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Post-Soviet States: People, Power, and Assets
Oral History Archive

Interviewee: Christopher R. King
Interviewer: Rebecca Adeline Johnston
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Abstract

Christopher R. King is a real estate broker based in Boston, M.A. who was the first Program Director of the American Chamber of Commerce in Moscow. Beginning in the late 1990s, he worked to successfully expand the presence of the chamber within the American business community in Moscow. He has also worked on commercial real estate ventures in Russia with Colliers, one of the first Western firms to enter the Russian real estate market. In this interview, King discusses his work with the chamber, its relationship with the Russian State Duma, and working on Russian land use and real estate projects.

This transcript is lightly edited for clarity. Unedited remarks are available in the embedded audio recording and can be located with the aid of timestamps bracketed in the transcript text. Interviewer questions and remarks are presented in bold.

Interview Transcript

Why don't we start by you talking a little bit about your background and how you became interested in working in Russia and in this space?

Thanks. I'm happy to be participating, so thank you. It's an interesting story, actually, because there is no connection, so to speak, as we were talking earlier. My brother-in-law had started a company in the early '90s, '91, went over there to look at establishing, at the time, [what] would have been Russia's first cellular phone service. His brother was a senior executive within a company called Cellular One here in the U.S., which was expanding quite rapidly. And then they thought, from an entrepreneurial perspective, that they would go over to Russia to start this cell phone business. That in itself is a very long and sordid story and I would recommend that you do talk to Ken about that, my brother-in-law.

Ultimately, what happened is, when they went over in the early '90s, is they started to look at that business model, and then they actually pivoted due to really a lack of capital. There was another company called Beeline[1] that ended up successfully getting the license to be a cellular

carrier there. It's an interesting story in the sense that it brought them there, but because they didn't have the right connections, politically and within the ministry of telecommunications[2] and that lack of capital, they pivoted to a platform of pagers. So they started Russia's first paging company.

When he was there, that was '91 to '94, and my brother-in-law, Ken, was living in London at the time. My sister was living in London as well, but they moved over to Moscow. They hired my brother, Colin, to come over and do sales for the paging company. And then after the paging company, there was a little bit of a struggle for the ownership of that company. My brother-in-law stepped away and started another telecommunications company and he hired my wife.

At that time, we moved over in '98, but we did visit in '94 to work on the business a little bit and to get a sense of what Russia was like at that time. But ultimately, my brother-in-law, as an entrepreneur in the early '90s, hired my brother and then hired me, my wife to come over. I then was working in chambers of commerce here in the U.S., in Portsmouth, New Hampshire, and was actually looking for a job when we moved over there. So, I did not have a job. My wife was going to be the accountant for my brother-in-law's company that he started up after the paging company.

When you came in '98, what sort of environment did you find yourself in?

It wasn't what we had expected, actually. I had referenced that we went over in '94, and there was a big change between '94 and '98. We moved over in January of '98. We were there in November of '94 for a visit and it was exceptionally depressing in Moscow at that time. It was actually a little bit scary in '94, where we'd go out at night and walk from the flat to a restaurant, and even at that time, there weren't many restaurants to go to where we would be comfortable. We'd keep our head down, make no eye contact. The streets were very dark. It was a really interesting time. But then you fast forward to '98, it was totally different. Everything was lit up. It was a little bit what we would perceive as something that was a little bit safer.

But it was a big move for us, and it was a scary move in many ways, because we didn't know what we were getting into. Although, we did have my brother-in-law, and my sister and my brother were all there. We had a family structure, but it was hard. We went over and we had to find our own place and get an apartment. At that time, in retrospect, it was actually very inexpensive. But we did not have an expat package, so we didn't go over there and get what a lot of people would get, in terms of housing and that type of security. We went over on our own, basically, and found the apartment.

It was funny because when we found an apartment in the Frunzenskaya area, not far from my sister and my brother-in-law. **[0:05:00]** We went in, we looked at the apartment. It was an older woman. It was a one-bedroom flat looking over the Moscow River, looking over Gorky Park. It was great, but it was very, very, very Soviet-style. Basically, what she did is she gave us the keys and left, and she took her bag, and that was it. When we moved in, we moved into a very Russian flat, very Soviet flat. It was really bizarre. It was like the first AirBNB, so to speak, because when you're there—we did not feel comfortable, we did not feel like it was our home. It took us

a couple months to find a bed. We were sleeping on a twin bed, the two of us, and one night, it broke in the middle of the night when we were there.

