

Mikhail Fridman

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Mikhail Maratovich Fridman (Russian: Михаи́л Марáтович Фри́дман; born 21 April 1964) is a Russian businessman, the second wealthiest person in Russia according to Forbes.

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Early life

He was born and brought up in Lviv, Ukraine, and graduated from school there in 1980, where he won school olympiads in physics and mathematics.^[3] Fridman graduated from the Moscow Institute of Steel and Alloys in 1986.^[4]

Career

In 1988 Fridman began his entrepreneurial activities by establishing “Courier” a window cleaning service, with a group of friends from University where he employed students from different universities, providing them with the opportunity to earn extra income.

Together with several partners he founded Alfa Group in 1989. Fridman sits as chairman of the supervisory board of Alfa Group, one of Russia's largest privately held investment groups. In 2014, Forbes assessed his net worth at US\$15.6 billion, making him the second richest person in Russia.^[2]

Mikhail Fridman is chairman of the L1 Group, headquartered in Luxembourg. He is a member of the supervisory board of DEA Deutsche Erdoel AG, Hamburg, bought by L1 Energy in 2015.^[5]

Fridman is a member of the International Advisory Board of the Council on Foreign Relations (USA) and the Board of Russian Union of Industrialists and Entrepreneurs.^[6]

Mikhail Fridman



L1 Energy Launch

Born	Mikhail Maratovich Fridman 21 April 1964 Lviv, Ukraine, USSR
Nationality	Russian
Ethnicity	Jewish ^[1]
Occupation	International businessman
Net worth	US\$14.4 billion (May 2016) ^[2]
Children	2 ^[2]

Business activities

Along with German Khan, Alexei Kuzmichov and several other partners, Fridman founded Alfa Group, an investment group which today controls Alfa-Bank (Russia's largest private bank), Alfa Capital Management, Rosvodokanal Group, AlfaStrakhovanie Group and A1 Group.

Primarily focusing on computer trading, copy machine maintenance and repairs among other things. Later the company expanded and begun development in imports and exports, trading commodities (oil, oil products, coal, raw sugar) and importing consumer goods (perfume, machine carpets etc.).^[7] Alfa-Bank was established in 1991, and grew to be the largest private bank in Russia today. In 1997, Alfa Group Consortium together with Access Industries/Renova Group acquired TNK Oil Company. In 2003, Alfa Group and its partners completed a deal with BP (50/50 joint venture), which became the largest foreign direct investment in Russian economy to date (over 8 billion USD). In 2013, it was sold to the state owned oil company Rosneft for 56 billion USD. LetterOne Group (Luxemburg) was established in 2013, for the purpose of investing the proceeds from the sale of TNK-BP in international projects in oil and gas, technology, Treasury services and private equity.^[8]

Fridman is founder and chairman of the LetterOne Group, headquartered in Luxembourg, an international investment business focused on the telecoms, technology and energy sectors.^[9]

On 7th May 2015 Lord Davies was appointed Deputy non-executive Chairman of the LetterOne Group to ensure L1 has the highest standards of governance and business practice.^[10]

On May 14th Carl Bildt, former Swedish Foreign Minister, was appointed as an adviser to the LetterOne Group Board to contribute to thinking and growth as an international business.^[11]

L1 launched L1 Energy, its new global oil and gas company, in the US at New York's Neue Galerie in May 2015. L1 Energy's stated ambition is to build a new world-class global oil and gas company. It will do this through acquiring and then developing a portfolio of two or three regionally focussed platforms around the world.^[12]

L1 assets under management at 31 December 2014 amounted to approximately \$25 billion. The sources of assets are funds from the sale of TNK-BP, but also from assets invested prior to the L1 Group's formation. These include VimpelCom, Turkcell and private equity investments. The L1 Group owns and has equity in companies which operate in 32 different countries worldwide.

In October 2015, German utility business E.ON sold its Norwegian oil and gas business to LetterOne in a deal with \$1.6bn. LetterOne also revealed plans to contribute funds to Brazilian telecoms company OI SA, in an effort to aid consolidation in the mobile phone sector there.^{[13][14]}

Public activities

Since 2005, Fridman has been a Russian representative on the International Advisory Board of the Council of Foreign Relations.^[15]

Since 2005 he has been a member of the Public Chamber of Russia.

He has been an active supporter of Jewish initiatives in Russia and elsewhere in Europe.^[16] In 1996 Fridman was one of the founders of the Russian Jewish Congress, now sitting on the RJC Presidium. He makes large contribution to the work of the European Jewish Fund, a non-profit organization aimed at developing European

Jewry and promoting tolerance and reconciliation on the continent.^[17] Fridman along with Stan Polovets and three fellow Russian Jewish billionaires, Alexander Knaster, Pyotr Aven, and German Khan, founded the Genesis Philanthropy Group whose purpose is to develop and enhance Jewish identity among Jews worldwide.^{[18][19]} Every year the Genesis Prize recognises a Laureate who has attained excellence and international renown in his or her field, and whose actions and achievements embody the character of the Jewish people through commitment to Jewish values, the Jewish community.^[20]

At the first annual genesis prize giving in Jerusalem in 2014 Fridman, co-founder of the Genesis Philanthropy Group, told the audience that the Genesis Prize is intended to inspire the next generation of Jews with the example of the Laureate's outstanding professional achievement, contributions to humanity and commitment to Jewish values.^[21]

Fridman is a member of numerous public facing bodies, including the Board of Directors of Russian Union of Industrialists and Entrepreneurs and National Council on Corporate Governance.

