

# R&D Outsourcing

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## Denominations: why the business of the vice-chairmen is declining, but not disappearing



Every 30th Russian company is registered as a nominee owner or director. Are they really getting smaller? RBC magazine studied companies' reports and spoke with several "mass founders"

Photo: Rodion Kitaev for RBC

A tired, bearded man in jeans and a faded turtleneck sweater sits on a rock near the descent from Petushki's platform and waits for the correspondent of RBC magazine. Over the past ten years, more than 650 companies with a turnover of billions of rubles have visited the property of Alexei Mizgin, and he held the post of CEO in almost 700 companies.

Mizgin is one of the ten largest mass founders of Russia - this term in the Federal Tax Service (FTS) refers to the owners of six or more companies. The service considers the presence of a "mass founder" to be signs of fictitiousness of the company, it follows from the clarifications in the letter of the Federal Tax Service dated August 3, 2016 "On carrying out work in relation to legal entities with signs of unreliability." The company with the "mass" will face at least additional checks and difficulties with opening bank accounts, as a maximum - criminal liability for working through a dummy.

In life, "mass directors" are often called face values. Their work is somewhat similar to the functions of the president of Pound from The Golden Calf. But if Pound spent his whole life in charge of others, then his heirs rarely end up behind bars.

As of October 2018, 4.2 million legal entities operated in Russia, of which 132.2 thousand - with the participation of denominations, and the denominations themselves - 8.7 thousand people, analysts of the Infometr project center calculated specifically for the RBC magazine on based on data from the official website of the Federal Tax Service. And this is still relatively small, in 2015 the numbers were much higher: 669.5 thousand companies (out of 4.79 million Russian legal entities) and 32.3 thousand "mass workers" in the role of co-owners or CEOs. Thus, if in 2015 almost 14% of Russian companies used the services of denominations, today there are 3.1% of them. Due to the tightening of laws, the business of the presidents shrinks, but does not disappear. As RBC magazine found out, it adjusts to new market requirements and successfully survives.

"Denominations" from crime

"In 1997, the question of earnings came to the fore. Once I saw advertisements in the newspaper

about the search for people ready to take over the business, phoned several law offices and chose the most adequate guys, "recalls Alexey Mizgin. He does not name the office - he says he does not want to compromise: the lawyers are still working, although not as successfully as before.

In the 1990s, the registration of legal entities was carried out by the Moscow Registration Chamber, created in 1991, Mizgin recalls. The repetition of the founders of the business did not bother her, but the repetition of the names confused her. "When the fantasy ended, they started adding serial numbers to the same word," he says.

Back then, denomination services were incredibly popular. There are no exact figures for the 1990s: data on registered legal entities were scattered, there was no single database. Entrepreneurs registered assets for dummy people in order to protect themselves and their families from crime, recalls Konstantin Trapaidze, chairman of your legal attorney board. The businessmen tried not to register anything at all on themselves, adds Pavel Ivlev, a former Yukos lawyer who lives in the United States as a political refugee. "The nominal values, as a rule, were the employees of the company: the assistant to the manager, the secretary, the driver, the cleaner - as they say, everyone who comes to hand," says Ivlev. According to him, in the structure of YUKOS there was a company engaged in the production and maintenance of nominee legal entities: its staff included people who acted as nominee directors and owners of numerous companies of the holding.

The Russians copied the practice of registration with denominations from Cypriot lawyers who offered this service along with the registration of offshore, recalls Ivlev: "These are the traditions of Anglo-Saxon law. They probably come from Christian roots: it is assumed that people need to be trusted. " A typical registration scheme of the 1990s in Russia looked like this: the denomination gave a passport for a month and was not interested in what is being registered with it. "By and large, the investigator did not care whether he gave his passport or lost, he was interested in who the beneficiary of the business was," Ivlev recalls.

