

Arrested Russian Businessman Is Carlyle Group Adviser

By Greg Schneider
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The arrest of two of Russia's top businessmen in recent months was more than a distant headline for Washington's well-connected private equity firm, Carlyle Group.

Carlyle, known for the glittering roster of former statesmen among its partners and advisers, has ties to both Mikhail Khodorkovsky and Platon Lebedev, the jailed Russian tycoons.

Khodorkovsky, 40, Russia's richest man and former chief executive of Yukos Oil Co., serves as an adviser to Carlyle's Energy Group. He is among 15 luminaries who help the firm sort through investment opportunities in energy industries, along with former secretary of state James A. Baker III, former British prime minister John Major and Pulitzer-Prize-winning author Daniel Yergin.

Khodorkovsky was arrested last month by Russian authorities for alleged fraud and tax evasion. Because the billionaire is seen as a possible political rival to President Vladimir Putin, his arrest has unsettled the country's business community and worried foreign investors.

Carlyle spokesman Christopher W. Ullman declined to comment on the matter.

Sources close to the firm say Carlyle is taking a cautious look at the business climate in Russia. So far, Carlyle has no investments in Russia, and has not followed through on preliminary discussions about starting a buyout fund with Russian investment company Alfa Group, the sources said.

Lebedev, chairman of Group Menatep, a holding company that is a major shareholder in Yukos, was arrested in July on fraud charges. Lebedev had served as an adviser to Carlyle's European investment funds, but is no longer listed on the firm's Web site.

Neither man has played a significant role for Carlyle, the sources said. Carlyle does not disclose its compensation to advisers.

Meanwhile, the firm has lost the services of its most prominent associate: former president George H.W. Bush, who was senior adviser for Carlyle's Asia funds, retired last month, shortly after serving as the main draw at a dinner in Moscow to woo investors.

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