It was really hard, to be honest with you. The first few months was a struggle for us—coming from the States and moving really into a Soviet lifestyle, or Russian lifestyle. Things did get better, but it was a hard transition. But we did find it to be—there was more activity going on. This was pre the ruble crisis in '98, where the ruble fell. We were there from January to August. It was gangbusters. It was lots of activity and lots of business and lots of people out. We did enjoy that part of it, but it was a struggle to get ourselves situated there in the first case.

When you moved to Moscow in 1998, that's when you started looking for a job there?

Yes. I went over there, and it was funny because my brother, I talked to him before—I couldn't speak Russian. We tried to learn a little bit of Russian before going over. My brother-in-law hired my wife to be the accountant because, at that point, you needed someone that you could trust, so it was for him as he was building that business. And for me, we were living up in Portsmouth, New Hampshire and I was working for the chamber of commerce there. I was a program manager there, and my thought was that I was going to go over and find a job. My brother always guided me. He says, "Chris, you don't speak Russian, you don't have any experience. It's not going to be easy to find something there."

But what we found is, when we got there, is that there was a huge gap in terms of—I got lots of interviews; I went looking to be a real estate broker. I had my real estate license up in New Hampshire when I was living there, so I thought maybe real estate. But I also thought, because of my experience within the chamber that it would be kind of a nice transition to get involved in the American chamber. And at that point, the American chamber, which was founded in 1994 in Moscow, was the go-to organization for anyone that was from America doing business there. It was very influential, although, it was in many ways just emerging. But that was a target of mine, to do that. I had some connections from my brother-in-law and through other people that I networked when I first got there.

But between January and, I think it was April, I was looking for work. It's an interesting story, because there's these quarterly receptions that I went to and I was trying to get connected to the president of the chamber. I knew he was going to be there, and I went, and I was quite nervous because I was going to approach him and say I wanted to see if I could apply for a position, or make a position. I was there, it was your typical reception, and I had my back to him, and my wife is saying, "You've got to go talk to him." I said, "It's not the right time." My wife literally pushed me into him, with his drink in his hand, and he kind of jolted and I turned around, because it was my back to his back. And that's how I met the president of the chamber and introduced myself, literally through my wife pushing me into him at the Sheraton Hotel on Tverskaya [Street].

But that opened up a discussion where I went and I met with the VP of the chamber and I basically created a role for myself within the chamber to help them, because at that time it was five years old, no one had chamber of commerce experience. Most of them were businesspeople that were active in the market. They knew there would be value in coming together as an

association, as a membership group, largely to impact and influence policy and relations between Russia and the U.S. business community. It was very policy-orientated. It was very, "Here are the challenges, here's the considerations that American companies are going through," and there were tons of them.

They built this association, but in many ways, they didn't have a lot of the typical programs that you would think about from a chamber association—networking and outward programs to help those members network. Everyone was joining those days just to get money so that they could influence government. So as the first **[0:10:00]** employee within the chamber of commerce, in AmCham [American Chamber of Commerce], that had this kind of background of how to do programs, I got in there and started, which was very interesting as well.

In this new role you created, what was your portfolio that you created for yourself?

It was funny, because I was really there to generate revenue for them. If I look back about it, it's very entrepreneurial. I said, "Give me a salary, but give me an opportunity to sell. Whether it's selling memberships, or selling advertising, or selling programs to help the membership, then I'll be able to generate revenue for the Chamber, but also for my salary." I went in and said, "Take a gamble on me to come in and give me an opportunity on a commission side to be successful." I came in there and I took the elements of a typical chamber of commerce in the U.S. and put them together.

I'll give you an example of one of the things that we were doing. There wasn't a lot of networking going on. They had these quarterly receptions, for example, where you would get together, a social mixer, and those would be at a hotel. They would be every four months. And then the chamber would pay ten to fifteen thousand dollars to hold the event and invite the memberships to come. You'd get maybe a couple hundred people, free drinks, free food, and it was a networking reception.

