', and with opposition political voices marginalised, Russia's authorities and regime insiders began to use a host of tactics – such as bribery, forgery, corruption, intimidation, and violence – to steal companies from their legal owners. This process of *reiderstvo* involved, from its very beginning, the use of black PR.²⁸

²³ Wilson, A., *Virtual Politics: Faking Democracy in the Post-Soviet World* (London: Yale University Press, 2005) p.70.

²⁴ Ibid.

²⁵ Kruckeberg, D. and K. Tsetsura, *Transparency, Public Relations and the Mass Media: Combating the Hidden Influences in News Coverage Worldwide* (Oxford: Routledge, 2017) p.37.

²⁶ See, for example, Pomerantsev, P. *Nothing is True and Everything is Possible: Adventures in Modern Russia*.

²⁷ Titov, S., 'Lozh za milliard nalom: kak rabotayet rynek rossiyskogo chernogo piara' [Lies for a billion in cash: how the Russian black PR market works], *Forbes*, 26 February 2020, available at: <https://www.forbes.ru/biznes/393677-lozh-za-milliard-nalom-kak-rabotaet-rynok-rossiyskogo-chernogo-pr>, last visited: 28 October 2020.

²⁸ Shelley, L. and J. Deane, 'The Rise of Reiderstvo: Implications for Russia and the West', 9 May 2016.

4. Examples of Black PR

It is no longer the case that black PR, as part of the process of *reiderstvo*, is used only by the Kremlin or regime insiders. Quite the opposite. In a country where it is possible to buy a court decision or pay for a tax investigation into a rival's business, or where the head of the government-owned national media agency declares that "there is no objectivity - only approximations of the truth by as many different voices as possible",²⁹ black PR has become a common feature of many business disputes and transactions.

In the aforementioned *Forbes* article, a businessman describes being contacted by a PR specialist who informed him that he had been paid by one of the businessman's rivals to generate some black PR about the businessman. The PR specialist was willing not to publish the articles in exchange for being paid.³⁰ If the businessman was not willing to pay to prevent the articles being published, the specialist explained, then the businessman could pay to have them removed after they had been published.

Often, the better choice is the former, even though preventing the publication of black PR is an expensive endeavour. Choosing the latter can be even more expensive, because it can involve the articles being published in English as well as Russian. German Gorbuntsov, a Russian banker who is now based in London, was quoted as saying: "As soon as it [black PR] is published in English, you immediately find yourself in World Check or LexisNexis. Once there, you are ready to pay anything, because [foreign regulators] will close all banks, companies, all loans."³¹

It is not only through the publication of English-language articles that black PR has become a common feature of business disputes and transactions in the West. It is also because Russia features prominently in cases before Western courts. According to Portland Communication's Commercial Courts Report 2020, Russia was the third-most represented nationality for litigants before London's commercial courts between April 2019 and March 2020, with 32 litigants (the most since Portland began publishing its report, in 2013) from a total of 808.³² Of the 198 cases before the commercial courts, six involved only Russian entities.

In what follows, five case studies are described, each of which is a particularly egregious example of how black PR is used as part of the *reiderstvo* process. Of course, there are significant differences between the cases. Some clearly involve the Kremlin, while others involve arms of the Russian state and Russian state-owned entities. Others still involve Kremlin-connected oligarchs and regime insiders.

4.1 Yukos

Over the past 20 years, few political acts have been quite as brazen as the Russian government's dismemberment of the energy firm Yukos. In a few cynical moves, just over 15 years ago, Putin threw a wealthy businessman (and potential political opponent), Mikhail Khodorkovsky, in jail and seized control of his assets, including the country's then largest oil company Yukos (whose value was estimated, in 2007, to have been US\$60 billion at the time it was dismantled

²⁹ 'The West Never Got Over the Cold War Stereotype', SPIEGEL Interview: Russia Today Editor in Chief Margarita Simonyan, *Der Spiegel*, 13 August 2013, available at: <https://www.spiegel.de/international/world/spiegel-interview-russia-today-editor-in-chief-margarita-simonyan-a-916356.html>, last visited: 28 October 2020.

³⁰ Titov, S. 'Lozh za milliard nalom: kak rabotayet rynek rossiyskogo chernogo piara' [Lies for a billion in cash: how the Russian black PR market works], 26 February 2020.

³¹ Ibid.

³² 'Commercial Courts Report 2020', *Portland*, available at: <https://portland-communications.com/wp-content/uploads/2020/05/Commercial-Courts-Report-2020.pdf>, last visited: 28 October 2020.

in 2004).³³ The treatment meted out to Khodorkovsky has long been seen as the pivotal episode by which Putin brought Russia's oligarchs to heel.

In a story now well known, Khodorkovsky publicly challenged Putin over the destructive scale of Russia's official corruption at a meeting of Russian business leaders hosted at the Kremlin in February 2003. Six months later, in October 2003, Khodorkovsky was arrested, and in May 2005, after a long period of pre-trial detention, was sentenced to nine years in jail for fraud and tax evasion. After an appeal reduced his sentence to eight years, Khodorkovsky, having served half of his initial sentence, would have become eligible for parole in May 2007. In February 2007, however, state prosecutors brought new charges. This led to a second trial beginning in March 2009, at which Khodorkovsky was found guilty of embezzlement and money laundering and sentenced to seven years in jail (subsequently reduced to six years). Khodorkovsky's sentence was further reduced in March 2012, after a review of the second trial. He was released, at Putin's behest, in December 2013.

In parts of the story that are less well known, however, a smear campaign was launched against Khodorkovsky after his clash with Putin in February 2003. Shortly afterwards, writes the American author David Hoffman:

A small, relatively unknown Moscow think tank [The Council of National Strategy] published a report warning ominously of a "creeping oligarchic coup" in Russia in which the tycoons supposedly were planning to take over parliament and push around the Russian president. Next, a glossy magazine, *Kom-promat.Ru*, which published *kompromat*, the mixture of fact and fiction that was often used in Russia for smear campaigns devoted an entire issue to Khodorkovsky.³⁴

Hoffman understated the significance of the magazine; it was 100 pages in length and was devoted to negative articles about Khodorkovsky, his business partners, and Yukos, to the extent that it contained virtually no advertisements.³⁵ This marked the beginning, according to the Canadian lawyer Robert Amsterdam who represented Khodorkovsky after his arrest in 2003, of a "propaganda campaign launched by instruments of the state ... A black PR campaign".³⁶

This is a conclusion shared by Sabine Leutheusser-Schnarrenberger, then Rapporteur of the Council of Europe's Committee on Legal Affairs and Human Rights. Writing in November 2004, Leutheusser-Schnarrenberger observed a "'black public-relations' campaign against Mr Khodorkovsky preceding his arrest" which "began with an anti-Khodorkovsky edition of 'Kompromat' [sic] magazine in May 2003".³⁷ The campaign continued after this arrest, and included a documentary, shown on the state-run *NTV* channel in late September 2004, which "made allegations linking Yukos and Mr Khodorkovsky to Chechen terrorism, such as the attack on the school in Beslan".³⁸ This documentary was broadcast during Khodorkovsky's first trial, which lasted from June 2004 to May 2005.

