

Viktor Vekselberg Photo credit Roman Yanushevsky via Shutterstock



## VIKTOR VEKSELBERG, FROM THE AMERICAN DREAM, TO THE AMERICAN SANCTIONS LIST

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JANUARY 2024

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**Viktor Vekselberg, Russian oligarch with a personal fortune estimated at 6.5 billion dollars, under sanctions in 8 countries, president of the Renova concern, is the beneficial owner of the company Sulzer GTC Technology Romania SRL, registered in Romania. Viktor Vekselberg, through companies in which he is a significant shareholder, indirectly contributed to Russia's war effort against Ukraine through numerous contracts with at least 13 defense companies, according to Russian investigative journalists from the publication Proekt, now exiled from Russia. Starting from an investigation carried out by journalists from Context.ro, we delved into the subject of Vekselberg's presence in Romania, looking at his past, ties with the Kremlin and the war effort against Ukraine.**

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Overall, this analysis aims to expand and bridge several facts about Viktor Vekselberg:

- (1)** *he has been close to the very top of Russian executive power for a long time;*
- (2)** *he is under sanctions in several countries, including the US, UK and Japan;*
- (3)** *he has contributed indirectly to the Russian war effort against Ukraine;*
- (4)** *he is the ultimate beneficial owner (UBO) of a Romanian registered company.*

Based on these four facts and our prior analysis on the Russian business footprint in Romania and the legal context for sanctions application, Romanian authorities should answer two key questions, both with much broader application and implications than Vekselberg's particular case:

- (1)** *Why are Romanian authorities choosing not to take the lead in applying non-binding sanctions (eg. sanctions that are not formulated by the EU), as opposed to Poland, for example?*
- (2)** *Do Romanian authorities have a full picture of individuals similar to Vekselberg, connected to the Kremlin, sanctioned in other jurisdictions, having business interests in Romania?*

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# From recycled cables to an aluminum and oil empire

**Viktor Feliksovich Vekselberg**, born on April 14, 1957, in Ukraine, Lviv region, city of Drohobych, has Jewish origins, Russian and Cypriot citizenship and is the founder and the beneficial owner of the **Renova concern**: a group of companies active in various industries, such as metallurgy, energy, telecommunications and airports. His father and his cousin were **the only survivors of the Nazi Holocaust** against the Jewish community in his hometown. He **graduated** from the Institute of Railway Transport Engineers in Moscow (1979) and worked in the Konnas state company in the field of oil pumps in the 80s.

With the reform (perestroika) implemented by Gorbachev in the Soviet Union, Vekselberg's entrepreneurial spirit and energy flourished (at least as he is **described by** a former colleague), creating with his colleague **Leonard Blavatnik**, another future Russian oligarch, a company through which they sold recycled copper to third parties outside of Russia. With the profits made from these transactions, they were able to establish the Renova company, Vekselberg's main investment vehicle from the 90s until now.

Vekselberg's first investments through Renova were in the aluminum industry, specifically the purchase of a 20% stake in the Irkutsk (IrkAZ) plant. The next step in this industry was the establishment of the Siberian Urals Aluminum Company (SUAL), by merging IrkAZ and the Ural Aluminum Plant (1996). In 1997, Vekselberg, together with his old friend, Len Blavatnik, and fellow oligarchs Mikhail Fridman, German Khan and Alexei Kuzmichev, through their company Alfa Group, created a consortium called **AAR**, through which they split their shares in the oil company Tyumen Oil (TNK), originally owned by Alfa Group. Later, in 2003, TNK merged into a **joint company (TNK-BNP, 50%-50%)** with the oil giant British Petroleum (BP). At the time, in a conference organized by the Carnegie Center in Moscow, Vekselberg, speaking about the challenges of a joint venture, (between the West and Russia), was slightly critical of the **Russian government**, saying that *"he hopes that a time will come when nationalization will not be an option and will no longer be used as an intimidation tactic."* In 2013, the state oil company **Rosneft bought a majority stake in TNK-BP** in a \$55 billion deal, the largest in Russian corporate history at the time.