Now, in the States, we'd have those every month. And in the States, too, the venue would not be the one that's generating revenue from the chamber. It's the opposite. The chamber would go to a venue and then they would provide the drinks and the food for free. My idea was, at that time, is to say—and I remember recalling this to my manager at the time—was, "Why are we paying them? They should be paying us, and they should be hosting us." There was an audible gasp in terms of, "No, that's not going to happen here." That was my first focus, was to bring the community of the chamber together more often, in terms of a networking perspective, and then to pivot, so that we were demonstrating the value that we provided to these hotels.

The first thing that I tried to do was find someone that would do this for us, and went back to the venues, like some of the hotels, and basically said the same thing. I said, "What we'd like to do now is we want to do the same thing, but we want you to do it for free." It didn't go well, and it was quite hard to go to the people at the hotels that we've done events [at] in the past. I started going out to other venues, and then I started to go out to venues that were top-list. [As in, these are] the hotels or the restaurants we want to go to.

And then I had to go a little bit lower. Then I ended up going to Chesterfield, which was a notorious expatriate and Russian bar. There was a Canadian guy that was running it, and I pitched him on this idea of doing this—free booze, free food, two hundred people. And he took it. It was a little bit of a dodgy area, a dodgy venue, but we did it. Two hundred people showed up and we then—I think it was quite surprising, but then just that night, the head of the Renaissance Hotel was in the room. He came up and says, "How do I get this at my hotel?" That was the start of, now I believe still today, twenty years later, they're doing them every month and doing them for free. We were just able to just pivot and say, "This is the value that you get." We're bringing in the idea that we would help market them, we'd help promote them, just twisting it around a little bit. It was the first thing that I did when I got there. So, it's interesting.

In addition to events that you were helping to coordinate and that type of work, you mentioned that you worked for the chamber on committees.

Yes, so at that time, it was trying to take the community together by sector. There was a real estate committee, there was a tech committee, that were focused on how do they reform and how do they get government to work, to advocate for what they're working on. I was organizing the committees so that they can convene, and then have policy, and then be able to work within the chamber to be able to influence that policy at level. They would bring lots of speakers in, lots of government representatives to talk and have discussions about what they see **[0:15:00]** from their perspective would be helpful to help grow the real estate market. In that case, there [were] no land laws, so there [were] a lot of discussions happening around that, around IT. A lot of discussions around how to protect the rights of software companies that were starting to set up in Moscow. Basically, the chamber was there to convene and to support those sectors to be successful within the government. It was not necessarily always easy, but it was a lot of the effort being done by a lot of people trying to push these reforms so that they could be successful.

For the land use committee, for example, what did that work look like?

Basically, it was taking what was happening in the U.S.—and I don't think this is atypical. A lot of what happened in the early days there, as I understand, at least from my experience, is that a lot of U.S. people would come over, either from universities or from experts and talk and advise the Russian government about how they should be looking at how to set up property rights, for example. So, we spent a lot of time on that. And then we'd bring experts in from the U.S., or we'd have experts that were already currently there from the legal side, from the real estate side, trying to guide them on how to—for this economy to work, from a real estate perspective, what would that look like.

In many ways, a lot of Americans within that committee were actually writing the draft laws for the committees within the Duma to be able to consider—literally side by side they'd come in. I don't think that's—across everything, from the economy and from tech rights—I think at that time, there was a keen awareness and openness by the Russians, particularly from the Duma, to work particularly with Americans on how to take the template from the U.S., put it in play in Russia, but also adapt it and negotiate it. A lot of the work was done with the chamber at that time, so it was quite influential. I think there was a lot of admiration for the U.S. at the time, too. There's a lot of influence there. Some of it was good. Some of it wasn't necessarily good, in

terms of the economic reforms, I think, that were put in place. There [were] lots of early days working on trying to influence the land laws and business rights, rights of shareholders and so forth.

What did that conduit look like? What was your role in facilitating that legislative process?

At the chamber at the time, there was a policy director who was the liaison, a Russian national who was working within the government, the government affairs director. And would take all of the different committees that were operating under the chamber and say, "Here's the priorities of the chamber." And then they would connect them to different departments within the Russian government to be able to help influence and move those kind of programs along. It was really just convening. Our role with the chamber was only to convene and to set policy, and then to be able to connect that output to the Russian government to be able to see if they could influence it and help shape the new regulations and laws and policies with the government.