³³ Usoskin, S., 'Newly Released Arbitration Award Says Yukos Was Expropriated', *CIS Arbitration Forum*, 27 July 2012, available at: <http://www.cisarbitration.com/2012/07/27/newly-released-arbitration-award-says-yukos-was-expropriated/>, last visited: 28 October 2020.

³⁴ Hoffman, D. E., *The Oligarchs: Wealth and Power in the New Russia* (New York: PublicAffairs, 2011) p.496.

³⁵ 'White Paper on Abuse of State Authority in the Russian Federation - The New Politically-Driven Charges Against Mikhail Khodorkovsky', *Amsterdam & Peroff*, 7 February 2007, available at: <http://amsterdamandpartners.com/wp-content/uploads/2007/02/Abuse-of-State-Authority-in-the-Russian-Federation.pdf>, last visited: 28 October 2020.

³⁶ Sixsmith, M., *Putin's Oil: The Yukos Affair and the Struggle for Russia* (London: Continuum International, 2010), p.222.

³⁷ 'Doc. 10368: The circumstances surrounding the arrest and prosecution of leading Yukos executives', Report Committee on Legal Affairs and Human Rights, Council of Europe, Rapporteur: Mrs Sabine Leutheusser-Schnarrenberger, 29 November 2004, available at: <https://assembly.coe.int/nw/xml/XRef/X2H-Xref-ViewHTML.asp?FileID=10730&lang=en>, last visited: 28 October 2020.

³⁸ *Ibid.*

As Richard Sakwa, Professor of Russian and Eurasian Politics at the University of Kent, describes in voluminous detail in his book *Putin and the Oligarch: The Khodorkovsky–Yukos Affair*, a similar campaign accompanied Khodorkovsky's second trial, between March 2009 and December 2010.³⁹ And another such campaign has continued since Khodorkovsky's release from jail in December 2013.

Earlier this year, for example, a documentary was aired on NTV entitled "Mikhail Khodorkovsky's Bloody Empire". The 47-minute film does much to reinforce and play up the charges from Khodorkovsky's two trials, but it also asserts a number of "new crimes" since his release. Khodorkovsky and his "organised crime group" are accused of "laundering" the US\$51 billion they "stole" from Yukos through offshore accounts in the Channel and Cayman Islands, through a number of properties in the UK, the US, and elsewhere. Some of this money has supposedly been used to fund Khodorkovsky's organisation, Open Russia. The film also alleges that Khodorkovsky was involved in the 1998 murder of Vladimir Petukhov, mayor of Nefteyugansk, as well as four other attempted murders.⁴⁰

4.2 Hermitage Capital Management

Bill Browder frames himself as Putin's number one enemy,⁴¹ but it was not always this way. Through Hermitage Capital Management investment fund, which he founded in 1996, Browder was the largest foreign investor in Russia for almost a decade. In 2005, however, he was expelled from Russia and was declared a threat to the country's national security. Four years later, in November 2008, Sergei Magnitsky, an auditor and tax lawyer working for Browder, was murdered in prison, having uncovered a US\$230 million tax fraud carried out against one of Hermitage's companies by a group of criminals assisted by state authorities.

In the years since, Browder has championed anti-corruption laws across a range of Western countries. In 2012, he successfully lobbied the Obama administration to pass the Magnitsky Act, which denies visas to, and freezes the assets of, Russians who were judged responsible for, or were found to have financially benefited from, Magnitsky's murder. (The Act was expanded in 2016, such that it now applies globally.) A number of other countries have since followed suit and adopted similar legislation, including Canada, the Baltic states, and the UK.

Since his expulsion, Browder has been subject to a sustained campaign by the Russian state. The country's courts have twice tried him in absentia and both times sentenced him to nine years in prison. He has been charged with myriad crimes, including murdering Magnitsky himself. Western countries have refused repeated mutual legal assistance requests from the Russian authorities in criminal proceedings against Browder, including requests to extradite him. On seven occasions Russia has asked Interpol to arrest Browder, and on seven occasions Interpol has rejected the request.⁴²

According to Browder, black PR has been central to the campaign against him.⁴³ Russian state television has, for example, broadcast at least four film-length attacks on him.⁴⁴ The films

³⁹ Sakwa, R., *Putin and the Oligarch: The Khodorkovsky–Yukos Affair* (London: I.B. Tauris, 2014).

⁴⁰ 'Krovavaya imperiya Mikhaila Khodorkovskogo [Mikhail Khodorkovsky's Bloody Empire]', NTV, 12 March 2020, available at: <https://www.ntv.ru/video/1741586/>, last visited: 28 October 2020.

⁴¹ See, most obviously, the title of Browder's book: *Red Notice: How I Became Putin's No.1 Enemy* (London: Penguin Random House, 2015).

⁴² The most recent request by Russia to issue a Red Notice through Interpol was in January 2019.

⁴³ Interview with author, 27 August 2020.

⁴⁴ The first, which was called *Browder's List* and aired on NTV shortly after the US Magnitsky Act was passed, made a series of spurious allegations, including that Browder stole a US\$4.5 billion tranche of International Monetary Fund (IMF) money to Russia in 1998 and that Magnitsky did not uncover any crime. See, 'Spisok Braudera [Browder's List]', NTV, 6 March 2013, available at: <https://www.ntv.ru/peredacha/proisschestvie/m4001/o149336/video/>, last visited: 28 October 2020. (/cont...)

variously allege that Browder stole a US\$4.5 billion tranche of International Monetary Fund (IMF) money given to Russia in 1998; stole billions of rubles from Russia, including through bankrupting profitable companies; is responsible for the deaths of the financier Edmund Safra, the oligarch Boris Berezovsky, and Magnitsky; himself carried out the US\$230 million tax fraud uncovered by Magnitsky; is a CIA and MI6 double agent codenamed 'Agent Solomon' (Browder is Jewish) who seeks the destruction of Russia; and, has used his connections to the CIA and MI6 to fund the anti-corruption work of Alexey Navalny.

The films were not released in isolation. One was accompanied by a seven-page letter in *Kommersant*, Russia's leading daily business newspaper, written by Russia's Prosecutor General Yuri Chaika in which he accused Browder of, among other things, waging a "black PR" campaign against Russia.⁴⁵ Another was accompanied by a billboard campaign in prominent locations throughout Moscow. One such billboard, which appeared on a building opposite the British Embassy, showed a caricature of Browder as a British gentleman walking a British bulldog with the face of Navalny.⁴⁶

It would be easy to dismiss the significance of this black PR campaign against Browder if it had remained in Russia. But it has not. A number of the allegations made about Browder – including that he stole money from the Russian state and bankrupted companies in Russia – have appeared in the West in countless newspaper articles; court documents, including in the England and Wales High Court⁴⁷ and a US District Court⁴⁸; and much more. In 2015, Browder alleges, they led to his accounts being closed by his high-street bank, NatWest.⁴⁹ For its part, NatWest says the decision to close Browder's account was "simply a commercial decision, based on a number of different factors all of which were considered extensively and with great care."⁵⁰ The allegations made about Browder have been furthered by a network of Western entities and individuals, including politicians, former diplomats and intelligence officers, and leading public relations firms.

