



Media Aid

Kremlin Allies' Expanding Control of Runet Provokes Only Limited Opposition

Pro-Kremlin oligarchs have gradually acquired significant stakes in the most popular websites in Russia, apparently seeking profitable investments, while augmenting other government moves to establish control over the Russian Internet. While specific population segments are intensely alarmed about Internet censorship and take steps to expose or thwart government efforts, the majority of the public is unconcerned about freedom of the press or Internet and is unlikely to oppose censorship of the Internet. With the government closely controlling TV and much of the press, the Internet has been the main venue for expression of opposition views, and social networking sites, which have become extremely popular, have developed outside government control.

Television remains the leading and most popular source of information in Russia and the Russian Government maintains tight control of it for this reason, with the most popular channels being owned by the state or progovernment oligarchs. However, social networking sites have grown dramatically in popularity in recent years and are now the most popular websites in the Russian Internet. Sites such as *VKontakte*, a *Facebook* clone, *Odnoklassniki*, a *Classmates.com* clone, and *LiveJournal*, a blogging platform, now attract a monthly audience of many millions of users each. The Kremlin has taken notice of the increasing significance of the Internet and social media sites in particular and has begun enacting laws and policies aimed at giving it greater control. Kremlin-friendly oligarchs, who may also be motivated by the profitability of these sites, have also begun investing heavily into the top social networking and Internet outlets, potentially creating a situation similar to that of the national television networks. Although some independent bloggers and press sources raised concerns at the growing government involvement in the Internet, it is doubtful that this would create public outcry as most Russians actually support some degree of censorship of the Internet.

Oligarchs' Takeover

Over the last several years, progovernment oligarchs have accumulated significant stakes in the leading portals of the Russian Internet. Between them, they own the majority of the most popular Russian social networking sites and the majority of the most popular Russian websites (see Appendix B for a list of the top 100 sites). While media outlets owned by government companies or allies have not yet shown signs of censorship, the leadership and owners of these Russian investment companies are close to the Kremlin and may be willing to cede their business interests to government priorities.

- Metals magnate Alisher Usmanov, whom experts consider to be close to the Kremlin, purchased half of SUP, the owner of Russia's most popular blogging platform *LiveJournal*, in June 2008. He recently increased his stake in Digital Sky Technologies -- a Russian Internet investment company that owns controlling interests in top-ranked Russian social media portals *VKontakte*, *Mail.ru* and *Odnoklassniki* -- to 35%, making him the single-largest stakeholder (*Russkiy Newsweek*, 17 August 2009).

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- Oligarch Mikhail Prokhorov, who is known to cooperate with the Kremlin, owns RosBiznesKonsalting (RBC), which has been quietly gobbling up Russian Internet (Runet) domains, holding 21% of the Runet's sites, according to its last annual report in 2007, including *Loveplanet.ru*, the second-most popular online dating service in the Runet.
- Pro-Putin Oligarch Vladimir Potanin owns Prof-Media, which owns *Rambler.ru*, one of Russia's largest Internet portals featuring a search engine, an information portal, an Internet rating service, and other web services (Interfax, 9 February). Together, Rambler and investment firm Finam own *Begun*, the largest Russian seller of context-based ads in the Russian market. Prof-Media also owns popular Internet news site *Lenta.ru*.
- Gazprom-Media, which is controlled by Vladimir Putin's close friend Yuriy Kovalchuk,^a bought *RuTube*, a popular Russian clone of *YouTube* in March 2008 (RIA Novosti, 6 March 2008). Indicating this was part of a wider Gazprom-Media initiative, Director Nikolay Senkevich stated his company had allotted \$100 million to acquire various Internet resources (*Kommersant.ru*, 9 July 2007).^b

Limited Public Outcry

Although some independent bloggers and press sources raised concerns at the growing government presence in the Internet, the public is probably unaware of the extent to which the Runet is owned by Kremlin allies. Most buy-outs were not well publicized, appearing only in specialized business dailies that reported only the fact of the deal.

Moreover, most Russians are not overly concerned about censorship in general or censorship of the Internet. Most actually support censoring the Internet, believing official rhetoric stating it would cut down on child pornography, hate speech, or extremism, which may partially explain the lack of public reaction to the various Kremlin attempts at gaining control of the Russian Internet. Those who do react negatively to threats to Internet freedom tend to be opposition members or human rights activists who would be directly affected by censorship.