I think in some cases it was quite strong. I can't speak authoritatively to it, but a lot of it was done by Americans writing the laws and being adopted by the Russian government at that time. I think it was so dysfunctional at that time that they just didn't have any clue about how to take it to a market economy. And what that looked like would be—you've got to learn from best practices and seeing how that goes. My role was really, basically, as someone on the staff to be able to facilitate it. But I wasn't advocating policy, I wasn't into shaping it in any way other than pulling people together so that they could move it forward.

What was your sense, to the extent that you were able to get one, of how much of the push for harnessing this committee and the legislation that they were drawing up, how much of that came from the Russian government, the Duma, and their interests? And what was the relationship in terms of their interests versus the U.S. group's interests? How much of it was a real partnership and how much did you see of an even or uneven dynamic?

I think it was an uneven dynamic. I think it was pretty much, and I'm sure a few other people you're talking to—is that it was strongly influenced by the **[0:20:00]** Americans. It was immensely—it was, as I said, side by side sitting there, or writing the law and presenting it to them, where they would adapt it very lightly. So, I think it was uneven. I think it was out of necessity for them to be able to move the market forward, that they had to get these rules and regulations into place. I'm not aware of other countries that were there doing the same type of thing. But I think in large part, whether it was the chamber, or it was universities, even Harvard University had a strong impact in terms of how they were shaping the economy. You can argue whether it was right or wrong, or effective or not effective. But from what I witnessed and what I saw is that we were there as American authorities within certain sectors, helping to influence the Russian government, and from a regulatory and a legal perspective. I would say it was uneven. I would say a lot of that stuff was written by Americans.

And at the same time, the Russian government and the Duma are coming to you, the chamber, just as much as the Americans are—

Yes, I think so. I think it was an interesting time, but yes, I think there was genuine interest that they recognized that they needed this support, and then they would reach out. It was very, very close. You would go to the Duma, they would come to the chamber and they would often speak. There was a real high-level, bilateral connection between the chamber at that time and the Russian government.

You mentioned how there were times where this relationship played out well and successfully, and sometimes when it did not as much. Are there particular examples, maybe one of each, that—

I don't know. I'll say that my experience in Russia was a little bit different, because I wasn't involved in shaping that. I was involved on the sidelines of it. When you look at how when Yeltsin was there—it was an interesting time, because when I got there, Yeltsin was there, so in '98. And then we witnessed what was happening with him and how he was deteriorating. In the way that they were distributing the assets, even at that time, we were like, "That doesn't make sense," about how that was working out. We saw that sense of corruption that was there and how it was limited to a certain amount of people. We also understand—and I'm not authority on this—but we understand that there was influence from the U.S., in terms of how that whole, what was it, loans for—?

Loans for shares.

Loans for shares. I actually had some really interesting friends that were involved in that. Actually, I had one friend that was very, very active in trying to facilitate that process, but it was a real bad deal. I always use the word, "it was a Russian deal." It was a real bad Russian deal. So we saw and witnessed that happening, plus the deterioration of Yeltsin, at a very interesting time. I didn't think that was very, very positive.

But I did say on the land review stuff, because I was a little bit more active in that, is that they needed to have fundamental—you had to have the ability to be successful, whether you're a company coming in to Russia at that time, that your rights were going to be protected. That could be from whether you were acquiring property or if you were just signing a lease on a property. You knew that this was going to be something that was going to be held up. There [were] no checks and balances back then, before—I would imagine '94 to '98 was much different. But even in '98 it was still a question mark about what your rights were as a company and what does that mean if you don't have that law and that language to protect the rights of private citizens or businesses, what that means to the economy. I think they knew that they had to tighten it up, basically. That was the positive side.

Then you have the ability—you could sign a lease and you can make sure that you can have legal protection against it. But even at that time, and I can share this story too, is that my brother-in-law, when he started his second company there for telecoms, is that you had the corruption side of it, where you would have someone knock on the door and say, "We need to get paid." He was, at that time, in an office building, what we call B-class space. You have A space, which is professional office space, or you have a lower-class space that you would be just outside the city center.

In that time, even then, ’98, there was lots of corruption, lots of mafia coming in, knocking on American company doors. One time they came in and they said, “We’re going to shut you down.” The whole office just left within an afternoon. Everyone just came in, we grabbed all the stuff and moved to another part of town. So, you can imagine, there was no lease, there was no way to track it, and it was just like **[0:25:00]** [snaps fingers] that’s what you had to do to survive some of those corruptive influences that came in.