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In 2007, the creation of the world's largest aluminum company, **the United RUSAL Company**, was announced, a merger between SUAL, RUSAL (a company owned by Oleg Deripaska, another Russian oligarch currently under sanctions) and Glencore (a mammoth Swiss company in the field of raw materials). Switzerland was to become an important destination for Vekselberg's businesses. After this period of large transactions and mergers in the raw materials industries, Vekselberg tried to diversify his portfolio towards economic sectors with higher added value. Switzerland played an important role in this diversification.

## The cantons of all possibilities

Looking for investments in higher value-added businesses, Vekselberg and Renova settled on two Swiss targets, **Sulzer** and **Oerlikon**. Both companies have a history of over a century each, being common names in the industrial field. The acquisition of majority stakes in these companies brought multiple controversies. Thus, in the case of Sulzer, Vekselberg with the help of an Austrian company, Victory Industriebeteiligung AG, and Deutsche Bank, **accumulated 32% of the Swiss company's shares without notifying the rest of the shareholders**. In 2015, Renova **became the major shareholder of Sulzer**, after acquiring another 29% of the shares. Starting from 2006 and until 2008, Vekselberg, together with the same Austrian company, Victoria, also acquired shares in the Oerlikon company, **reaching 39%**.

Both share purchases have been criticized by Swiss authorities, triggering separate investigations. Thus, in the case of Oerlikon, after **Vekselberg had initially been fined \$40 million** in 2010, **he was acquitted in the same year** by the Swiss Criminal Court. As for Sulzer, also in 2010, **Vekselberg paid a fine of about \$9 million** so the investigation stopped. Both decisions came as a surprise to regulators, particularly the one regarding Sulzer, and demonstrated the existence of loopholes in the rules governing share trading and takeovers in Switzerland. These hostile takeovers also sparked accusations in the Swiss press of the time that **Vekselberg was a puppet of the Kremlin**. Furthermore, former Russian Economy Minister Herman Gref called his Swiss counterpart, Doris Leuthard, to threaten **retaliation against Swiss businesses in Russia** if the investigations into Renova's dealings continued.



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Switzerland has proven to be a magnet for Russian oligarchs. The US Commission on Security and Cooperation in Europe (Helsinki Commission) characterizes **Switzerland as a state preferred by Russian oligarchs to hide their wealth**, (wealth sometimes raised illegally or based on the endemic corruption in Putin's Russia), given the legislation favoring anonymity in banking and with regards to beneficial owners. The international network of investigative journalists OCCRP (Organized Crime Reporting Project) published a series of investigations in 2022 (**Suisse Secrets**), based on a leak of banking information from Credit Suisse, one of the largest Swiss banks. They showed the high degree of corruption in this system and the attraction exerted by this culture of secrecy for a wide range of controversial characters.

Switzerland is known as a country with a strong banking sector. However, the top five Swiss companies in terms of sales are not banks or pharmaceutical companies, but companies that trade in raw materials. Russia's economy is based on the export of raw materials, primarily oil and gas, and according to information from the Swiss embassy in Russia, **80% of raw materials from Russia are traded through this country**. Coal, an important raw material for Russia's exports, **is traded in Zug by 12 companies with real beneficiaries from Russia**. Being a **poorly regulated sector**, but also a sector in which large amounts are traded, it becomes prone to serve as a sanctions evasion mechanism and a source of income for the Russian war machine.

Vekselberg **chose to live in Switzerland**, initially in Zurich and then in Zug, the headquarters of Russian affairs in the land of cantons. Zug has an unusual concentration of Russian businesses, including Gazprom Marketing & Trading, Nord Stream AG or SUEK. The favorable tax system is also a reason for this concentration and Vekselberg took advantage of these tax facilities with his move to Zug. He was by no means the only Russian oligarch who took advantage of **the opportunities offered by the country of cantons**.



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# Controversies, from the United States, to South Africa, via Hungary

In addition to the controversies associated with Viktor Vekselberg's hostile takeovers in Switzerland during the diversification of his business empire, there are more political and geopolitical controversies associated with his name. Perhaps the best-known such controversy is the connection between a US firm (Columbus Nova) **run by Vekselberg's cousin, Andrew Intrater, affiliated with the Renova group** (at least at some point in time), and payments of \$500.000 made by him to an account of a company named Essential Consultants LLC, managed by the former lawyer of President Donald Trump, Michael Cohen.