- Independent print media are often subject to political and economic pressure, and self-censorship by journalists and editors is common. An Intermedia and Levada Center poll carried out in 2008 found that the vast majority of the population do not express concern about this and do not read these sources.^c
- According to a 2008 poll by the Kremlin-Influenced All-Russia Center for the Study of Public Opinion on Social and Economic Questions (VTsIOM), nearly half of all Russians believe that information on the Internet should be regulated. The main

^a See the 3 December 2008 OSC Media Aid, **Putin Ally Kovalchuk Expands Media Empire, Gains Shares in Gazprom-Media** (CEF20081203317001).

^b See Appendix A for further information on SUP, DST, RBC, Prof-Media, and Gazprom-Media and their owners.

^c See the 24 June 2008 OSC Intermedia Report, **Media Survey Report: Russia 3477/08** (GMP20080624411001).

argument given for this view was that the Internet is filled with "dirt" and "trash" and that it is accessible to children and has a bad influence on them. When asked what should be censored, the majority of respondents named child pornography (89%), followed by 83% in favor of blocking terrorist organizations and extremist content. Many (41%) believed that the sites of political opposition movements should be blocked (9 December 2008).

- Regardless of their stance on censorship, according to *Gazeta.ru*, Russians are not likely to change their social networking use over privacy concerns. The director of marketing and sales at Rambler Media, Anton Terkhov, stated that "discussions have come up in the Runet that data from social networks are being used by government structures, but these conversations have not led to users closing their accounts. Quite the opposite, the popularity of the services has continued to grow." The head editor of *Yandex*, Yelena Kolmanovskaya, had a similar opinion stating: "Talk of the possible decline in popularity of these services is doubtful" (26 March 2009).

Protests Over Buyouts

There have been limited protests over the buyouts, but reaction centered on well-publicized deals involving major Internet outlets and known Kremlin supporters and appeared mainly in opposition publications and politically active bloggers' journals.

- In March 2008, Gazprom-Media purchased the popular Russian clone of *YouTube*, video-sharing platform *RuTube*. This prompted Oleg Kozyrev, a well-known opposition blogger, and Oleg Salmanov, a reporter for the online opposition paper *The New Times*, to protest: "The Russian Internet community is following with alarm the social networks passing under the control of those who are loyal to the authorities and responsive to their requests. Many still remember what the federal media were like before Vladimir Putin arrived in the Kremlin. Yes, the purchase by state corporations (or by businessmen close to the Kremlin) of large media does not always and not necessarily lead to them stopping being objective. But the authorities gain the legitimate opportunity 'to switch off the button' in case of something. The networks only have to be in the necessary hands" (17 March 2008).
- Usmanov's June 2008 purchase of 50% of *LiveJournal* from SUP prompted speculation about censorship, but also criticism of SUP's management of the resource. *Cyxymu*,^d a blogger and professor in Tbilisi, Georgia, expressed fears that this was part of a plan by the authorities to rein in freedom of speech on the Internet: "That means everything will be under the control of the FSB [Federal Security Service]. Or more accurately under greater control than earlier" (22 June 2008).

^d Cyxymu was later the victim of a politically motivated denial-of-service (DDOS) attack that brought down *Facebook*, *Twitter*, and *LiveJournal* over his comments on the Georgia-Russia war in August 2008.

- In September 2009, *Yandex*^c owners gave a "golden share" to government-owned Sberbank, giving the bank the right to veto any sale of more than 25% of *Yandex* and ensuring this sensitive resource remains in government-friendly hands (*Russian Newsweek*, 17 August 2009). In response, *The Moscow Times*, an English-language daily owned by Finnish company International Media, wrote: "While *Yandex*'s concessions have been minor and apparently voluntary, Internet users fear that they could lead to restrictions like those in China, where access to pro-democracy and foreign news websites is severely limited" (26 November 2009).
- In December 2009, various media reported that DST was negotiating to buy ICQ from AOL in a deal that would give DST control of roughly half of the Russian messaging market (*Lenta.ru*, 15 December 2009).^f Blogger response centered on having to pay for the previously free service instead of any risk of monitoring or censorship. Blogger Aleks Eksler (*exler*) stated: "If DST buys ICQ, we'll have to leave this platform for good because, just like 'Zhadnoklassniki' [greedyclassmates] it's easy to predict what will happen. First they'll forbid any alternative clients so that Internet chatters will have to use the official client where they can put ads everywhere. Then they'll start the monetization of the service." Others responded with alternative chat platforms and debated whether or not ICQ would cease to be free (15 December 2009).