Now, this just sounds crazy. Imagine if someone knocks on your door, the tax police knocks on your door and you just say, “You know what? Come back tomorrow.” And then they come back tomorrow and the whole company is gone. Those are the type of things that were happening, even in ’98. That was largely because there [were] no protections in place. A lot of the laws and the regulations they we were trying to produce would prevent that. And now, that wouldn’t happen today. The tax police still come, but the companies don’t leave. They don’t run away and start somewhere new. It was just an interesting time in that respect. But, there you go.

How was it, both in your role and personally, living through the financial crisis in the summer of ’98?

It was interesting, because it was an exciting place to be up until August. We were there from January to August and then flew back to Boston on holiday. And the crisis happened on the seventeenth, which was actually our wedding anniversary, August seventeenth. The first thing we realized is that our flight home ended up costing us thirty bucks. So, our immediate benefit was very, very good, but it was a struggle. It was a really weird time to be there at that time.

But then there was an interesting opportunity, particularly for the chamber, is that it was lots of questions about what was going to happen, lots of questions about what’s going to happen particularly for investment into Russia from large U.S. companies, and also from the chamber. We thought we were going to lose a lot of members. We thought people would be disinvesting from Russia. One of the things that we did is we started increasing our ability to get people together, to convene them. All the different groups of members that were working on certain things, or even socially, we banded together and started having open discussions about—what does this mean. Bringing in people from the government to try to understand what their ministries were doing, and what is this going to mean for investment.

Ultimately, from the chamber perspective, we actually did well. We actually increased members during this crisis, as opposed to losing them. We did lose some companies, but not many companies left. I think most American companies stayed. But a lot of them shut down, a lot of them had some issues. The banks, although I wasn’t involved in it, from Troika Dialog[3] and some of the other banks, a lot of Americans lost thousands and thousands and millions of dollars. Even personally, I had friends that lost a couple hundred thousand dollars out of some of the banks, just overnight, just written off. It was devastating, particularly because at that time, as Americans, we were putting money into banks that we knew had American influence or American ownership or American management. It was just a tough, tough time to be there, at that point.

But for us, it was just kind of a crazy time. But then it got better and for us it didn't necessarily impact us, because we didn't have any rubles in the bank. And for the chamber, we started doing well. My brother-in-law's company was still selling and bringing in telecom equipment. I think overall, we were able to manage through it. I wish we just had bought real estate at that time, because if we did, we'd be very rich right now. Because at that time, it would have been a great opportunity. A lot of people did do that.

How much did companies come to you as a facilitator for their grievances working in the Russian regulatory environment, or how much did they undertake those efforts more within the Russian legal sphere or otherwise?

It was tough, it was tough. At the chamber, actually, I recall, there was a company, a member who, very similar to the cases where—the tax police was a huge issue back then for American companies operating, and American companies were always targeted. There was this one company that was a chamber member and actually a very active member, and—same situation. Coming in, checking documents, want to see their papers, want to see all their receipts, all their documents. It was very, very scary. It's not like you get a letter from the IRS and then you get an accountant. These are people, these are police, these are armed, often, that would come in. There was no recourse to go from a legal perspective, although they would in parallel do that.

The chamber always became a conduit to look at and say, "How can the chamber help?" And, to be honest with you, it was really, really difficult to do that, **[0:30:00]** because it was just such an unknown entity at that time. There were outreaches by companies that were experiencing challenges, but the influence of the chamber or any of the organizations had at that time to be able to impact that positively for them was very low. I think the policy of the chamber at that time was to focus on broader policy, as opposed to troubleshooting people that were getting in trouble. But it did happen quite often.

That was the tough part of being there at that time, is that you could be doing well one day and the next day someone could knock on your door. It was always a fear. And then there was this whole—where you hire a "roof,"[4] which is the organization that's going to be able to support you, which are ex-officers that would come to your support. But for a lot of people that didn't hire roofs, then they were stuck. But they have to work it through the courts and sometimes they could be successful and sometimes they couldn't be.

Was the roof strategy a method that the chamber advised would be wise? Or was that simply something that—

No, they would not, they—I wouldn't even pretend to say that. But I would say that it would be wise to always have somebody that was there. Most people that I knew, they had somebody. Most companies did. Most American companies had them. It was different levels. I'm not going to say—if you take a large public accounting company from the U.S., or you take my brother-in-law's company—small telecom company importing and exporting equipment—I would say that they would have roofs. They would both have roofs, but one would be a roof, and the accounting firm would maybe call it something different, like an advisory firm. But at the end of the day, small companies, medium companies, and very large international companies, they all had a

level of protection at that time. How do you want to categorize it in terms of what they were doing? It's subtlety, but the nuance—it's still the same. Everyone had some form of protection. It's interesting.

