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How Russian Oil Tycoon Courted Friends in U.S.

By TIMOTHY L. O'BRIEN

Correction Appended

In early 2001, as George W. Bush's administration moved into the White House, one of Russia's wealthiest men, Mikhail B. Khodorkovsky, sought a meeting with the new national security adviser, Condoleezza Rice. According to a former staff member, National Security Council analysts were asked to perform a background check.

Mr. Khodorkovsky did not get the meeting — part of the tycoon's efforts to secure approval from the American establishment — because of "allegations of past business improprieties," the former staff member said, also noting that Mr. Khodorkovsky spent heavily in Washington to court the Capitol's inner circle.

But Mr. Khodorkovsky's steady efforts to win access to other influential Americans have paid off. Last July, he met with Energy Secretary Spencer Abraham to discuss America's oil policy. Former President George H. W. Bush traveled to Russia in September and spoke at a dinner attended by Mr. Khodorkovsky.

That event prompted Moscow newspapers to speculate that the visit was part of an effort by American companies to secure a merger with Yukos Oil, where Mr. Khodorkovsky was chief executive until he quit on Monday in a swirl of fraud and embezzlement charges. His replacement, a Russian-born American, was confirmed yesterday.

The Carlyle Group, an investment bank that retained the elder Mr. Bush as an adviser until a few weeks ago, has a close business relationship with Mr. Khodorkovsky. Although Mr. Bush was in Russia as a Carlyle representative, the bank said, his visit had nothing to do with oil deals and he did not meet privately with Mr. Khodorkovsky.

Last summer, too, Mr. Khodorkovsky traveled to a meeting of business leaders in Sun Valley, Idaho, as a guest of a former senator, Bill Bradley, a New Jersey Democrat. Mr. Bradley also advises the Open Russia Foundation, a Russian philanthropy based in Britain that is bankrolled by Mr. Khodorkovsky.

Henry Kissinger, secretary of state in the Nixon administration, is on the foundation's board, a position he said he accepted at the invitation of Lord Rothschild, another board member. Mr. Kissinger said he had only met Mr. Khodorkovsky twice, briefly and in a group.

"It is in no sense an endorsement of Mr. Khodorkovsky's business practices," Mr.

Kissinger said of his board seat, adding that Mr. Khodorkovsky exercised "no particular influence" over the foundation's grants. He declined to comment further on Mr. Khodorkovsky.

In his efforts to carve out contacts and make his name, Mr. Khodorkovsky has also donated substantially to philanthropies in Russia and to American think tanks.

People close to him said he had three motives: improving his own reputation after surviving Russia's scandal-plagued privatizations; refashioning operations and perceptions of Yukos Oil in preparation for a merger with a Western company; and the furtherance of economic and political changes in Russia.

"He wanted to have ties to the United States and he had a goal of exporting oil to the United States," said Sarah Carey, a Washington lawyer who sits on Yukos's board and is a close adviser to Mr. Khodorkovsky. "In order to do that you need to develop constituencies here in Washington."

Philanthropy, she added, "is what smart guys do when they get rich."

Foreigners are not allowed to donate money to American politicians or political parties, and most of Mr. Khodorkovsky's charitable giving has centered in Russia, where Yukos reports philanthropic donations of more than \$50 million annually across a broad range of causes.

Through Yukos, however, Mr. Khodorkovsky has given handsome sums to American organizations, including a \$1 million donation to the Library of Congress and a \$500,000 pledge to the Carnegie Endowment for International Peace, a think tank that is home to some of the most often quoted analysts of Russian affairs.

Carnegie notes that Yukos's contributions amount to less than 3 percent of its annual budget. Anders Aslund, a Russia expert at the foundation who has criticized the Russian government in its standoff with Mr. Khodorkovsky, said Yukos's backing is disclosed on the Carnegie Web site. He added that while the donations are significant, they do not affect his assessment of Mr. Khodorkovsky.

The American Enterprise Institute, another Washington think tank that has weighed in on Mr. Khodorkovsky's behalf, declined to address financial dealings with Yukos, citing the institute's policy not to comment on such matters.

Fiona Hill, a Russia analyst at the Brookings Institution, said many think tanks, needing money for Russia studies programs, had courted Mr. Khodorkovsky zealously. She said that Brookings, however, decided not to accept his donations.

"The think tanks were all joking about who wanted to take money to fund the Mikhail Khodorkovsky chair of good corporate governance," Ms. Hill said. "There were still questions about his business dealings and whether he really made the transition from being a robber baron and now wore a white hat."

Others in Washington said that influence is not so easily purchased and that Mr. Khodorkovsky had traction in the United States because of an authentic commitment to corporate and political change in Russia.

"What distinguishes Khodorkovsky is that he recognized that the rule of law was

necessary to legitimize his company," said Steve Biegun, who is a national security specialist on the staff of Senator Bill Frist of Tennessee, the Republican leader, and has met several times with Mr. Khodorkovsky.

"Russian oligarchs have spread a lot of money around Washington over the last decade, but we're not stupid here," he added, noting that Mr. Khodorkovsky's qualities helped generate "a much deeper response than when other Russian businessmen have been hounded."

Correction: Nov. 7, 2003, Friday

A front-page article on Wednesday about efforts by Mikhail B. Khodorkovsky, founder of the Russian oil company Yukos, to gain access to influential Americans misstated the relationship between former Senator Bill Bradley of New Jersey and the Open Russia Foundation, a Russian philanthropy based in Britain and financed by Mr. Khodorkovsky. Although Mr. Khodorkovsky asked Mr. Bradley to serve on the foundation's board, Mr. Bradley says he declined and is not advising the foundation.