Protests Over Government Moves

Officials have made numerous attempts to pass laws seeking to regulate the Internet. They have also been accused of using laws covering the mass media or extremism to censor the Runet. Such methods have met with significant resistance from the opposition and human rights activists, and the government has scaled back or rejected some provisions of the controversial laws.

The Joint Commission on National Policy and Cooperation of Governments and Religious Unions of the Federation Council announced a bill with planned amendments to the law on mass media on 11 February 2008. If passed in its original form, the amendments would have given any electronic media which has more than 1,000 hits per day the status of mass media, thus making them subject to laws on mass media such as the law on extremism. Amid controversy and outcry provoked by news of the draft, supporters of the bill attempted to assuage fears that it would lead to censorship, promising that the law would not affect sites that are "not information sources."

^c *Yandex* is the number one site in the *Alexa.com* top 100 Russian sites and Russia's most popular search engine. In addition to its search engine function, *Yandex* is an important information source, providing a top news item summary and, prior to December 2009, a list of the top stories in the blogosphere, which many saw as a way to publicize grievances. See Appendix A for more information on *Yandex*.

^f ICQ is one of the most popular instant messaging services in the East European and Russian markets. Popular Internet news site *Lenta.ru* quoted Comscore estimates of ICQ's user base in Russia at 8.4 million users and 12.6 million in Germany (15 December). According to *potok.in.ua*, experts from the Internet Association of Ukraine estimate that ICQ is installed on 80% of computers in Ukraine. DST's *Mail.ru* has its own messaging service, *Mail.ru Agent*, which has 12 million estimated users and is currently the most popular messaging service in Russia.

- Bloggers expressed varying degrees of alarm over the potential danger the law would pose to their community, because so many of their blogs receive more than 1,000 hits per day. Blogger *may-antiwar* wrote: "As soon as a site becomes mass media, we will be threatened not only with immediate shutdown but also unpleasant personal sanctions under the law 'On extremism' and we will become political prisoners. They have declared war on our resource" (27 February 2008). Blogger *Viking_nord* called the initiative "extremely stupid" and claimed that "over the last five years there were 20 such initiatives and no one ever passed one of them" (11 February 2008).
- Independent Internet sites, like bloggers, expressed their concern that the law would lead to the closure of Internet resources and ridiculed the 1,000 hits-per-day figure (*Newsru.com*, 12 February 2008; *Strana.ru*, 11 February 2008).
- On 11 February, Vladimir Slutsker, the deputy chairperson of the commission, gave a very broad definition of sites to be covered: "Any regularly updated Internet site can be included in the understanding of mass media, including personal diaries, various forums, and chats including, for example, dating sites" (*Gzt.ru*, 11 February). However on 12 February, he backed off, stating: "The amendments to the law 'On the Mass Media,' which were discussed today by the Internet community, only concern sites which are, in fact, Internet mass media although they are not registered at the moment...The blogosphere, dating sites, and search engines will not fall under that law because they are not mass media" (*SMI.ru*).

Protest Over Court Case

A 7 July 2008 trial convicting Savva Terentyev on charges of extremism, the first criminal prosecution in Russia for comments posted in a blog, prompted warnings that the legal system would be used to target bloggers critical of local or federal authorities. Terentyev, who admitted authorship of the comment but pleaded not guilty to charges of extremism, received a suspended one-year prison sentence under Article 282 of the Criminal Code of the Russian Federation -- inciting hatred or enmity (ITAR-TASS, 7 July 2008; Interfax, 14 July 2008). In his comment, he railed against the police, describing them as "filth" and saying that a "corrupt cop should be ceremonially burnt daily" in the central square of every city.

- Political columnist Valeriy Vyzhutovich claimed that the Terentyev "show trial" was a "test run" to gauge how Russian society would react to the future imposition of restrictions on freedom of speech on the Internet (*Politkom.ru*, 25 April 2008).
- Terentyev's lawyer, Vladislav Kosnyrev, warned that now under Article 282 "practically any statement can, if desired, be a pretext for criminal prosecution." Suranov added that "*LiveJournal* users need to know: The more you show interest in public life, then the greater the interest the law enforcement agencies will have in you" (*The New Times*, 14 July 2008).
- Terentyev was not pardoned, but in a subsequent trial a 29-year-old senior teacher at the Kuzbass State Technical University, Dmitriy Solovyev, who was accused of inciting hatred and hostility against a social group for his negative statements against FSB and MVD [Interior Ministry] employees in entries on his *LiveJournal* page was not found guilty (*Forum.msk*, 13 January).