How did that situation evolve over the course of the time that you were working in Russia?

If you're looking from '98, and then I was going back in 2011, there was still this element of roofs. I think they had gotten more sophisticated, the roofs, not from a security perspective, but from a business perspective. I would say that even back then, even large multinationals would be working with—how would you call them—they would be a broker. Particularly if you look at—not just from a security perspective, but from a business development perspective, if you wanted to do a deal, how did you navigate that. How did you take a Western business, go into the market, which is historically based on corruption, and then try to navigate that and get a deal done. I want to sell it to you, and then you want to buy from me. But there was this inherent corruption that was taking place. What I saw is that it went from a security protection to where it went to a sophisticated dealer, middleman person, that would help broker a deal.

If I'm either a small company or a large U.S. multinational and I want to sell to you as a company, or as a government agency, to sell my services, I would quite often use a middleman. And that middleman would be implicitly working to broker in the deal, but also making it a financial mechanism that benefited everyone. That's a subtle, diplomatic way to say it, that they were, at that time, that's how things went. They went from security to more sophisticated middle people to do deals. I don't know if it still happens today, but I would say upward to a few years ago it was still happening. You'd be surprised about how many large companies are still doing that or were doing that at that time. It was a way that you had to get it done. It was more of a legal way to get things done through a middle person, and that protected them.

I wanted to ask a bit about to what extent you, in your role at the chamber, facilitated business investment or involvement outside of Moscow throughout the regions in Russia?

I think the chamber had a strong—they wanted to really grow the regional economies, and there was always a keen interest in trying to take American companies and bring them out to the regions. In the early days, even probably '95 through '98, and even until today is that they were spending a lot of time trying to help connect U.S. companies to the regions from a government perspective and from a commercial perspective. I did lots of missions that went out there.

I think if you look at some of the successes of those regions, **[0:35:00]** some of them that went into auto manufacturing, were largely in place because of the relationships that the chamber had helped facilitate. I think the natural ability for a company to set up in Russia—everyone looked at Moscow as the place that they needed to be, and secondary to that, maybe St. Petersburg. But going out to some of the regions was something that wasn't necessarily on their mind at that point. It would be a secondary investment. But the chamber spent a lot of time in the early days really trying to connect the regions to American companies. I think it was a wise decision and it still is.

You see a lot of companies that are being successful outside of Moscow—to help build those local economies, help upscale the people that are there, and take advantage of some of the universities that are there. And it's a lower cost. Even back then, no matter what time of Moscow's life, it was still very expensive in Moscow and it still continues to be. But yes, the chamber was very focused on regional development and making those connections.

When did you begin working more in real estate in Russia?

I got recruited out of the AmCham, the American Chamber of Commerce, about two years after I joined the chamber, and started working for a company called Colliers International, which was interesting because it was started by a young American at the time. In '94, he started at the time [it] really was the first Western real estate company in Russia. He was just on his own. He came from a real estate family and actually started doing some really interesting things in terms of building the real estate market there. I talked a little bit about B office space, which is really, at that time, in Russia's time, really kind of crappy space. He would go in and he would fit it out, and then he would lease it. So kind of like—we're now currently in this WeWork. You have a shell and core of a building, or a really dilapidated building. He would go in and he would fix it up to a Western standard, and then he would lease it to American companies.

His very first client that he did this for was Microsoft. Even at that time, in '94, Microsoft didn't have the facilities to go into Russia. He saw a huge opportunity there. He did that, and then I joined his firm in 2000, working as a commercial real estate broker. At that time, he became a franchise with an international company called Colliers. He changed it from his name to a major international brand. I was out there working, trying to sell commercial real estate to both Russians and U.S. companies that were looking for space. At that time, even in '98, there [were] just no laws. We talked a little bit about that, about how from the lease perspective, and about building perspective, they would sell buildings that weren't even built yet. They'd be holes in the ground. There was a lot of trust that needed to be put into place.