The denominations were actively used in raider schemes, says Andrey Grivtsov, a senior partner of the ZKS law office, who worked as an investigator in the 1990s. One of the cases, which he conducted, concerned the raider seizure of real estate - it was registered in the name of a citizen of Uzbekistan who had lost his passport. It turned out to be even more difficult to interrogate him than to find: the denomination was a patient of a psychiatric hospital and did not even know what expensive objects were listed in his formal administration. According to Grivtsov, in the end, the criminals were still brought to clean water.

Photo: Rodion Kitaev for RBC

But not all of them were able to achieve this.

always. Raider schemes involving denominations were often too confusing. An example of such a scheme is recalled by lawyer Kaloy Akhilgov: the owner of a bankrupt construction company re-registered the unfinished building with a company with a nominee director, she resold the object to a third company, and that one - to a bona fide buyer for 50 million rubles. According to Akhilgov, the court proceedings around this object lasted ten years, after which the buyer agreed to a deal with the raiders.

Perhaps the loudest story in this area is connected with businessman Andrei Andreev, who in the 1990s bought up controlling stakes in Ingosstrakh, Avtobank and NOSTA metallurgical plant. Then their price was calculated in tens of millions of dollars, today it is billions. All of them were registered to companies with nominal owners, Andreev himself admitted in an interview with Vedomosti in 2003. At some point, the denominations were sold to other denominations, those - to the next, and so many

times, and then the companies of Oleg Deripaska and Suleiman Kerimov became the owners of Andreev's assets. Andreev sued the latter for a long time, proving that the assets were taken away from him in a criminal way: everything ended with the signing of a settlement agreement, the terms of which were not disclosed.

"You have nothing on me"

In 2002, the Unified State Register of Legal Entities began to operate in Russia: companies created through registration chambers entered the Unified State Register of Legal Entities, and since 2005 this function has been transferred to tax inspectorates. It became more difficult to work, recalls Alexey Mizgin: to get in line, you had to come early in the morning, and preferably at night. "People did business in queues: they plugged in a generator and sold hot tea and cakes to those who were waiting," he says. - The registration of one company required 50 signatures for the tax, pension fund, compulsory medical insurance, statistics and others. Only over time did the bureaucracy begin to shrink. "

According to the recollections of mass founders who worked in the 2000s, with whom RBC magazine spoke, the peak of their work occurred in 2008-2013 - 30-40 companies were registered per person per week. Legal bureaus always had 200-250 ready-made legal entities in stock, and they flew like hot cakes - in slang, such firms were called cooks.

Business was also formalized on denominations in cases when the founder and CEO left the company, which was close to ruin. The voluntary liquidation procedure takes more than six months, and if it develops into bankruptcy, then even longer, during this time old risks, creditors, and tax claims could emerge. The assigned denomination could be brought to subsidiary liability, but, as a rule, there was nothing to recover from it. The denomination is not so important for what amount the creditors filed claims: for 100 thousand rubles. or millions - he still has no money, no property, explains Sergey Egorov, managing partner of the EMPP law office.

"The main quality of the denomination is its persistent character," says one of the mass founders, who asked for anonymity. - Policemen from different regions, and the Department of Economic Crimes, and the affected partners of the companies registered for you come to you. I meet them, sit them down at the table, treat them, try to help. " He recalls the visit of the owner of a small company, who donated 6 million rubles. as payment for rolled metal products to the account of a company registered in this denomination. After receiving the money, the people disappeared, the deceived businessman turned to the police, but they just threw up their hands and gave the CEO's phone number with the words: you never know, maybe he will help with something. "I felt sorry for him: a gullible person lost a lot of money for his business," says the face value. "I went with him to a small Moscow bank where the company that received the money was serviced." There, the denomination used its status as a CEO and received an extract from the company's account. But, according to him, the money transfer chain was too long, and it was not possible to return them.