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Criticism of Outsourcing of Attacks

The Kremlin is known to use its youth groups and other methods to carry out "information confrontation" in the Rунet.^{g h} Opposition Internet users are aware of this practice and take action to expose, criticize, and thwart them.

Oleg Kozyrev noted the trend toward more frequent and organized attacks on opposition videos on *YouTube*, stating: "It is interesting that over the last several days, a ton of identical comments [from users] with accounts created at suspiciously similar times have appeared on *YouTube*. They usually surf opposition videos and post various types of negative messages. Obviously brigades that sometimes work in the blogs and sometimes on forums have now started working on the video service" (*Oleg-kozyrev.livejournal.com*, 30 November 2007).

During recent protests in Kaliningrad, participants used Internet media to publicize the protest and smaller preceding events. In several forums, and on *YouTube* videos, users called out the activities of progovernment "trolls"ⁱ who ridiculed the protest and attempted to counter the protesters' criticisms of the authorities. User *Legis80* struck at all several users he called "Mister trolls" who were spamming the comments section of the *Novyy Kaliningrad* paper's article on the protests, telling them to "stick their tongues in deeper and stop yapping." On *Rugrad.eu*, two of the organizers of the 30 January protest, Konstantin Doroshok and Aleksandr Agiyevich, were forced to debate two users, *Ivanka* and *Valter 100_lyt*, who alleged that Doroshok was staging the protests in Kaliningrad to further his own business interests and that people were being offered financial inducements to attend protest rallies. Agiyevich's response to the "trolls" was to tell other users to ignore them, but Doroshok decided to do some detective work and said that *Ivanka* and *Valter 100_lyt*, who claimed he was a student who had been given R100 to attend the rally on 12 December, were operating from the same IP address. Doroshok concluded that they were, in fact, one and the same person (BBC Monitoring, 9 February).^j

^g Pro-Kremlin youth group Nashi is infamous for its attacks on Estonian Government sites during the 2007 conflict over a World War II era statue that Estonia moved. One of the commissars of the movement, Konstantin Goloskokov, admitted at the time that he had personally participated in the attack (*Kommersant*, 12 March 2009). In April, a new project was launched for Russian Internet users called the Kremlin School of Bloggers (KSB). The KSB's stated aim is to instruct progovernment Internet activists in the art of blogging and to serve as a vehicle for waging the "information war" in cyberspace (BBC Monitoring, 19 August 2009).

^h In October 2009, the Communications and Press Ministry offered a tender for the provision of technology needed to allow bureaucrats to promote state interests on social networking sites like *Twitter* and *Facebook*. According to the tender, the winning company would further be required to draft a concept to promote state interests through the websites and propose "methods of monitoring" the sites in order to "boost the effectiveness" of the activities of state bodies on the sites. The ministry added that it was also considering tracking discussions at social networking sites operating in languages other than Russian (*Moscow Times*, 23 October 2009).

ⁱ "Troll" is an Internet term for a person who willfully attempts to disrupt a community or garner reactions, attention, and controversy.

^j On 30 January, 10,000-12,000 people turned out to protest over economic gripes -- vehicle tax, utility charges, and duty on imported cars -- and made political demands, including calls for the sacking of the region's One Russia governor and the restoration of direct gubernatorial elections. They even joined in chants criticizing Prime Minister Vladimir Putin.

Internet users have taken to creating lists of bots that spam their blogs. *Orly74* recommended banning a list of 40 users from opposition journals in connection with attacks on other opposition journals (16 October 2009). Out of frustration with what he said was *LiveJournal's* lack of will to stop bots, Andrey Malgin (*avmalgin*), writer and Kremlin critic and well-known blogger, started a list of bots and gave users instructions on how to ban them. Readers added to the list in comments and sympathized with his frustrations (30 January 2008). Oleg Kozyrev started a list of bots to ban on 9 October 2008. User *Botolov's* entire blog is devoted to stopping bots. He maintains a list of bots updated nearly daily by other users and helps to ban them.^{k l m}

Opposition users are also savvy at circumventing the Kremlin's monitoring and censorship efforts. In an interview with Global Voices Online, a project of the Berkman Center that translates blogs from around the world, Roman Dobrokhotoy, the leader of a democratic Russian youth movement "We" (My), stated: "All our activities are conducted via the Internet. The main mechanism that creates and maintains our movement is a *Google* group. We consider it relatively secure. We use an encrypted connection. We only add people that we know.... In addition to *Google* groups, we use *Twitter*. But we do it during our real-life actions, not before. When you deal with an opposition movement it is important that your friends can always follow you in case something bad happens." He continued: "The authorities have a legal right to ask for any information from Internet providers. They have access to everything we send through SORM 2 system.ⁿ But our information is encrypted and it will take a lot of time for them to decode it. The authorities can also create Internet filters or just shut down blogging services like *LiveJournal*. But we can always work through other platforms. We can also use anonymizers and other tools like proxy services" (*Globalvoicesonline.org*, 20 December 2009).