In testimony given to the US Senate in 2017, Browder alleged that a group of Russians acting on behalf of the Russian State undertook a campaign to repeal the Magnitsky Act by both questioning the circumstances around Magnitsky's death and ruining Browder's reputation.⁵¹ According to the testimony, this group created a fake NGO – the Human Rights Accountability Global Initiative Foundation

The second, *Letter M*, was broadcast on NTV in November 2014 and aired many of the same allegations, but this time also alleged that Browder is a CIA and MI6 agent. See, 'Litera 'M'. Glazami Sherloka Kholmsa [Letter 'M'. With Sherlock Holmes' Eyes]', *NTV*, 16 November 2014, available at: https://www.ntv.ru/peredacha/Litera_M/last24369808/, last visited: 28 October 2020.

The third, *Browder & Co.*, closely followed the release of Alexey Navalny's exposé of the alleged corruption networks surrounding Russia's Prosecutor General Yuri Chaika. Again aired on NTV, this film echoed the same allegations as before, this time additionally claiming that Browder had used his connections to the CIA and MI6 to fund Navalny's exposé. See 'Brauder i Ko [Browder and Co]', *NTV*, 18 December 2015, available at: <https://www.ntv.ru/peredacha/proisschestvie/m4001/o372317/video/>, last visited: 28 October 2020.

The fourth was aired on *Rossiya-1* (Russia-1) in the aftermath of the Panama Papers leak and claimed that Browder was a CIA and MI6 double agent codenamed 'Agent Solomon' (Browder is Jewish) who sought the destruction of Russia. See '[Browder Effect]', 13 April 2016, *Rossiya-1*, available at: https://russia.tv/video/show/brand_id/3957/episode_id/1292838/, last visited: 28 October 2020.

⁴⁵ 'Genprokuror otvetil na zapros [Prosecutor General responded to the request]', *Kommersant*, 14 December 2015, available at: <https://www.kommersant.ru/doc/2876887>, last visited: 28 October 2020.

⁴⁶ Photograph of the billboard shared with author, 27 August 2020.

⁴⁷ See 'Cherkasov & Ors v Olegovich, the Official Receiver of Danyaya Step LLC [2017] EWHC 3153 (Ch) (05 December 2017)', England and Wales High Court (Companies Court) Decisions, available at: <https://www.bailii.org/ew/cases/EWHC/Ch/2017/3153.html>, last visited: 28 October 2020.

⁴⁸ See 'United States of America v Natalya Vladimirovna Veselnitskaya, Defendant', United States District Court Southern District of New York, available at: <https://www.justice.gov/usao-sdny/press-release/file/1123676/download>, last visited: 28 October 2020.

⁴⁹ Interview with author, 27 August 2020.

⁵⁰ Natwest, email response: "FW: Request for Comment - Henry Jackson Society", received: 5 November 2020

⁵¹ 'Testimony of William Browder to the Senate Judiciary Committee on FARA violations connected to the anti-Magnitsky Campaign by Russian government interests', 26 July 2017, available at: <https://www.judiciary.senate.gov/download/07-26-17-browder-testimony>, last visited: 28 October 2020.

(HRAGI) – to lobby against the Act, instructed the US law firm Baker Hostetler, and through them hired the PR firm Fusion GPS. Fusion GPS, in turn, hired the London-based intelligence consultancy Edward Austin to gather Russian-language documents and review Russian-language media reports.⁵² Edward Austin deny any wrongdoing. As part of the campaign, the group funded the Washington, D.C. premier of a “documentary” called *The Magnitsky Act – Behind the Scenes*, and invited representatives of Congress and the State Department to attend. The documentary echoed many of the same allegations contained in the film-length attacks on Browder aired by Russian state television.⁵³

Browder also alleged – in written evidence provided to the UK Parliament’s Intelligence and Security Committee (ISC) in 2018 and published in early 2020 – that Russia’s authorities paid UK firms to “advance a false narrative of the fraud” uncovered by Magnitsky.⁵⁴ These firms include a business intelligence company, a law firm, and a communications firm. All deny any wrongdoing, and there is no suggestion in Browder’s testimony that any British individual or entity broke the law.

4.3 TNK-BP

BP’s decision in 2003 to form an US\$8 billion joint venture with the Russian owners of the TNK oil company (Alfa Group, Access Industries, and Renova – jointly known as AAR) was hailed as a bellwether moment.⁵⁵ BP had been through a bruising experience in Russia in the late 1990s, when it bought a 10% stake in Sidanco, an oil and gas producer, only to find itself caught up in a conflict between the Interros investment company and TNK (which ended when Sidanco’s main producing asset was put into artificial bankruptcy). For Russia, the joint venture between TNK and BP signalled the openness of a strategic sector – perhaps the most strategic sector – of its economy to foreign capital.

There were considerable early successes for TNK-BP: oil production increased by one-third and TNK-BP recorded the highest total returns of all Russian oil companies. At one point, the company was the third-largest oil producer in Russia and among the ten largest in the world. Running a 50:50 joint venture was, however, not easy, and tensions between the two sets of shareholders simmered. Relations became increasingly acrimonious, resulting in open warfare in mid-2008 when TNK-BP’s CEO, Bob Dudley, had to flee Russia after a campaign of harassment. In December of the same year, Dudley resigned from his position.

The events that led to Dudley’s fleeing from Russia and his resignation from TNK-BP are well established.

In March 2008, BP’s offices in Moscow were raided as part of an apparent probe by the Ministry of the Interior into mismanagement at TNK-BP. Some of those conducting the raid, according to one BP employee, wore FSB uniforms, though the FSB initially denied taking part.⁵⁶ The reason for the raid was unclear, but Dudley believes its purpose was to find

⁵² Bertrand, N., ‘Meet the Russia specialist who worked on 2 of Fusion GPS’ most controversial projects’, *Business Insider*, 14 January 2018, available at: <https://www.businessinsider.com/ed-baumgartner-fusion-gps-christopher-steele-russia-projects-2018-1?r=US&IR=T>, last visited: 28 October 2020.

⁵³ The documentary’s European launch had been scheduled to take place at the European Parliament, in April 2016, but was aborted. See, ‘PRESS RELEASE: Two Russians Included in the European Parliament’s Magnitsky List Welcomed at the European Parliament for Anti-Magnitsky Event’, *Law and Order in Russia*, 29 April 2016, available at: <http://lawandorderinrussia.org/2016/two-russians-included-in-the-european-parliament-s-magnitsky-list-welcomed-at-the-european-parliament-for-anti-magnitsky-event/>, last visited: 28 October 2020.