American entrepreneurs came in and tried to build up that property market and sell buildings before they were being built. The Turkish came in, a big company called Anka. It was very successful in the Russian market in the early days and started building what we call Western Class A-style space. That was great, it was a great opportunity to talk to these companies and to see if we could help them from their lease perspective and manage their office space perspective. At the time, they were some of the highest real estate costs in the world. It was getting a hundred, hundred thirty dollars a square foot to move into some of these Class A buildings at the time. So right now, I think it's one of the top markets still, even today, from a real estate perspective, for a commercial office. I did that for the remainder of my time I was in Russia, based in Moscow and in St. Petersburg where we had a satellite office.

How did your experience working with that system, where there's basically no laws, to slightly more laws over time, how did that experience change over time?

I think it got more sophisticated. There [were] these laws that the leases were being signed and maintained, and I think that there was a rule of law that was coming into place. Every company that you can imagine, from an American perspective, was in Russia at that time, from Caterpillar

to all the big accounting firms, from GE to all these major, major companies. I think at that time, they had to come in and they had to do business. And they had to do business in a way that was **[0:40:00]** currently underway, which is not necessarily the most legal way for even some of these big companies. But then it slowly, incrementally got better as more laws were coming into place, more protections and more rights were coming into place. And then once those things got tightened up, you saw a big development within these industries to be more successful.

You said you also did some work in real estate in Kazakhstan—not from Kazakhstan, but in Kazakhstan.

I wasn't there, but the firm was. Even in Kyiv, they opened up an office. The guy that I was working for was very entrepreneurial and started basically, as I said, arguably the first Western real estate company in Moscow. And then he started expanding to these different markets—Kyiv, St. Petersburg, and Almaty, and other places, as well. He actually started doing, at that time, saw another gap, is furniture. He got the first rights for Steelcase furniture, which is the office furniture place. And got the rights to do that in Central and Eastern Europe, and was quite successful, too.

Accessing all this stuff, accessing real estate, accessing furniture, all of that stuff was very, very problematic for companies at the time. You were starting from scratch. It was interesting. There was no other place in the world that you could go in and then just actually start from scratch and build up a whole economy, a whole sector of an economy. So yes, but I think most of the work was done in Moscow and St. Pete, and were the most successful from the real estate perspective.

A lot of people who came from the U.S. and Western Europe to work in Russia talk about the importance of relationships in any type of business or political endeavor. For you, coming in in 1998 and, as you said, not knowing the language and being there for not the first time, but the first time for an extended period of time, what was your experience like building those relationships? What relationships did you find most important for your work throughout the time that you were there?

I think there's a saying that Russians really want to have a relationship with people before you can trust them and before you get into a business relationship with them. But once you do, you're partners for life, I think. There's some really great stories about that. For me, it was a little bit different because I wasn't in an entrepreneurial space. I think for people that went and were successful in Russia, their success was, in large part, based on their partnerships they had.

First off, you couldn't do business in Russia without having a Russian partner successfully and at a large scale. I referenced the company I was working for from the real estate side. When he was fitting out the space, he needed someone, and he went down the hall and he saw a guy hanging sheetrock. And he said, "I need someone to help me build out the rest of this space." This was in the early, early '90s. Today, those two people are still together, and they're worth hundreds of millions of dollars. But it was a relationship that was built and forged on trust and an ability to build a business together.

But once you make a relationship, it typically stays long-term. I think that's unique to [the] culture of Russia, and I think a lot of people don't recognize that—particularly from what's going on geopolitically right now—is that it's a culture that is based on friendship and trust. It takes time to do that, but once you do it, you're quite successful. We have, and continue to maintain, great relationships and friends with many of our Russian colleagues and so forth. In my work, it was less important to have those relationships. But for people that were entrepreneurial and building businesses, you had to have a Russian partner and you had to have one that was trustworthy. Some didn't, and typically the government wasn't the trustworthy one. If you had a partner in government, then that was the variable that inevitably was bad for a lot of companies. It was the personal relationships that were good.

Are there any examples that stick out to you as worth mentioning?

No. My brother-in-law's company, they worked with the government and they worked with Sistema [JSFC] and some of the financial institutions that were working when he was doing the paging company, and that happened. These stories that you hear about companies being taken over, or their shares being taken, or influence from outside groups to take control of the company—those were really valid things that happened quite often. The bigger that you are, the more successful you're becoming, the more dangerous it was for you at those early days to be doing that. Sometimes, you ended up losing. But some people end up staying. In my case, **[0:45:00]** and my brother-in-law, he stayed and became quite successful doing other work.