**The initial source** of these revelations is an unexpected one: attorney Michael Avenatti, the legal representative of Stephanie A. Gregory Clifford, known by her stage name, Stormy Daniels, an actress in adult films. She was involved in a lawsuit in which then-presidential candidate Trump's lawyer, Michael Cohen, along with his client, were accused of using campaign funds to pay Stephanie Clifford not to disclose an alleged sexual relationship from 2006 with Donald Trump. The bank account from which this transaction was processed belongs to the company founded by Cohen in 2016, Essential Consultants LLC.

In the same account described above, there were recorded receipts from several corporations (Novartis, Korean Air), but also from Columbus Nova. Intrater's payments, totaling \$500.000, occurred between January and August 2017. **Columbus Nova representatives acknowledged a contractual relationship with Essential Consultants**, but they said the latter's services were real estate investment consulting.

This controversy was not the first for the Russian oligarch in the United States. In 2014, in an **article** that is somewhat unusual, FBI Special Agent Lucia Ziobro wrote that **the Skolkovo Foundation**, funded by Viktor Vekselberg, Russia's answer to Silicon Valley, is trying, through its investments and partnerships with entities in the United States, to steal American technology by collaborating with the Russian secret services. The Skolkovo Foundation is a project strongly supported by the Kremlin, a project **signed by Dmitri Medvedev**, who was the President of the Russian Federation in 2010.

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Vekselberg had or wanted to have **a special connection with the United States**. He financed **Fort Ross**, a national park located in California, a former colony of the Russian Empire in North America. He finances a resort in Scottsdale, Arizona, and provided a loan to a Baptist church in Savannah, Georgia. He bought back **17 Russian church bells from Harvard University** in 2006, replacing them with new ones, while transporting the old ones to Moscow. **In a 2005 lawsuit**, a United States court referred to Vekselberg as a permanent resident. Vekselberg also has another cousin in America, Jonathan Intrater, brother of Andrew Intrater, who is also active in the investment sector, holding a **management position** at the company Ladenburg Thalmann. Vekselberg's son, Aleks, **owns two Ferrari dealerships in the United States**, in Denver and in Philadelphia, and is a graduate of Yale University.

Vekselberg, directly or through entities controlled in the United States, made donations to various politicians, both Democrats and Republicans. Thus, through Andrew Intrater, **Vekselberg donated** \$250,000 to the Trump Inauguration Fund, \$35,000 to the Trump Victory Fund and \$29,600 to the Republican National Committee. Vekselberg had no exclusive affinity for Trump and Republicans. In 2010, **Renova donated** between \$50,000 and \$100,000 to the Clinton Foundation. Oerlikon, the Swiss company taken over by Vekselberg donated \$25,000 to the same foundation.

In March 2008, Renova Innovative Technologies, a Renova Group company, acted as an intermediary for an offshore company, Diamond Air, in a real estate transaction. The property in question was the headquarters of the Hungarian Ministry of Foreign Affairs' commercial office in Moscow. **Diamond Air paid the Hungarian state 21.3 million dollars**. Later, in 2009, the Russian state bought the building for three times the price, for the needs of the Ministry of Regional Development. Hungarian officials from the Ministry of Foreign Affairs, including the former Hungarian ambassador to Russia, Árpád Székely, were arrested in 2011 as a result of this transaction, being accused of not having a proper bidding process and that the transaction price was severely undervalued.

In South Africa, Vekselberg made a significant donation to the ruling party, the ANC, in 2022. Thus, through a mining company called **United Manganese of Kalahari**, he **transferred \$826,000 to the ANC**, which was looking to organize its final political conference of the year. At that time, the ANC had serious problems with the degree of indebtedness and with finding the necessary funds to carry out the conference. South Africa's political leaders position themselves as neutral in relation to Russia's war against Ukraine.