⁵⁴ Harding, L. and D. Sabbagh, ‘Russia “hired network of Britons to go after enemies of Putin”’, *The Guardian*, 9 March 2020, available at: <https://www.theguardian.com/world/2020/mar/09/russia-network-britons-enemies-vladimir-putin-report>, last visited: 28 October 2020.

⁵⁵ See Lough, J., ‘End of an Era for BP in Russia’, *Chatham House*, 7 June 2012, available at: <https://web.archive.org/web/20120610135146/https://www.chathamhouse.org/media/comment/view/183859>, last visited: 28 October 2020.

⁵⁶ Arnold, C., ‘Russia: BP, TNK-BP Offices Raided In Moscow’, *RFE/RL*, 20 March 2008, available at: <https://www.rferl.org/a/1079669.html>, last visited: 29 October 2020.

evidence of BP executives engaging in corporate espionage; a week before the raid, Ilya and Aleksandr Zaslavskiy, who both had connections with TNK-BP, were arrested for possessing “classified commercial information in favour of a number of foreign oil and gas companies”.⁵⁷ A source close to state-owned energy giant Gazprom told the newspaper *Kommersant* that the company possibly urged state authorities to find similar classified documents in the BP offices.⁵⁸ Following their arrests, Ilya Zaslavskiy was subjected to hit-pieces on Russian national television⁵⁹ and accused of being part of a Ukrainian spy-ring by the *Versiya* newspaper.⁶⁰ Aleksandr Zaslavskiy, for his part, was accused by then President Dmitri Medvedev of being a spy who used the British Council as his cover.⁶¹

Rather than being a one-off event, the raid on BP’s offices was part of a broader campaign of harassment by Russia’s authorities that benefited AAR. “We faced a number of unprecedented investigations, trials, inspections and other difficulties,” Dudley said of his experiences at the time.⁶² He described regularly having his office swept for bugs and taking phone calls on his balcony to avoid being recorded.⁶³ He also described returning home to his Moscow apartment some nights to find legal summonses sitting on a table, demanding that he appear in courts far from Moscow with a few hours’ notice.⁶⁴ In total, BP’s Moscow offices were raided on 11 occasions between March and May 2008.⁶⁵

In July, AAR threatened to sue Dudley for overspending and misappropriating company funds by investing money into building oil reserves, an action perceived as only important to BP. (This was part of a long-running accusation by the AAR consortium that Dudley was performing poorly and making decisions that favoured BP.)⁶⁶ Dudley felt that the accusations against him only “showed the absurdity” of AAR’s position; “boosting reserves is what oil companies do”.⁶⁷ The heads of AAR and other Russian employees at TNK-BP brought a discrimination lawsuit against Dudley and the BP executives, resulting in a Tyumen court siding with the Russian stockholders and ordering a prevention of further employment for BP’s foreign workers.⁶⁸ This was one of seven lawsuits brought against BP or its employees in 2008 alone.⁶⁹

Meanwhile, citing the discrimination case brought against the BP executives, Russian authorities refused 147 of TNK-BP’s foreign employees an extension of their work visas.⁷⁰ In July, Viktor

⁵⁷ Zhdannikov, D. and M. Stott, ‘Russia arrests “spy” at TNK-BP’, *Reuters*, 20 March 2008, available at: <https://uk.reuters.com/article/uk-russia-espionage/russia-arrests-spy-at-tnk-bp-idUKL2021005120080320>, last visited: 29 October 2020.

⁵⁸ ‘FSB proyavila sledovatel’skiy interes [FSB showed an investigative interest]’, *Kommersant*, 21 May 2008, available at: <https://www.kommersant.ru/doc/894331>, last visited: 29 October 2020.

⁵⁹ ‘TNK-VR: Il’ya Zaslavskiy yavlyayetsya sotrudnikom nashey kompanii [TNK-BP: Ilya Zaslavsky is an employee of our company]’, *Vesti*, 21 March 2008, available at: <https://www.vesti.ru/article/2254990>, last visited: 28 October 2020; ‘Brat’yev Zaslavskikh FSB obvinayet v sbore sekretnoy informatsii dlya inostrantsev [FSB accuses Zaslavsky brothers of collecting secret information for foreigners]’, *Perviy Kanal*, 20 March 2008, available at: <http://www.itv.ru/news/crime/22582>, last visited: 29 October 2020.

⁶⁰ ‘Shpionskiy skandal v «TNK-VR» sprovotsirovali na Ukraine? [Was the spy scandal at TNK-BP provoked in Ukraine?]', *Versia*, 14 April 2008, available at: <https://versia.ru/shpionskiy-skandal-v-tnk-vrsprovocirovali-na-ukraine>, last visited: 29 October 2020.

⁶¹ Finn, P., ‘Dual U.S.-Russia Citizens Face Spy Charges’, *Washington Post*, 21 March 2008, available at: <https://www.washingtonpost.com/wp-dyn/content/article/2008/03/20/AR2008032003797.html>, last visited: 29 October 2020.

⁶² Shleynov, R., ‘Nemetskiy svyaznoy [German liaison]’, *Novaya Gazeta*, 14 May 2017, available at: <https://novyagazeta.ru/articles/2017/05/15/72432-nemetskiy-svyaznoy>, last visited: 29 October 2020.

⁶³ ‘How BP’s Bob Dudley Got Kicked Out Of Russia In 2008’, *Business Insider*, 25 June 2010, available at: <https://www.businessinsider.com/how-bps-bob-dudley-got-kicked-out-of-russia-in-2008-2010-6>, last visited: 29 October 2020.

⁶⁴ Bruck, C., ‘The Billionaire’s Playlist’, *The New Yorker*, 13 January 2014, available at: <https://www.newyorker.com/magazine/2014/01/20/the-billionaires-playlist>, last visited: 29 October 2020.

⁶⁵ Email correspondence with Ilya Zaslavskiy, September 2020.

⁶⁶ ‘Profile: Bob Dudley’, *BBC News*, 30 September 2010, available at: <https://www.bbc.com/news/business-10755184>, last visited: 29 October 2020.

⁶⁷ White, G. L., ‘The Bitter Battle To Lead TNK-BP’, *The Wall Street Journal*, 23 July 2008, available at: <https://www.wsj.com/articles/SB121675915105274667>, last visited: 29 October 2020.

⁶⁸ ‘TNK-BP UPDATE: BP PULLS STAFF AS AAR RATCHETS UP PRESSURE’, *WikiLeaks*, 24 July 2008, available at: https://wikileaks.org/plusd/cables/O8MOSCOW2137_a.html, last visited: 29 October 2020.

⁶⁹ Email correspondence with Ilya Zaslavskiy, September 2020.

⁷⁰ ‘FSB proyavila sledovatel’skiy interes [FSB showed an investigative interest]’, *Kommersant*, 21 May 2008.