Another story promised this denomination much more trouble. One of the companies with his participation was selling elite collection wines via the Internet, costing up to \$ 20 thousand per bottle. After working for a while, the real owners disappeared with the collectors' money. The police arrived at the denomination home at five in the morning. "They acted according to the classic scheme of a bad and a good policeman, they took me to the Moscow department, pressed for quite a long time, but culturally," says the nominal. - As a result, they released me. I answered all the questions: I know that you have nothing for me. And they had nothing to cover. "

The most unlucky denominations could be convicted of participation or complicity in a crime, most often under the articles of the Criminal Code of the Russian Federation "Evasion of taxes from

organizations" or "Illegal banking activities" for cashing money through one-day firms, recalls lawyer Sergei Egorov. But most of the dummy owners and directors were interrogated as witnesses and released without consequences. Usually the denomination told a standard story: he came to a notary, provided a passport, signed something, received from strangers 2-3 thousand rubles. and

knows nothing else.

#### More risk

In 2015, the life of the denominations became much more complicated - now they could become dummies who are responsible under Art. 173.2 of the Criminal Code of the Russian Federation "Illegal use of documents for the creation or reorganization of a legal entity." By "dummy" we mean managers who have no purpose to run the business, or the appointed founders and CEO by deception, explains Sergey Tokarev, a criminal practice lawyer and partner at the Thorn Law Office.

Today, dummy managers are threatened with imprisonment or correctional labor for up to three years, or recovery of up to 500 thousand rubles. "Such sentences are no longer uncommon. Moreover, the actions of the nominal can be qualified under a more serious article on complicity in an economic crime," says the managing partner of the EMPP Sergey Egorov. But they are in no hurry to bring denominations to justice, they remain useful witnesses for the tax, investigation and court, explains Vladimir Kitsing, head of the business protection department of the Moscow Bar Association Knyazev and Partners: "As popular wisdom says, a good witness is better than a bad accused."

And in the article of the Criminal Code there was a loophole: the owner of the passport is not responsible if the company was registered according to his data, but without his knowledge. On the advice of those who issued a business for them, the denominations tell a story about the loss of a passport, says lawyer Kaloy Akhilgov. "This is rather related to the desire to evade responsibility - as a rule, people become nominee directors voluntarily, for material reward," confirms Vladimir Kitsing.

Usually, the denomination writes a statement about the loss of a passport only when he is summoned for interrogation, saying that he rarely uses this document and did not immediately notice the loss. "And who will understand there. First you need to find the denomination, - says Akhilgov. - And if it's a bum? Sometimes, they themselves looked for denominations in basements and heating mains. Their habitats are the areas of their last registration, where they lost their homes. "

#### Alternative earnings

The tightening of laws forced many mass founders to retire. If in 2015 there were 32.3 thousand of them in Russia, then by November 2018 there were 8.7 thousand left, analysts of the Infometr project center calculated. The same Mizgin says that he is no longer engaged in mass registration of legal entities and switched to construction contract work. He even took up legal work himself: as follows from the database of arbitration courts, in 2015 Mizgin reached the Supreme Court, defending Galina Davydova, a resident of Petushki, from claims of Universal Music LLC due to the sale of a counterfeit disc with 50 Cent's music in her stall. Davydova's company was liquidated, Universal Music had nothing to collect from the defendant.

It seems that the most ambitious Russian denomination, Vladimir Ledenev, who took part in the work of more than 2.6 thousand companies, and now remains a co-founder and head of 10% of them, is also moving away from business. There is almost no information about Ledenev in open sources, but the interlocutors of RBC magazine from among the former denominations said that they are well acquainted with him, since all the largest denominations worked for the same legal company and sat together in queues at the tax office. All of them categorically refuse to name this company. Among the contractors of the same company, the interlocutors named Igor Sumkin: according to them, he retired several years ago, got married, and has two children. RBC magazine failed to contact him.