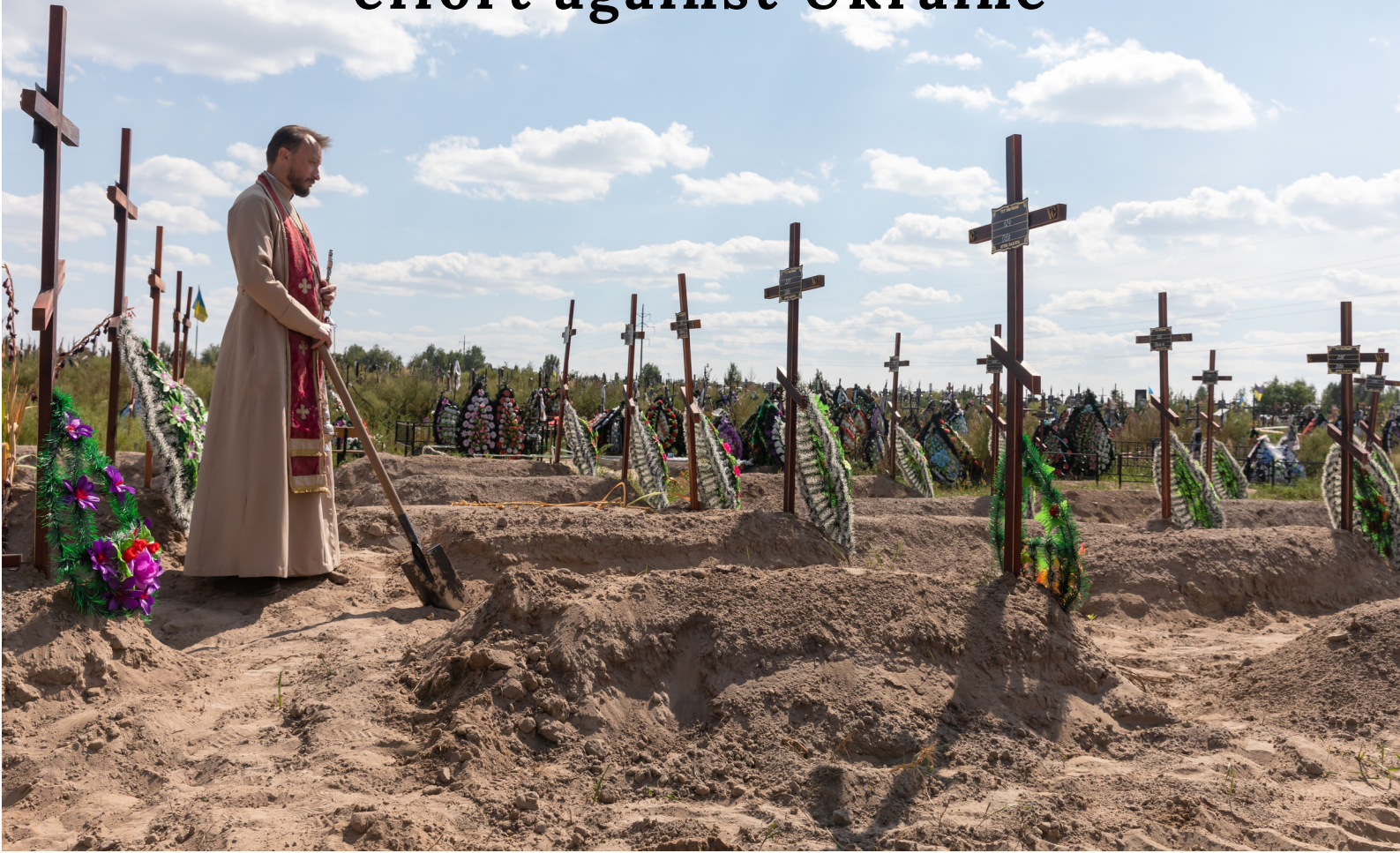
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However, members of the ANC's youth organization were in Ukraine to validate the illegal and façade referendums held by Russia in four Ukrainian provinces. They described the so-called electoral process as "**wonderful, beautiful.**" Julius Malema, the leader of an extreme left party, said that "We are Putin and Putin is us". There is a pronounced nostalgia in South Africa for the Soviet Union and an appreciation of its support for the ANC in its struggle against apartheid. In a move that caused concern in the West, **Pretoria conducted ten days of naval military exercises with Russia and China.**





# Sanctions and participation in the war effort against Ukraine



Although Vekselberg tried to appear an enlightened oligarch with investments in technology, donations to charitable causes and liaisons created with American elites, his proximity to the Kremlin put him on the list of US sanctions for the first time in 2018.