Vekselberg, the owner of Renova in the AAR consortium, successfully lobbied the head of Russia's Federal Migration Service not to renew Dudley's visa, which expired at the end of that month.⁷¹ Dudley was forced to leave Russia; he continued to run TNK-BP from an undisclosed location until his resignation in December. Prior to leaving Russia, Dudley was, according to *The New Yorker* and a former BP employee, poisoned.⁷² (In 2018, BP's Chief Financial Officer Brian Gilvary was quoted as describing the suggestion that Dudley had been poisoned as "a complete urban myth".)⁷³

Dudley is clear that what he experienced was a "black PR" campaign, orchestrated by AAR with the blessing of the Russian authorities.⁷⁴ This view is contained within a US diplomatic cable from July 2008 and was released by *WikiLeaks* in 2011. According to the diplomatic cable, Dudley believed AAR's campaign was supported by a number of prominent individuals in the Kremlin, including Deputy Prime Minister and chair of the state-owned oil company Rosneft Igor Sechin. Whatever the truth, Dudley returned to Russia in 2011, and two years later oversaw the sale of TNK-BP to Rosneft in a US\$55 billion deal.

4.4 Toaz

TogliattiAzot (Toaz) is one of Russia's largest fertiliser producers and one of the world's largest ammonia producers, providing some 11% of global ammonia exports.⁷⁵ Since the mid-2000s, the company has been subjected to a number of hostile takeover attempts, in what Richard Sakwa calls "an exemplary case of raiding [*reiderstvo*]".⁷⁶ The attempts were led by minority shareholders, who happened to be some of the most politically connected oligarchs. As with the Yukos case, the tactics used against Toaz included forgery and fraud, malicious prosecution, phony tax and regulatory inspections and misuse of shares. These have been accompanied by black PR campaigns, run through regional and national media channels.

The original raid was allegedly launched in 2005 by Access Industries/Renova Group, which was allied to Synntech Group, at the time a minority shareholder in Toaz. In October of that year, a number of criminal cases were initiated against two of Toaz's senior figures: Vladimir Makhlai, its president, and Alexander Makarov, its managing director. In February 2006, both were charged with alleged tax evasion, fraud, and money laundering. (They had already fled the country by this point, and extradition requests were issued in February 2008.) Over the same period, the company itself was subject to numerous 'inspections' from state agencies and law enforcement bodies, including the Economic Security Department of the Ministry of Internal Affairs (MVD).

The raid was unsuccessful, and the charges were eventually dismissed in 2010. Since 2012, however, Toaz has been subject to treatment similar to that which it experienced in the mid-2000s, with Russian courts hearing blatantly prejudiced cases involving bribed witnesses, faked evidence, and anonymous testimony. The proceedings appear to have been designed to secure judgments against Toaz's owners in order that UralChem, a chemicals company and

⁷¹ Malkova, I., 'Dadli dali desyat' dney [Dudley was given 10 days]', *Vedomosti*, 18 July 2008, available at: <https://www.vedomosti.ru/library/articles/2008/07/18/dadli-dali-desyat-dnej>, last visited: 29 October 2020.

⁷² Bruck, C., 'The Billionaire's Playlist', *The New Yorker*, 13 January 2014. See also, Zaslavskiy, I., 'The Poisoning of BP's CEO and Oxford's failed due diligence', *underminers*, 12 June 2019, available at: <https://www.underminers.info/publications/2019/6/12/the-poisoning-of-bps-ceo-and-oxfords-failed-due-diligence>, last visited: 29 October 2020.

⁷³ Meredith, S., "'Complete urban myth': BP finance chief refutes reports that CEO Bob Dudley was poisoned in Russian plot", *CNBC*, 1 May 2018, available at: <https://www.cnbc.com/2018/05/01/complete-urban-myth-bp-cfo-refutes-reports-ceo-bob-dudley-was-poisoned-in-russian-plot.html>, last visited: 29 October 2020.

⁷⁴ 'TNK-BP UPDATE: BP PULLS STAFF AS AAR RATCHETS UP PRESSURE', *WikiLeaks*, 24 July 2008.

⁷⁵ 'About the Company', *Toaz.ru*, n.d., available at: <https://www.toaz.ru/en/about-the-company>, last visited: 29 October 2020.

⁷⁶ Sakwa, R., 'Systemic Stalemate: *Reiderstvo* and the Dual State', pages 69-96 in Robinson, N. (ed.), *The Political Economy of Russia* (Lanham, Maryland and Plymouth: Rowman & Littlefield, 2012), p.81.

one of Toaz's rivals, could take ownership of the company. Were UralChem to secure control of Toaz, it is said that the two companies would together account for roughly one-fifth of the world's ammonia production.⁷⁷ Uralchem denies the allegations.

For their part, Toaz's majority shareholders have sought to protect their company in international courts. In 2016 they filed a claim in Ireland against UralChem and a number of other individuals and entities alleging that they had launched a series of vexatious litigation and raiding attempts to seize control of Toaz.

All of this has been accompanied by a concerted black PR effort. In 2017, Toaz's Chief Financial Officer Nikolai Neplyuev was arrested for drug possession in a case said to be the result of investigators planting drugs on him in order to raise concerns about the company's leadership.⁷⁸ In 2016, a cache of weapons and pro-ISIS material was planted on Toaz's property to fabricate the appearance of a planned terror attack. The organiser of the 'plot', Sergey Sokolov, admitted from prison in 2018 that he had been paid to prepare "a series of incriminating materials and formed [sic] a number of fictitious situations" that were intended to leave Toaz's management in prison, among other things, "on charges of having ties to Ukrainian terrorist groups". Sokolov planted compromising materials on Toaz's leadership because, in his words, his "customers wanted to get what they did not own".⁷⁹

This is a notable example of black PR, but it is not the only one. As reported by *Novaya Gazeta* in 2013,⁸⁰ emails obtained by the 'hacktivist' group Anonymous and released online in 2012 appear to show that the smear campaign against Toaz also involved two fabricated stories from the summer of 2012, in which Toaz is alleged to have purchased FC Vaduz, a Liechtenstein football club, and that Makhelai purchased Les Trois Rois, a famous Swiss hotel in Basel. At the same time, a fictional environmental NGO and watchdog – Green Patrol – was created, and representatives filed numerous complaints against Toaz and staged protests at Toaz's premises; this, in turn, led to coverage of the complaints and protests in local and regional newspapers.⁸¹

Articles also appeared on obscure websites accusing Toaz of hosting an illegal religious sect – the 'Mysterious Order of the Sun God Amon-Ra' – and of forcing its employees to join.⁸²

In the years since the Anonymous leak, a number of narratives have begun to appear about the Makhelai family. One of the most popular is that Vladimir's son Sergey works for the US Secret Service and has used various aliases to hide his identity. This has been spread in particular by the website *Vek*.⁸³ *Vek* has also published unsubstantiated claims that the younger Makhelai was

⁷⁷ Keena, C., 'Russian firm seeks \$2bn from oligarch linked to Irish company', *The Irish Times*, 9 November 2016, available at: <https://www.irishtimes.com/news/crime-and-law/russian-firm-seeks-2bn-from-oligarch-linked-to-irish-company-1.2860006>, last visited: 29 October 2020.