70-year-old Moscow pensioner Elena Akhlebinina is the only woman in the top 30 largest denominations - out of more than 1,000 legal entities, she continues to participate only in 36. Most of them are blank dummies, but there are, for example, participants in tenders for state orders: the Tekhalyans company claimed a municipal contract for the repair of a football field in Shchelkovo, and Fortuna - for the repair of roads in Podolsk, both lost. Akhlebinina lives modestly: in Khrushchev in the south-west of Moscow. She did not answer the calls of the correspondent of the RBC magazine. In recent years, veterans have been pushed aside by Saparbek Kimsanov, a native of the Kyrgyz city of Kon-Yangak and owner of an INN with a Moscow code. He is listed as a co-founder or CEO of nearly 300 operating companies. Businesses that have become problematic are often rewritten on Kimsanov: in 2012, he headed the Bestmarket company, which lost the court of the Soglasie insurance company. Bestmarket acted as an agent, had to conclude insurance contracts with Soglasia's clients, took the forms of policies and did not report on the results of sales. The court ordered to pay "Consent" more than 16.8 million rubles, but by that time the owner of the company was already Kimsanov. According to the same scheme, dozens of companies passed to him, from which they began to collect taxes and fines or partners filed lawsuits in court.

Most of the denominations live in Moscow, but there are also residents of other cities, for example, Robert Sadykov from Tatarstan, Artem Pridatkin from Pskov, Sergey Vakin from the Penza region, Albert Sagdiev from Kazan - they are all in the top ten denominations.

Oprya

honesty, decency and "being in touch"

"Traveling work: visiting the Federal Tax Service, notaries, banks to open current accounts, the average employment is one to two hours a day, 3 thousand rubles. for each trip or 30-55 thousand rubles. per month "- this is how numerous vacancy announcements for nominees look today. In the regions, the rates are slightly lower: about 1,000 rubles. for departure and up to 30 thousand rubles. per month. They promise to transfer payment in the form of travel allowances. Requirements for applicants are standard: responsibility, neat appearance, decency, the ability to be in touch, having a passport, SNILS, TIN, Russian citizenship, age from 18 to 60 years.

The correspondent of RBC magazine called several phones from the ads (the companies in them were presented as agencies for the sale of ready-made businesses Azimut, Sphere and Kaleidoscope). They said that if you have a passport with Russian citizenship, SNILS and TIN, you can earn some money even tomorrow. Photocopies of the documents were offered to be sent by e-mail and to be ready, after checking the identity, to come to the registration of the legal entity. There will be no more than a dozen of them, the interlocutors explained, otherwise the tax office starts to find fault.

Laws are not violated, they said in the companies, - the buyer acquires a legal entity with a temporary director and founder, then changes them to real ones, or whatever you agree on there. The sellers of ready-made businesses are not responsible for their further destiny. Rates for buyers - about 10 thousand rubles. for the company, 30 thousand rubles. for a company with a nominee director, if a current account is attached to it - 60 thousand rubles, and if there is accounting with a turnover - from 80 thousand rubles.

"No shame"

The denominations with which RBC magazine managed to talk, sincerely consider their work a blessing. Typical answers: tax is paid for the registration of each legal entity, only thanks to me the budget was replenished by at least 30 million rubles; those who did not exercise due care are to blame for any problems, not me; I don't care what purpose I'm being used for, because I personally don't do anything wrong.

The interlocutors of RBC magazine from the construction and development industry admitted that

they use denominations in their holdings to hide the affiliation of the companies belonging to the group. "Otherwise, you need to get internal corporate approvals, observe other formalities, besides, affiliation attracts additional attention of inspection bodies," one of them explained.

Another interlocutor added that he uses denominations so that in case of debts of one of his companies, others are not brought to joint responsibility. Denominations are also needed in case of bankruptcy so that other legal entities can put forward claims against the company. If affiliation is visible, the company becomes a registered creditor, that is, it does not have the right to vote and receives compensation from the latter, - he explained.

From the point of view of business, there is nothing criminal or shameful in using dummies, says Grant Agasyan, Chairman of the Board of Directors of PJSC City Innovative Technologies: "There are other methods, for example, closed joint stock companies or offshore companies. But the first does not provide sufficient confidentiality, and the second does not correspond to the development strategy of our country, which big business must take into account.

