From Success at Putin’s Side to Exposing Corruption

By SCOTT SHANE

SERGEI KOLESNIKOV is a soft-spoken biophysicist who once thought he would spend his career toiling in placid obscurity inside a secret Soviet military institute.

Then, as Communist rule collapsed, he became a prosperous businessman and part of the crony capitalist web surrounding Vladimir V. Putin, by his own account working with some success to rebuild Russia’s primitive health care system.

But today he is a whistle-blower on the run, working to expose what he believes to be the defining corruption of the Putin era.

It is a risky personal campaign that Mr. Kolesnikov began 13 months ago with a splash, publishing an open letter to President Dmitri A. Medvedev that revealed a billion-dollar palace on the Black Sea that he said he had helped build secretly for Mr. Putin.

Mr. Putin’s aides denied that he had anything to do with the palace and the sprawling estate that surrounds it, whose owner of record was a company run by an old friend of the Russian leader.

But questions keep arising: a Russian version of WikiLeaks posted eye-popping photographs that rocketed around the Web; Russian activists and journalists who tried to visit the site said they were stopped and questioned by the Russian equivalent of the Secret Service; and Novaya Gazeta, the Russian newspaper most critical of Mr. Putin, reported that it had obtained a 2005 contract proving that the Russian president’s office was involved in the construction. Last March, Russian news reports said the palace had been sold to another friend of Mr. Putin for $350 million.

By then, Mr. Kolesnikov had fled Russia, eventually settling in Estonia and providing journalists with documents that appear to support his account of his role in a network of businesses with purported Putin connections. He has also kept a wary eye out for agents of a government he believes would like to see him silenced.
“For me, I think it’s dangerous everywhere,” Mr. Kolesnikov, who wears rimless glasses and looks much younger than his 63 years, said in an interview in a Manhattan coffee shop last month during a brief visit to the United States. “But, you know, if you could show the whole truth to the whole country, about this palace and all these machinations, Putin would be gone in two weeks.”

The sudden ferment in Russian politics, with two big anti-Putin demonstrations in Moscow in December and another set for Saturday, has given Mr. Kolesnikov’s crusade a less quixotic feel. He said Russia was responding to the same combustible combination of Internet and video-armed smartphones that propelled the revolts of the Arab Spring.

“Today, it’s impossible to hide anything,” he said. “It’s getting harder and harder for politicians to lie.”

He is scathing about the hurried political concessions offered up since December by Mr. Medvedev and Mr. Putin, currently the prime minister, who is running for a third presidential term in elections set for March 4.

“People think he’s entering negotiations. No way. He has Qaddafi’s mentality,” Mr. Kolesnikov said, adding that he would cling to power with the tenacity of Col. Muammar el-Qaddafi, the late Libyan leader.

Mr. Kolesnikov’s family history and résumé might have been invented by a novelist trying to reflect the distinctive periods of Russia’s tumultuous recent history. His father was a military man who fought in World War II; his mother, still living, is a physician who as a teenager survived the brutal siege of Leningrad.

He earned a doctorate in biophysics in the early 1970s and spent more than 15 years conducting military research in Leningrad on “biological defenses” against cutting-edge weapons like lasers. He liked the work, which paid well by Soviet standards.

“There were good points to the Soviet system,” Mr. Kolesnikov said. “There was not such a huge gap between the top and the bottom. People didn’t obsess about money. The state controlled too much, but many people could pursue their creative work.”

He married and had a son, who trained in physics and now runs an information technology business. His first wife died of cancer, a loss he described as “the greatest tragedy of my life.” He has since remarried.

In 1989, after private ventures were legalized under Mikhail S. Gorbachev’s perestroika, Mr. Kolesnikov started a medical equipment business. His partner was a bureaucrat in Leningrad’s
health department who also was a K.G.B. officer and an acquaintance of Mr. Putin, himself a career K.G.B. man.

In 1991, the year Leningrad reverted to its old name, St. Petersburg, Mr. Kolesnikov said Mr. Putin, then a city official, invited him and his business partner to create a joint venture with the city to import and build medical equipment and renovate decaying hospitals. The firm was called Petromed, and it thrived.

When Mr. Putin was elected president in 2000, Mr. Kolesnikov was enthralled.

“He was young and smart, and immediately began to bring order,” he said. “Everyone was tired of drunken Yeltsin. Everyone was tired of oligarchs who were really thieves.”

A close associate of Mr. Putin proposed a curious but ambitious national role for the medical equipment company. Oligarchs supporting the government would be asked to donate large sums that the company would use to renovate and equip hospitals, with 35 percent of profits diverted to other investments across Russia, including a lumber company and a shipyard.

The project was started with a $203 million contribution from Roman Abramovich, one of Russia’s richest men, said Mr. Kolesnikov, who backed his story with a number of contract documents that appeared to be authentic.

He said some of the money went, mainly as loans, to companies operated by Mr. Putin’s relatives or friends. “I understood very well that Putin was helping his friends,” he said. “But I felt we were doing good work. We were investing in Russia.”

Mr. Kolesnikov said he met with Mr. Putin more than a dozen times, but usually dealt with aides. Over time, he said, the tone changed. The aides began to refer to their boss as “the czar” and directed money to the Black Sea villa, known as “Project South.”

Costs ballooned to $500 million while he was involved, Mr. Kolesnikov said; with a new road, electric and natural gas service, and security installations, he said he believed that the price probably reached $1 billion.

When the global recession hit in 2008, and money ran short, Mr. Kolesnikov said Mr. Putin’s associates ordered him to cut off all other projects and spend all available cash on the palace. Then he learned that costly construction materials were illegally bypassing customs. He protested, wrote his open letter and left the country.

Dmitri S. Peskov, Mr. Putin’s spokesman, dismissed Mr. Kolesnikov’s account, saying that to the best of his knowledge, Mr. Kolesnikov had fled Russia because he was in a conflict with his business partners over money that had been stolen from the company. In an interview this
week, Mr. Peskov called the allegation about the palace “absurd,” and only one of many rumors that ascribe extraordinary riches to Mr. Putin.

“Have you heard about the fact that Putin owns 5 percent of Gazprom, that he owns half of the company called Gunvor, and that his personal wealth is more than $30 billion?” Mr. Peskov said, laughing. He did not rule out that the building could have been built for the Kremlin.

“Look, we have congress halls built for the Kremlin, we have different sites for international events, for congresses, international negotiations, but if you call each of them ‘Putin’s palace,’ it’s absurd; it’s nothing but absurd,” Mr. Peskov said.

Mr. Kolesnikov says he wants to return to Russia as soon as he judges it safe — presumably in a post-Putin era. And he all but rules out a political role for himself in Russia.

“I’m already pretty old,” he said. “There have to be new, young political leaders. Our job is to help them.”