⁷⁸ 'Vybvayut po odnomu: top-menedzheru «Tol'yattiazota» podbrosili narkotiki [Knocked out one by one: the top manager of Tolyattiazot planted drugs]', *Noviy Den*, 27 January 2017, available at: <https://newdaynews.ru/moskow/592565.html>, last visited: 29 October 2020.

⁷⁹ 'Eks-okhrannik Berezovskogo rasskazal o podgotovke kompromata na chinovnikov [Berezovsky's Ex-Guard Spoke About the Preparation of Kompromat on Officials]', *RBK.ru*, 5 April 2018, available at: <https://www.rbc.ru/society/05/04/2018/5ac4f23e9a79473db1fb3b6>, last visited: 29 October 2020.

⁸⁰ 'Chernyy piar na pustom meste [Black PR from Scratch]', *Novaya Gazeta*, 21 March 2013, available at: <https://novayagazeta.ru/articles/2013/03/22/54039-chernyy-piar-na-pustom-meste>, last visited: 29 October 2020.

⁸¹ *Ibid.*

⁸² 'Na 'Tol'yattiazote' oruduyet sekta boga Amon-Ra [The sect of the god Amon-Ra operates at Togliattiazot!]', *Well News*, 6 September 2012, available at: <https://www.wellnews.ru/society/8525-na-tolyattiazote-oruduet-sekta-boga-amon-ra.html>, last visited: 29 October 2020. See also 'Sekta boga Amon-Ra v Tol'yatti [Sect of god Amon-Ra in Togliatti]', *Chetverg*, available at: <http://www.kchetverg.ru/2012/09/06/sekta-boga-amon-ra-v-tolyatti/>, last visited: 29 October 2020.

⁸³ 'Shpionskiye igry SSHA: agenty vliyaniya i ikh pokroviteli [US spy games: agents of influence and their patrons]', *Wek*, 10 July 2014, available at: <https://wek.ru/shpionskie-igry-ssha-agenty-vliyaniya-i-ix-pokroviteli>, last visited: 29 October 2020.

involved in several murders, including of two journalists. The claims, while baseless, generated sufficient attention to be later reprinted in *Komsomolskaya Pravda*.⁸⁴

Many of these narratives are included on a *Wikipedia* page entitled “The Togliattiazot affair” which was created in March 2020.⁸⁵ The page was created by a user called ‘Dustpirate’, who began editing content in February 2020 and since then has largely focused her/his efforts on editing pages about the Soviet poet Osip Mandelstam, the Soviet Union’s hydrogen bomb programme, and a series of controversial business disputes in Russia and Ukraine. The English-language page complies with *Wikipedia*’s rules by ensuring all claims are fully referenced, but the references provide only links to (Russian-language) media reports and court records.

4.5 North-West Timber Company

North-West Timber Company (NWTC) was once one of the most successful paper-producing companies in Russia. Based in Kaliningrad, NWTC was built by Igor and Irina Bitkov during the late 1990s, who acquired and modernised old factories to increase paper production. As their company grew, they took loans worth US\$158 million from a number of Russian state banks for investment in the company’s production facilities at Kamennogorsk near Russia’s border with Finland, and Neman in Kaliningrad, the Russian exclave sandwiched between Poland and Lithuania. So successful was the company that, in 2007, it was valued by the state-owned bank Sberbank at US\$450 million.⁸⁶

Years earlier, however, Putin had intensified his efforts to recentralise power in Russia, introducing new rules of the game as he did so. In 2004, he removed the democratic election of regional governors and introduced direct appointment by the Kremlin. In the Kaliningrad Region, Vladimir Yevgorov was replaced by Grigory Boos in late 2005. Almost immediately, things started to go wrong for the Bitkovs. They refused to provide ‘voluntary’ financial and other support to the United Russia political party. Not only that, but they sponsored opposition candidates in the 2006 regional elections. The following year, Irina Bitkova rejected an invitation to be a United Russia candidate in the 2007 State Duma (parliament) elections.

What happened next followed what John Lough, the long-time Russia watcher and a provider of *pro bono* advice to the Bitkovs, calls “an established pattern”.⁸⁷ In June 2007, a criminal gang specialising in extortion kidnapped the Bitkovs’ 16-year-old daughter, Anastasia, in St Petersburg. She was held for three days, drugged and raped, before being released after the Bitkovs paid a US\$200,000 ransom.⁸⁸ Several months later, three state-owned banks (Gazprombank, Sberbank, and VTB) simultaneously called in their loans to NWTC. With the company unable to comply with the banks’ demands, the banks appointed an administrator who sold off NWTC’s assets for less than US\$100,000 to entities believed to be under the control of the banks’ management.⁸⁹

⁸⁴ ‘Udastsya li SK vyrvat’ ‘Tol’yattiazot’ u OPG? [Will the UK manage to snatch Togliattiazot from the organised crime group?], *Komsomol'skaya Pravda*, 13 June 2019, available at: <https://www.kp.ru/daily/26989/4049669/>, last visited: 29 October 2020.

⁸⁵ See ‘The Togliattiazot affair’, *Wikipedia*, available at: https://en.wikipedia.org/wiki/The_Togliattiazot_affair, last visited: 29 October 2020.

⁸⁶ Lough, J., ‘The Case of Guatemala: Russia’s Long Arm of Legal Interference Reaches Latin America’, in ‘Misrule of Law: How the Kremlin Uses Western Institutions to Undermine the West’, *Free Russia Foundation*, 2019, available at: <https://www.4freerussia.org/wp-content/uploads/sites/3/2019/06/MisruleOfLaw-Web.pdf>, last visited: 29 October 2020, p.42.

⁸⁷ *Ibid.*

⁸⁸ Malkin, E. and I. Nechepurenko, ‘For a Russian Couple, Safe Haven in Guatemala Is Fleeting’, *The New York Times*, 30 May 2016, available at: <https://www.nytimes.com/2016/05/31/world/americas/guatemala-igor-irina-bitkov-russia-corruption.html>, last visited: 29 October 2020.

⁸⁹ Lough, J., ‘The Case of Guatemala: Russia’s Long Arm of Legal Interference Reaches Latin America’, in ‘Misrule of Law: How the Kremlin Uses Western Institutions to Undermine the West’, *Free Russia Foundation*, 2019, p.42.

In April 2008, believing that they faced imminent arrest, the Bitkovs fled to Latvia and then to Turkey. Fearing for their safety after receiving threats that they could be murdered if they did not return to Russia, they moved in 2009 to Guatemala, one of the few countries that did not have an extradition treaty with Russia. However, this has not stopped Russia's persecution of them.

In 2013, investigators from VTB tracked the Bitkovs down and hired a local law firm to file a criminal complaint against them, requesting their extradition to Russia. Although the request failed, the Bitkovs were arrested in 2015 and later charged for, among other things, being part of a criminal gang. All were found guilty, with Igor receiving a 19-year jail sentence, and Irina and Anastasia 14 years each. At a retrial in 2018, Igor received a seven-year sentence but in 2020 the country's Appeals Court upheld Irina and Anastasia's original 14-year sentences. (All have appealed to the Supreme Court and are awaiting the outcome.) At the same time, pressure from Russia has continued. In 2018, Russian prosecutors were granted mutual legal assistance from the Guatemalan authorities as part of a criminal case opened against Igor Bitkov in Kaliningrad in 2009.