Fridman is an active supporter of the national literary award "Big Book" and a member of the board of the "Center support for native literature" focused on implementing cultural programs, promoting the ideals of humanism and respect for the values of Russian culture, supporting creative writing and book publishing in Russia.^[22]

Honours and awards

Fridman was honored "For Creation of Successful Russian Brand" by World Brand Academy in 2006.^[23]

The annual GQ Man of the Year National Award, organized by the GQ magazine, named Fridman as Businessman of the Year for 2006.^[24]

Fridman was included in the Financial Times list of "Leaders of the New Europe 2004". He was one of the "Europe's Power 25" by *Fortune* in 2004.

In 2003, Fridman was honored with the Golden Plate Award of the International Academy of Achievement in Washington, presented by former US President Bill Clinton.

2005 house privatization controversy

In July 2005, he was involved in a privatization scandal. Two luxury houses formerly owned by the government were sold in 2003 for a price significantly below market value to two companies, one of which is owned by Fridman and another by the former Russian prime-minister Mikhail Kasyanov and Kasyanov's wife Irina. Fridman has said that he wasn't surprised at the low price of the house he bought because another company held a 49-year lease for the house at the time (however, that lease was bought out very cheaply a week after the auction for the houses), and that he was not aware of the details of the sale as it was handled by his corporation's legal department. According to later allegations made by the State Duma member and journalist Aleksandr Khinshtein, Kasyanov bought the company that owns one of the houses using a loan given to him by Fridman, and that one of Fridman's companies won the government-conducted tender to manage the Sheremetyevo International Airport a week after the house's auction, allegedly with Kasyanov's involvement. No evidence has been found to support these claims. Fridman has dismissed those allegations and maintains that none of his companies ever gave any loans to Kasyanov.^[25]

On 17 January 2006 the Moscow Court of Arbitration ruled that the house bought by Fridman should be returned to the state as not all the appropriate procedures were followed during the privatization.^[26] However, the court also refused to call the privatization contract legally null and void (in that case Friedman's company wouldn't even get the money it paid for the house back), so it's unlikely that the prosecutors had enough evidence of Friedman's involvement to indict him personally in the criminal court.

On 2 February 2006 the same court reached a similar ruling about the house bought by Kasyanov, that he would also have to return it.^[27]

On 1 March 2006 two government officials who were responsible for the auction, the former deputy minister of property relations of Russia, Nikolai Gusev, and the director of Federal State Unitary Enterprise "VPK-Invest" (who officially was managing the houses before the auction), Ramil Gaisin, were indicted for "appropriation of managed property committed by an organized group on a particularly large scale". They weren't arrested, however, and were set free on their own recognizance. According to the prosecution, they currently don't have enough evidence to indict Kasyanov.^[28]

Purchase of North Sea assets

On 2nd March 2015 Lord Browne was appointed Executive Chairman of L1 Energy to build a brand new energy company at a time of great change in the sector.^[29]

On 3 March 2015, L1 Energy agreed the purchase of 100% of RWE DEA for €5.1 billion. DEA is an international exploration and production company, headquartered in Hamburg, Germany. DEA currently holds 162 licences in 14 different countries.^[30]

Four-fifths of DEA's activities are outside the UK — in Norway, Egypt, Libya, Germany, Poland, Turkmenistan, Algeria, even Mauritania and the Canary Islands. According to RWE Dea, its total natural gas production was 2.6bn cubic metres in 2013, of which slightly more than 500m cubic metres came from the UK. Britain accounted for 40,000 cubic metres equivalent of oil output, a fraction of the 2.3m group total for 2013.^[31]

The deal was, and continues to be, opposed by the British government U.K. energy minister Ed Davey has "raised concerns about the effect of possible sanctions."^[32] The Financial Times has since reported that LetterOne has been told in a letter from a senior Government official that the previous Energy Secretary's decision to require the sale of the North Sea fields 'is not a judgement on the suitability of LetterOne's owners to control these or any other assets in the UK.'^[33]

On 4 March 2015, the UK Energy and Climate Change Secretary, Ed Davey, gave Fridman a one-week deadline to convince the UK government not to force him to sell the newly acquired North Sea oil and gas assets.^[34] A senior western oil executive said the UK was entering "uncharted territory" by intervening publicly in a corporate transaction over fears of the effect of future sanctions against Russia.^[35]

The 13 UK gas fields became the subject of an international controversy in March when LetterOne bought Dea, the oil-and-gas arm of German power giant, RWE AG. The U.K. government said the fields one day in the future might, no matter how remote the possibility today, face Ukraine-related sanctions, which would imperil up to 5% of Britain's North Sea gas output. Last month, the government gave Fridman up to six months to sell.^[36]

On 9th May L1 said it was prepared to sell recently purchased North Sea gas fields. "We are still reviewing all

options, including preparing for a sale, or swap, of our U.K. assets and are soliciting offers—and looking at investment opportunities elsewhere," said a spokesman for Fridman's LetterOne Group. "Our focus—given circumstances—is to achieve an agreed sale on commercially acceptable terms and conditions."^[37]

On 14th October LetterOne Group announced that it had agreed a deal to acquire German utility Eon's interests in three producing Norwegian fields, located in the North Sea. Norway's oil minister said that approval would be handled 'in the usual way'.^[38] In October 2015 LetterOne sold its North Sea Oil fields to Ineos, the chemical company, for an undisclosed sum.^[39]

See also

- Energy in Russia
- List of billionaires
- List of Russian billionaires
- Russian oligarchs

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Categories: 1964 births | Living people | Alfa Group | Jews from Galicia (Eastern Europe) | Moscow Institute of Steel and Alloys alumni | People from Lviv | Privatization controversies | Privatization in Russia | Russian bankers | Russian businesspeople in the oil industry | Russian billionaires | Jewish Russian politicians | Members of the Civic Chamber of the Russian Federation | Ukrainian emigrants to Russia | Ukrainian Jews | Ukrainian billionaires | Ukrainian businesspeople

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