**The Treasury Department placed Viktor Vekselberg and the Renova group of companies under sanctions** at the beginning of April 2018. The sanctions were imposed under the umbrella of the **Countering America's Adversaries Through Sanctions Act** (CAATSA) and **Executive Order 13662**. Vekselberg was added because of his contribution to Russia's energy sector, a strategic sector for any kind of geopolitical initiative from Moscow, including the invasion of Crimea and Ukraine. The sanctions and their effect of cutting off the sanctioned entities and individuals from the US economy, made him a persona non grata to the majority of entities or individuals with whom he would have a business interest.

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Sulzer, the Swiss company controlled by Renova, **has shown that there are methods of protection against sanctions**. Thus, on the basis of a direct negotiation with OFAC (the Office of Foreign Assets Control - the department of the US Treasury that deals with the implementation of sanctions), Sulzer managed to obtain the approval to buy back enough shares held by Renova, so that the latter's participation decreases below 50%, remaining outside the spectrum of sanctions. **The same strategy** was used in the case of other Swiss companies where Renova has shares, including Oerlikon. However, the impact of the sanctions in Switzerland was significant, with Vekselberg having **bank accounts worth 1 billion dollars frozen**.

Russia's illegal and unprovoked invasion of Ukraine in February 2022 brought with it a wave of international sanctions directed at Vekselberg and his companies. Thus, in March 2022, **Vekselberg was confirmed on the US sanctions list (executive order 14024** was added as a legislative reference), and two of his most valuable assets were also added: an Airbus A319-115 airplane (identification number P4-MIS, registered in Aruba) and a yacht called Tango (identification number 1010703, sailing under the flag of the Cook Islands). Both assets are worth about \$90 million each. In the press statement related to these new sanctions, the Treasury Department stated that Vekselberg "*maintained close relations with Vladimir Putin and the Russian government*" and that he "*engaged in diplomatic and soft power actions on behalf of the Kremlin.*"

Less than a month after the sanctions were published, **Spanish authorities seized the Tango yacht** in a Mallorca port, the first such seizure of assets of a Russian oligarch since the February invasion. United States Attorney General, Merrick Garland, said at the time that this type of seizure "**is the first, but it won't be the last.**" In March 2022, Garland initiated an interagency initiative called the **KleptoCapture Task Force** that led to the seizure of the yacht and **six real estate properties** in 2023 (in New York, Florida), totaling approximately \$75 million.

Vekselberg and his associated companies were sanctioned in 2022 in 7 other countries: Ukraine (from 19.10.2022), Poland (from 26.04.2022), Japan (from 15.03.2022), New Zealand (from 05.04.2022), Canada (from 05.04.2022), UK (from 13.05.2022), Australia (from 18.03.2022). At the European Union level, the Russian oligarch or the Renova Group are not on the sanctions list.

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Unfortunately, although EU states have common interests and are parties to various multilateral security treaties, they do not have a common policy to coordinate the implementation of sanctions. The Atlantic Council, a major think tank in the United States, **cites** a report from Ukraine, which says that these inconsistencies arise due to geopolitical realities and particular economic interests of each individual state. For example, Ukraine and Poland, being the victim of Russian aggression, respectively in the immediate vicinity of Ukraine, have a significantly greater motivation to be as exhaustive as possible regarding who is sanctioned. In Poland, **Sulzer had to exit the market** due to sanctions and Warsaw's interpretation of them.

Even though sanctions regimes in an international context represents a particularly complex topic, and their implementation is often hindered by opaque corporate structures, tax havens and the direct or indirect cooperation of third-party state actors with the sanctioned state and individuals, their impact on the Russian economy and on Russia's ability to wage war, respectively, **should not be underestimated**, as Russian propaganda would made us think.