All of this has been accompanied by a concerted black PR effort to portray the Bitkovs as "robber-baron fugitives", in the colourful language of the journalist Michael Weiss.⁹⁰ Russian newspapers and television channels have been central to this effort, and a number of separate narratives have been spread.

One is that the Bitkov family deliberately bankrupted NWTC in order to enrich themselves through what *Kommersant*, Russia's main commercial newspaper, called "dubious machinations".⁹¹ Another is that, because of their "criminal actions"⁹² – to quote *Vesti*, a state-produced news programme – the Bitkovs are singularly responsible for the high levels of unemployment and poverty in Neman. The closure of the factory, the *Regnum news agency* declared in June 2018, "was akin to a social catastrophe".⁹³ More than a decade after the Bitkovs left Russia, viewers of *Rossiia-1*, one of Russia's two main television channels, were told, "The city remains in poverty. They [the Bitkovs] took three billion rubles with them ... [because of this] the city has died, families are falling apart."⁹⁴

The campaign has also taken place on social media, with Russian bots and trolls working "to spread false information about our family in the social networks and to incite hate" against the Bitkovs, according to the family themselves.⁹⁵ This campaign has centred on the hashtags #BitkovsNonGrato (BitkovsNotWelcome, a play on *persona non grata*) and #DeportenALosBitkov (DeportTheBitkovs) and involved tweets referring to the family as "criminals, corrupt, Russian shit, [and] whores".⁹⁶ Like many such campaigns, the accounts used to spread these messages are frequently newly created, do not contain photographs or

⁹⁰ Weiss, M., 'Ran 7,000 Miles. Putin Still Got Them.', *Daily Beast*, 17 June 2015, updated 12 July 2015, available at: <https://www.thedailybeast.com/ran-7000-miles-putin-still-got-them>, last visited: 29 October 2020.

⁹¹ 'VTB-rozysk [VTB Wanted]', *Kommersant*, 26 January 2015, available at: <https://www.kommersant.ru/doc/2653947>, last visited: 29 October 2020.

⁹² 'Razorivshiy Nemanskiy TSBK Bitkovy prosyat produkty, dobryye slova i den'gi [The Bitkovs who ruined the Neman pulp and paper mill ask for food, kind words and money]', *Vesti Kaliningrad*, 13 March 2018, available at: <https://vesti-kaliningrad.ru/razorivshie-nemanskij-cbk-bitkovy-prosyat-edu-dobrye-slova-i-dengi/>, last visited: 29 October 2020.

⁹³ 'Sud Gvatemaly osvobodil iz tyur'my sem'yu kaliningradskikh biznesmenov [Guatemala court released a family of Kaliningrad businessmen from prison]', *Regnum*, 8 June 2018, available at: <https://regnum.ru/news/accidents/2428953.html>, last visited: 29 October 2020.

⁹⁴ 'Sbezhavshiy millionery khotyat vernut'sya v Rossiyu [Escaped millionaires want to return to Russia]', *Rossiia-1*, 16 February 2018, available at: https://russia.tv/article/show/article_id/40732, last visited: 29 October 2020.

⁹⁵ Email correspondence, 19 August 2020.

⁹⁶ Email correspondence, 19 August 2020.

any personal information, and have few – if any – followers. They also included other hashtags in their tweets, often written in Russian, such as #путинавсегда (#PutinForever).⁹⁷ Whenever the Bitkovs or their supporters would publish or share content, the bots and trolls respond with seemingly coordinated replies.

⁹⁷ Email correspondence, 22 August 2020.

5. Conclusion and Recommendations

In a wide-ranging interview with Damian Collins MP on the 'Infotagion' podcast in August 2020, Christopher Steele – the former head of MI6's Russia desk and Director of Orbis Business Intelligence – called for an organised effort to prevent Russia from disrupting and distorting political life in the UK.⁹⁸ Perhaps the most interesting part of the interview, however, was when Steele highlighted the role of black PR when describing the nature of the threat posed by Russia. Black PR, Steele said, has “grown and spread like a contagion” from Russia “out into Western Europe, and into the Western world and Western democracies”. It has “bled” into the UK through the Kremlin's disinformation and misinformation campaigns, and as part of the ‘information laundering’ process.⁹⁹ Black PR is now, to use Steele's language, “a feature of Russian business life and business life associated with Russian actors”.

Because black PR contributes to such a negative image of Russia's business climate, and the declining investor confidence in the country which accompanies it, it would be reasonable to think that the Kremlin might address the range of practices associated with it. Instead, these practices facilitate the massive predation which is the basis for the system Putin has built since he came to power. In 2013, Russia's National Anti-Corruption Committee estimated the annual cost of bribery to be US\$300 billion,¹⁰⁰ which represented roughly 7% of the country's Gross Domestic Product (GDP) or about equal to the entire GDP of Israel or Singapore.¹⁰¹ By 2017, the “shadow economy” was estimated to account for more than one-third of Russia's GDP, or around US\$615 billion.¹⁰²

According to the World Bank, Foreign Direct Investment (FDI) into Russia in 2019 stood at US\$31 billion, a significant decline over the previous decade from \$74 billion in 2008.¹⁰³ At the same time, capital flight, according to estimates by Bloomberg Economics, has increased, from around US\$330 billion in 2008 to roughly US\$640 billion in 2019.¹⁰⁴ These twin processes have swelled Western coffers, but have helped to make Russia one of the most unequal major economies, in which, according to Credit Suisse in 2019, there are 110 billionaires and the top 10% of the population controls 83% of the country's wealth.¹⁰⁵

These billionaires have secured their wealth by bolstering the centralised power of the state. In return they and other regime insiders have been given *carte blanche* to acquire assets and to redistribute them among themselves, as part of the broader process of *reiderstvo*.

⁹⁸ 'Episode 27: Chris Steele and Luke Harding', *Infotagion*, 6 August 2020, available at: <https://infotagion.com/podcast/episode-27-chris-steele-and-luke-harding/>, last visited: 29 October 2020.

⁹⁹ On this, see Toucas, B., 'Exploring the Information-Laundering Ecosystem: The Russian Case', *CSIS*, 31 August 2017, available at: <https://www.csis.org/analysis/exploring-information-laundering-ecosystem-russian-case>, last visited: 29 October 2020.

¹⁰⁰ 'Briefing: Corruption in Russia', European Parliamentary Research Service, 12 March 2014, available at: [http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2014/140742/LDM_BRI\(2014\)140742_REV1_EN.pdf](http://www.europarl.europa.eu/RegData/bibliotheque/briefing/2014/140742/LDM_BRI(2014)140742_REV1_EN.pdf), last visited: 29 October 2020.