But it was a tough place to be doing business. You just never knew any day when you'd wake up what was going to happen. Whether someone's going to knock on your door, whether someone's going to go out and try to take your business. Those stories were there, and they were true, but it wasn't universal. I want to say that overall, I think it was still very positive for a lot of companies that are still successful today. All those companies that were there in the early '90s from the U.S. perspective, they're all still there, and they're all doing business. The market is too big and the opportunity for them to be successful there is still happening today. But they all have their individual stories about what went wrong and how hard it was to be successful there.

Did it seem ironic at the time, or maybe surreal, that on one hand, the chamber is working very strongly with the Russian government to shape policy and legislation and that the Americans are writing a lot of this legislation that's being adopted, and at the same time, in business ventures, the Russian government ends up being the one factor, as you said, that ends up destroying a lot of opportunities?

Yes. That's the inherent corruption element of it. Have you heard the story about—whether it's true or not—when Bill Gates went to Russia and he talked about the rights for Microsoft? You could buy anything you wanted in Russia. You can buy films and software, but it was all pirated. He held up a disc and said, "This is for the Microsoft Windows." And that disc ended up being on everyone in the Duma's—illegally—they took that disc and they downloaded it onto the Duma's central computer system. It was like, here's the Americans talking about how it is that you've got to protect the rights, and how important it is for the market economy. And then the Russians listening and then taking it, and then using that in a way that's kind of nefarious. It was a paradox; it was hard. I think that story is kind of indicative of what it was like back then.

What do you attribute that to, if anything, from what you could tell at the time?

I don't know. If you're transitioning from a Soviet economy to a market economy, and people never trusted—there was no trust. I think for a government to be successful is trust and transparency, and so they were coming out of a system that was not based on trust and transparency, and now they have to build. It's crumbled, and now you have to build a foundation. I think there was just this culture of corruption at the time that existed, and it was very strong. We always used to say it would take twenty years for it to change, from a generational perspective. I don't know, because I haven't been there in a few years, but I just think it was a cultural thing.

The narrative at the time in the Russian press in the '90s was largely that American companies, Western companies wanted to come into Russia and then take everything and leave. Did you, in the chamber, have to deal with any of the impact of that kind of narrative?

No, I think—first off, they came, and they were successful, and they stayed. Very few instances of U.S. companies coming in and leaving. They all wanted to stay, and they all wanted to be successful, whether it's McDonald's or whether it's Caterpillar, two different companies that are still very, very strongly invested in Russia and continue to do well. No, and I also think that there was a strong adoption for it. There was a real respect for American companies in Russia at that time. Very, very strong. In terms of just walking down the street as an American, you were welcomed everywhere. It was phenomenal. There was this mutual respect from a Russian to an American, and that translated to American brands and companies. All those companies came over. It was a little bit of a different time. When you look at cigarettes when they came in; Marlboro would come in and they would advertise.

That's why they call it the Wild West, because you could pretty much come in as a company and do whatever you want. Coca-Cola could go into a school system and flood it with Coca-Cola products, in a grade school. That doesn't happen here in the U.S. There was this window of time where American companies could have **[0:50:00]** been viewed as going in and trying to take advantage of that gap, in terms of how the regulations were. But ultimately, all the American companies are good corporate citizens that worked alongside with Russia. I think a lot of those brands are still successful today and their competitors are strong Russian brands that were learning from how those American brands came in there. But by and large, I think there may be some cases of some bad stories, but overall, everyone's still there, right? I think. And they're still doing pretty well. But now, just more competition from Russian companies.

[END OF INTERVIEW]

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[1] Beeline is owned by PJSC VimpelCom, a Russian telecommunications company discussed in other oral histories in this project.
[2] This ministry has undergone numerous name changes; at this time, it was the Ministry of Communications
[3] Now owned by Sberbank and the subject of extensive money laundering investigations, Troika Dialog was a Russian investment bank founded in 1991 by American banker Peter Derby. See: https://www.occrp.org/en/troikalaundromat

[4] "Roof" is the literal translation of the Russian word *krysha*, commonly used to refer to the use of a criminal enterprise to provide protection to a company or organization in Russia in the 1990s.