Viktor Vekselberg is not only a Kremlin crony, but he is, together with the Renova Group and his various investments, a very important cog in the Russian war machine, according to an investigation by Russian journalists. It is obvious that a conglomerate like Renova cannot exclude itself from participating in the war effort, but to what extent were the companies led by Vekselberg involved in this process? A documented answer is hard to come by given how opaque the Russian government goes about public data, especially data related to the military industrial complex. However, the investigative publication Proekt, founded by Roman Badanin, a Russian journalist and graduate of Stanford University's John S. Knight's program, produced an extensive **material**, mapping the contractual ties between companies of Russian oligarchs and Russian state entities and companies who produce the equipment and weapons that kill Ukrainians.

As for Vekselberg, according to data analyzed by Badanin and his team, through his companies, Rusal and the Kamensk-Uralsky metallurgical complex, he indirectly contributed to three of the biggest war crimes committed by the Russian military in Ukraine. Thus, the **Bucha massacre (1,400 dead, including 37 children**, according to Kiev authorities) was also possible because of the aluminum powder delivered by Rusal to the Sverdlov factory, which produces the BMD-4M combat vehicle, and also because of rolled metal supplied by the Kamensk-Uralsky plant to the Kalashnikov company, producer of the AK-100 family of firearms (see Figure 1);

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**The Kalibr missile attack on civilians in the city of Vinnytsia (23 dead, including 3 children),** according to Kyiv authorities) was also possible because of the aluminum blocks supplied by Kamensk-Uralsky plant to the Kalibr manufacturers, Yekaterinburg Innovative Design Bureau and Technological Institute of Snegirev Research (see Figure 3);

**The bombing of the theater in Mariupol,** the main shelter of the city, (**at least 300 dead**) with 2 bombs of 500 kilograms each, was also possible because of the supply of aluminum powder from Rusal to the Sverdlov factory, which produces the FAB-500 bombs used in the bombing, as well as because of the aluminum supplied by Kamensk-Uralsky to Sukhoi, which produced the planes that launched the bombs (see Figure 2).

All contracts signed by companies controlled by Vekselberg and analyzed by the Proekt team are available **here**. Most of them are from the 2014-2017 period, because since 2017 a new law has imposed secrecy over such documents in Russia.

Vekselberg's wealth seems to come in handy for the Kremlin when **he bought** a 49% stake in the Oral Airport Holding, the company that manages the Oral Airport in northwestern Kazakhstan, close to the Russian border. In a report by the Polish think tank Open Dialogue, which analyzes how Astana helps Moscow circumvent sanctions, the acquisition of Oral Airport Holding is considered a **concerted action between the two states** to allow Russia to import embargoed goods.





# SULZER

## Vekselberg's business in Romania

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Sulzer, the Swiss company controlled by the Russian oligarch, also has a representative office in Romania: Sulzer GTC Technology Romania SRL (unique registration code 32944414), registered in April 2014, District 1 of Bucharest. According to official data from the Trade Registry, the sole shareholder (100%) of the Romanian entity is Sulzer AG, the Swiss parent company. The administrators of the company are three foreign nationals, two from Switzerland and one from Holland. The declared area of business is "engineering activities and related technical consultancy." **In the register of beneficial owners, kept by the Trade Registry, Viktor Vekselberg appears as the beneficial owner of this company.**