¹⁰¹ According to the World Bank, Russia's GDP in 2013 was US\$2.297 trillion. In the same year, Singapore's GDP was US\$307 billion and Israel's was US\$292 billion. See 'GDP (current US\$)', *The World Bank*, available at: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2013&most_recent_value_desc=true&start=2005&year_high_desc=true, last visited: 29 October 2020.

¹⁰² 'Emerging from the shadows: The shadow economy to 2025', *Association of Chartered Certified Accountants*, June 2017, available at: https://www.accaglobal.com/content/dam/ACCA_Global/Technical/Future/pi-shadow-economy-report.pdf, last visited: 29 October 2020.

¹⁰³ 'Foreign direct investment, net inflows (BoP, current US\$) – Russian Federation', *The World Bank*, available at: <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=RU>, last visited: 29 October 2020.

¹⁰⁴ Johnson, S., 'Capital Flight From Russia Carries \$750 Billion Price Tag', *Bloomberg*, 12 March 2019, available at: <https://www.bloomberg.com/news/articles/2019-03-12/capital-flight-from-russia-carries-750-billion-price-tag-chart>, last visited: 29 October 2020.

¹⁰⁵ 'Global Wealth Report 2019', Credit Suisse Research Institute, October 2019, available at: <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/research/publications/global-wealth-report-2019-en.pdf>, last visited: 29 October 2020.

From its very beginning, this has involved black PR. It has appeared, as this report has shown, in newspapers and on television, on billboards and on social media. But it also appears in due diligence reports, corporate intelligence investigations, litigation, arbitration, and court submissions, including the handful of Russian commercial disputes that are heard before London's courts each year.

In the absence of significant reforms in Russia, it is unlikely that black PR will cease to be a feature of business there, or a feature of business involving any individual or entity based there or with connections there. Because of this, the recommendations in this report focus less on what might be done to stop the creation of black PR in Russia and more on what can be done to reduce the circulation of black PR outside Russia.

- **Corporate and business intelligence firms should conduct far more rigorous searches when producing due diligence reports on individuals and companies.** Customer due diligence sits at the heart of various Anti-Money Laundering and Know Your Customer initiatives that apply to banks and financial institutions and are a legal requirement of the Money Laundering Regulations 2007. Many of the allegations made as part of the black PR campaigns referenced in this report would be included in the reports produced by due diligence firms, who see it as their responsibility to report any and all allegations made in the public domain. This results in highly exaggerated and negative risk assessments, with 'red flags' being raised as 'confirmed risks' against individuals or companies, even though the allegations are fabricated or vexatious, or both. In one of the cases in this report, an individual has claimed his bank accounts were closed as a result of this. In another of the cases, an individual was refused access to other services because a due diligence report provided a highly negative risk assessment based on English- and Russian-language news articles produced as part of a black PR campaign.
- **Collators of journalistic articles and legal documents should have clearer complaints procedures.** A number of major companies in the West exist to collate business, legal, and journalistic documents and to provide easily searchable databases of such documents, usually to paying customers in the finance, legal, and other sectors. The collation, or aggregation, of such documents is often done automatically by machine. This means that journalistic articles written and published as part of black PR campaigns can be – and are – caught up in this process. Such databases are often used by corporate and business intelligence firms to produce due diligence reports. While these major companies have complaints procedures, they are frequently difficult to locate and cumbersome to complete. It should be made easier for individuals to query the inclusion of articles about themselves in these databases, and the complaints process should be limited in time.
- **Platforms should remove accounts that participate in the creation and circulation of black PR in Russia.** In January 2020, BuzzFeed News reported – based on a review of accounts taken down by platforms and investigations by security and research firms – that, since 2011, at least 27 online information operations (or black PR campaigns) had been partially or wholly attributed to PR or marketing firms.¹⁰⁶ None of these, however, was carried out by any firm based in Russia, nor did any of their work relate to Russia. Yet there is a large market in Russia for such activity, and there exists an easily identifiable network of websites with attendant Facebook and Twitter accounts that create and circulate black PR, some of which is then laundered – for example – through

¹⁰⁶ Silverman, C., J. Lytvynenko and W. Kung, 'Disinformation For Hire: How A New Breed Of PR Firms Is Selling Lies Online', *BuzzFeed News*, 6 January 2020, available at: <https://www.buzzfeednews.com/article/craigsilverman/disinformation-for-hire-black-pr-firms>, last visited: 29 October 2020.

Wikipedia. Investigators at platforms, from Facebook and Twitter to Wikipedia, should turn their attention to Russia.

- **In commercial disputes, courts should subject claims made by and about Russian individuals and entities to greater scrutiny.** As the Intelligence and Security Committee's Russia Report makes clear, a range of new legislative initiatives are needed to protect institutions against Russian interference. This includes judicial institutions. Claims made by and about Russian individuals and entities, and Russia-linked individuals and entities, should be subject to a more penetrating level of judicial scrutiny that appropriately reflects the history of using dishonest and false information in business disputes, including information provided by the Russian State itself. In one of the cases discussed in this report, disinformation created as part of a black PR campaign in Russia was cited in a ruling in the England and Wales High Court.¹⁰⁷
- **The UK should adopt far-reaching and wide-ranging 'foreign agent registration' legislation.** In the Background Briefing Notes accompanying the Queen's Speech in December 2019, the UK government declared that it would work to "reduce the threat posed by Hostile State Activity in the UK" by, among other things, "adopting a form of foreign agent registration".¹⁰⁸ It is important that such legislation covers not only hostile states but also individuals with close links to hostile states. In one of the cases contained in this report, individuals and entities based in the UK undertook activities on behalf of the Russian state that accompanied a broader black PR campaign.
- **The International Communications Consultancy Organisation (ICCO) should adopt a document on black PR.** In October 2017, the ICCO – an umbrella group representing PR trade groups around the world – established the Helsinki Declaration, which outlines ten principles it urges members to support.¹⁰⁹ While it was important that the ICCO publish a document outlining what it stands for, it is equally important for the organisation to publish a document outlining what it stands against. This would contribute to the building of norms, and would require input from members. Diversity of opinion would be welcome, but such a document would likely cover many of the practices outlined in this report.

Black PR is a central aspect of the Kremlin's influence on operations in the West. As well as threatening to penetrate our institutions and subvert our processes, it threatens to undermine the rule of law itself.

¹⁰⁷ See 'Cherkasov & Ors v Olegovich, the Official Receiver of Danyaya Step LLC [2017] EWHC 3153 (Ch) (05 December 2017)', England and Wales High Court (Companies Court) Decisions.

¹⁰⁸ 'The Queen's Speech 2019', *Prime Minister's Office*, 19 December 2019, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/853886/Queen_s_Speech_December_2019_-_background_briefing_notes.pdf, last visited: 29 October 2020, pp.87-88.

¹⁰⁹ 'Helsinki Declaration', *International Communications Consultancy Organisation*, October 2017, available at: <https://iccopr.com/helsinki-declaration/>, last visited: 29 October 2020.

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By Dr Andrew Foxall

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