The market for trade in the services of dummies has reorganized to fit the new realities, lawyers argue, - mass founders are in less demand. "The top of the nominal pyramid has become manageable denominations: sober, accurate, sign everything they are told, come to the registration, to banks, cope with interrogations by the Federal Tax Service and the Economic Crime Department. They are protected and used for fraudulent schemes with large sums, "says lawyer Kaloi Akhilgov.

For example, in the conclusion of the Fund for the Protection of Citizens - Participants of Shared Construction, the Urban Group's work scheme was described, which failed the construction of 68 houses: the developers and general contractors of the group sent about 440 million rubles. "For potentially fictitious services rendered by individual entrepreneurs, registered management and relatives of the management of the group of companies", and "the overstatement was 63% of the market value of similar works". In early November, the bankruptcy administrator of the Urban Group filed an application with the Arbitration Court of the Moscow Region to invalidate the deal for 27 billion rubles.

Many denominations have migrated offshore. Two interlocutors of RBC magazine from among the former mass founders said that they are now "mass media" in the registers of legal entities in Cyprus, the British Virgin Islands and other offshore jurisdictions. For the nominal, the risk in this case is minimal, for the beneficiary it is huge. "Two friends registered the business at face value through an offshore, eventually disagreed on the development of the business and decided to divide it, but for a long time they could not decide in what proportion," says Vladimir Kitsing. - One of the partners came to face value and asked to sell the company, which costs more than 1 billion rubles, to another legal entity. The denomination agreed, but according to the trust declaration, the consent of the second beneficiary was not required for the transaction.

But in Russia there are many people who need services of denominations, despite

squad at all risks.

"The difference in goals is obvious."

If in the 1990s businessmen were hiding behind denominations from the authorities and bandits, today they are mainly civil servants. The list of people who cannot but want to own a business is quite extensive: it includes officials, law enforcement officers, military personnel, judges. "The siloviki, who are prohibited from doing business, or officials who are actively involved in corruption schemes, prefer not to appear in business personally, and even more so not to expose themselves," says lawyer Sergei Yegorov.

It is more and more difficult for business to work through denominations - it is forced to be more and more transparent, especially if it wants to work in international markets and open accounts in foreign banks. "The officials have nowhere to go. There are a lot of restrictions associated with the civil service, because it is assumed that an official serves the society, and not himself personally. He, of course, can register assets offshore with the help of consultants. But there is no guarantee that one day someone will not leak the entire archive of the offshore base into the press," says Pavel Ivlev.

Civil servants usually do not need mass founders. Close friends, distant relatives and even wives or children often become their denominations, adds Sergei Yegorov: "Such dummies are not marginalized and can even carry out some orders of the beneficiary, revealing his name only in special cases. As a rule, these are quite conscious and not poor people, they do not grab the stars from the sky and are not inclined to independent antics. "

There are dozens of similar cases in the judicial practice of recent years, usually they concern regional officials. For example, the Leninsky District Court of Krasnodar is considering a criminal case against the former vice-governor of the Kuban Yuri Gritsenko on charges of large-scale fraud. The Moscow District Court of Cheboksary is considering a criminal case against the ex-speaker of the parliament of Chuvashia, Valery Filimonov, who has already pleaded guilty to cashing money under lease agreements with inflated prices between the state-owned enterprise Pharmacia and the companies of his relatives. The loudest story involving a civil servant and denominations is the case of Interior Ministry colonel Dmitry Zakharchenko. The nominal holders of the property seized from him in the amount of almost 9 billion rubles. there were his parents, former and common-law wives and even former concubines.

Nevertheless, often the ownership of a business by one or another civil servant is Open's secret, and in order to withstand competition, businessmen themselves hide behind denominations. "Let's say I apply for the repair of a regional road under the state order of the local road administration, offer a low price, high-quality materials and win," argues Artur Dancharov, the owner of the Spetsstroy company. - But the firm of the head of the road administration, registered at face value, applied for the same contract. In management, now, to put it mildly, they are not happy with me. Here, registering a part of my business at par will only protect assets from pressure from officials whom I crossed the road. That is, they and we can use dummy leaders, but the difference in goals is obvious. "

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