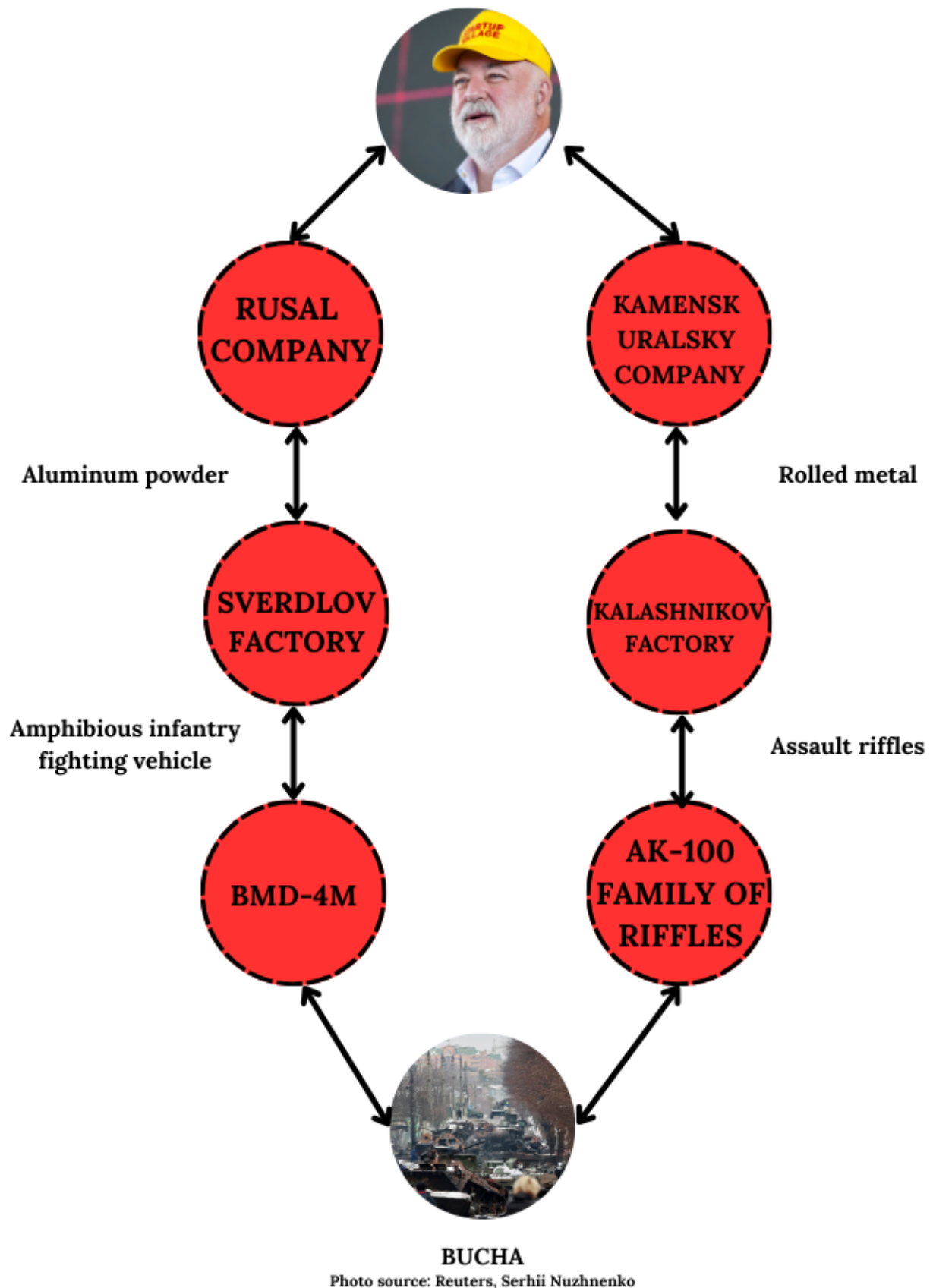
According to the Ministry of Finance, the company recorded a turnover of approximately €670.000 in 2022, with a profit of approximately €150.000. The number of declared employees is 0. The evolution of the company was generally in the direction of growth, with 2022 being the best year in terms of turnover and profitability. Out of 9 closed accounting years, 4 were closed at a loss, the rest at a profit. The maximum number of employees was 10, registered in 2020. In 2021, the company registered 9 employees. At the time of incorporation, the sole shareholder was a Texas company, GTC Technology International LP.

As we mentioned in a **previous report**, in which we analyzed the presence of Russian-controlled companies in Romania, and the national legislative context regarding sanctions, there is an apparent apathy of the Romanian state in the direction of applying sanctions that are not binding from an international law standpoint. Viktor Vekselberg is not on the EU sanctions list but, as we have shown above, major international actors, from the United States to Japan, as well as Poland, a major player in Eastern Europe, have seen fit to sanction him. Therefore, since 2014, the year of the invasion of Crimea, Sulzer GTC Technology Romania (which correctly declared Viktor Vekselberg as the beneficial owner) was able to operate without constraints, generating a cumulative turnover of over 3.5 million euros and a total profit/loss of approximately -100,000 euros in this interval.

