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## Young, rich and grabbing the reins of Russia

Behind a steel veil of secrecy, Putin's billionaire daughter and other oligarchs' offspring are forming new dynasties. But there are fears they not equipped for power. Ben Judah reports

Ben Judah



Katerina, Putin's daughter with ex-wife Lyudmila, lives surrounded by his men (Will Stewart)

Moscow is a city of secrets. Nobody knows for sure where the hidden metro lines are that service the Kremlin or how deep run the shafts to its military crypts. Vladimir Putin's family is one of these secrets. His ex-wife, Lyudmila, and his daughters, Maria and Katerina, are as closely guarded by the intelligence service (FSB) as Russian missile technology.

Last week the Reuters news agency, in a bold scoop, managed to reveal more about the younger Kremlin daughter than has been known before. The results paint a grim picture of the heirs to an increasingly feudal kleptocracy. Katerina, 29, is an administrator at Moscow State University who is worth nearly £1.5bn and is in a dynastic marriage to Kirill, the son of one of Putin's oldest henchmen, Nikolai Shamalov.

So what do we now know about Katerina? Her life began one step removed from Russia. She was not born in the USSR but in Dresden, in 1986, where her KGB father was stationed. Putin, a life-long devotee of the German language, seized on the chance to raise a bilingual child. It is

believed that she attended German schools when the Putin family returned to Russia. By all accounts, and to her father's enormous satisfaction, she is near-native in German today.

Katerina did not grow up in a happy home. Putin, spying in East Germany at the time, was an overweight mediocrity (he developed his fitness addiction in his forties). His Dresden days were full of beer and he admitted later he was drinking too much. Katerina's mother bore the brunt of this. West German intelligence informants found her lonely and neglected. They also claim Lyudmila was beaten by her husband.

The collapse of the USSR nearly destroyed the family. Putin found his dream KGB career in a shambles and at one point was so desperate that he contemplated becoming a taxi driver. It was at this low point, when he was 39, that his astonishing run of good luck began, lifting him up first to the peaks of St Petersburg local politics and then into the Kremlin.



Katerina competes in dancing competitions under an assumed name

In the end it was the presidency that destroyed his home. When she heard in 1999 that her husband had been chosen to be the president's successor, Lyudmila burst into tears. "I knew I had lost my husband," she later said.

This is when Katerina disappears from view. Putin made it clear that this topic would never be investigated. Journalists were soon too frightened to ask him about his family. This is why. At a press conference with his friend Silvio Berlusconi in Italy, a journalist from the newspaper *Moskovsky Korrespondent* plucked up the courage to ask Putin if he had secretly divorced his wife to marry a 24-year-old gymnast. Putin refused to answer as Berlusconi started making machinegun gestures with his hands. *Moskovsky Korrespondent* was swiftly shut down.

Secrets breed rumours. Lyudmila, at first, was seen at the president's side travelling to Delhi and Berlin on state visits. Then she vanished from official life. Stories spread that Putin was still beating her. Then those who circle in and out of the Kremlin began saying she had been sent to a

monastery in the rural province of Pskov. The opposition claimed she had suffered a nervous collapse. The official media were silent.

Russia knew even less about Katerina and her older sister Maria, now 30. For years it was widely believed that they both lived abroad. A rumour, which now seems improbable, stuck that Katerina had married a Korean admiral and was living in Seoul; another, more probable, was that Maria was living in Holland with her Dutch husband. Moscow circles seized on their absence: I have often, in nocturnal smoke-filled bars, heard it claimed that the sisters were not in Russia because Putin did not believe the country had a future.

Many believe that the Kremlin's pollsters and image consultants have decided to rectify this troublesome flaw in Putin's image. First, Putin at last formally divorced Lyudmila. Then he announced that both his daughters lived in Russia. Details began to leak out. Katerina attended the oriental faculty of Moscow State University, leading Russian high society to conclude that Putin must have chosen to have his daughter study Chinese as he believes the West is in decline.

All this time she has also been competing under a pseudonym as an acrobat and a rock-and-roll dancer, including at international contests. But she is not independent. Katerina to this day lives surrounded by her father's men. Her advisers at her job at Moscow State University include two of Putin's former KGB colleagues from Dresden, who knew her as a toddler.

Once, an aide to an oligarch invited me for a drink. We met at the top of the Moscow Tower, the vaulting glass shard that Putin has built so that his capital can have a skyline like Shanghai and Dubai. "My real fear for Russia is the kids," the oligarch said.

"Unlike their parents, who are really sharp men who fought their way to the top, they are foolish, easily seduced by foreigners, drunken, drug-addled and with more money than sense. Yet their parents want them to have the inheritance."



Lyudmila vanished from political life before Putin divorced her. This is now happening. The sons of the inner circle are not only being groomed to inherit political posts but they are also acquiring enormous wealth, being placed strategically on the boards of state companies, banks and hedge funds. Dynastic marriages between their children are common.

At the heart of the Putin elite are his St Petersburg henchmen. All of them went on to have illustrious careers as Putin's bankers, ministers and captains of industry. It is a testament to how important these alliances are to the Putin state that Katerina is married to the son of one of these men. The young couple have already accrued nearly £1.5bn-worth of holdings, mostly in companies controlled by this inner circle.

Kirill Shamalov is now an obvious candidate for a political role. This means the story of Katerina is not only about her but also the tale of a new St Petersburg aristocracy and of Russia being owned by a handful of families.

In my notebooks I have one terrifying insight into how Shamalov father and son think of Katerina and her father. In 2012 I flew to Tallinn to interview an exile. Sergey Kolesnikov was his name, and he had worked closely with Shamalov Sr since the 1990s.

As Putin's power grew, so did the Shamalov business dealings. Kolesnikov, before his flight, had been overseeing the construction of a baroque palace for Putin on the Black Sea. But he was uncomfortable with the work and wanted to leave and claims that he went to Shamalov Sr, asking to quit.

Katerina's father-in-law erupted in indignation: "Do you not understand? He is the tsar and what are you? Only . . . his serf!"

*Ben Judah is the author of Fragile Empire: how Russia fell in and out of love with Vladimir Putin, published by Yale University Press*