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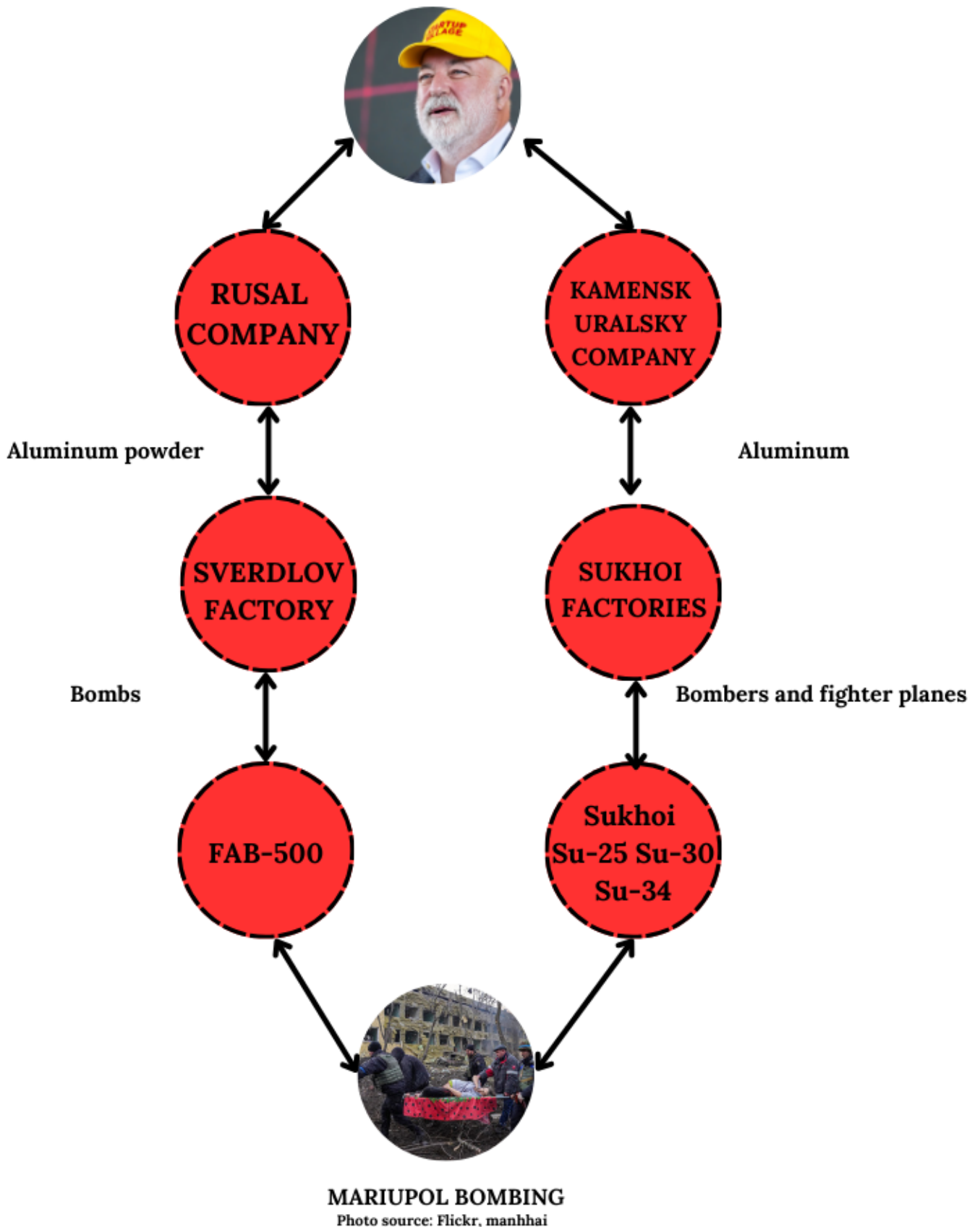
# Appendix - Figures

Figure 1



# Appendix - Figures

Figure 2



# Appendix - Figures

Figure 3