Suspicious Over New Domain

Although the .рф domain (Cyrillic language domain) is touted as being aimed at making the Internet more accessible to more Russians, some bloggers and press sources have pointed out that it may serve to isolate Russian Internet users from the rest of the World Wide Web, forming a kind of "cyber ghetto."

- In an interview with Rosbalt news agency, Ilya Ponomarev, an avid blogger and member of the Duma Committee on Information Technology and Communications, called the new domain "a step towards the isolation of the Russian segment of the Internet from the international Internet space" and stated that it was "a harmful and wrong course" (*ilya-ponomarev*; Rosbalt, 25 November 2009). One commentator to Ponomarev's Rosbalt interview debated Ponomarev, stating that the new domain was a positive step because it would make the Internet accessible to people who do not know

^k Refer to avmalgin.livejournal.com/1134347.html.

^l Refer to oleg-kozyrev.livejournal.com/1544746.html?thread=15340586.

^m Refer to botolov.livejournal.com/.

ⁿ SORM is a technical system for search and surveillance in the Internet. According to some reports, under SORM-2 Russian Internet service providers (ISPs) must install a special device on their servers to allow the FSB to track all credit card transactions, e-mail messages and web use.

Latin characters and that people who wanted to speak with foreigners would still have Latin domains to use, according to blogger *dilesoft* (*ilya-ponomarev*, 25 November).

- User *illka* worried that sites on the Cyrillic domain would be subject to a great deal of pressure and unable to change their registrar to another provider and that once people became used to domain names in Russian, they would not be willing to go to "that [Latin character domain] Internet" because there would be "nothing comprehensible written there" (*ilya-ponomarev*, 25 November).
- Another blogger, *di09en*, researched the newly registered блог.рф (blog.rf) domain and claimed that it was registered in the name of the "Special Communications and Information Service of the Federal Guard Service of the Russian Federation." Commentators stated that it was actually the Federal Protective Service of Russia, a department of the Federal Agency of Government Communications and Information (FAPSI) (*ilya-ponomarev*, 25 November).

Implications

The Russian Government does not need to own the Runet in order to monitor or control it. It has numerous laws and policies in place that allow it to limit or threaten open discussion on the Internet. Portals owned by Kremlin allies do not yet exhibit signs of censorship, but their acquisitions provide officials an additional lever to control the content of the Runet if the Kremlin feels threatened. The Kremlin is also developing the ability to shape the online discourse using such organizations as the Kremlin School of Bloggers and its various youth groups.

Moreover, many Russians actually favor some degree of censorship of the Runet and any public protest against government control would therefore most likely come from the largely distrusted and marginalized opposition. The lack of public concern over the loss of yet another independent source of information could lead to even greater state control of information and its citizens' beliefs.

Still, information may seep through any Kremlin efforts to censor the Internet as non-Russian portals such as *Google*, *YouTube* and *Wikipedia* are gaining popularity,^o and opposition users are very savvy in regard to circumventing censorship efforts.

^o According to *Alexa.com* rankings of the top sites in the Russian Internet in May 2009 and February 2010, *Google* has moved from fifth position to fourth. *YouTube* remains in eighth position and *Wikipedia* just broke into the top 10 at ninth.

Appendix A

SUP

SUP is an Internet media investment company founded in the summer of 2006 by Russian billionaire Aleksandr Mamut and US media entrepreneur Andrew Paulson. It expanded aggressively in the new media sector, buying up a sports website and Internet ad agencies before buying *LiveJournal* in December 2007 in a deal estimated at \$30 to \$100 million (Russia Today, 4 December 2007). SUP leadership included Anton Nosik, one of the pioneers in Russian website development and a famous blogger.^P As of 1 September 2009, SUP owned *Gazeta.ru*, *LiveJournal.ru*, and *Championat.ru* (*Kommersant*).

Mamut is a longtime prominent Russian banker who developed close ties to the family of President Boris Yeltsin and top officials of his Presidential Administration and also top officials of President Putin's administration. This prompted many expressions of concern among bloggers and other observers that his purchase of *LiveJournal* would increase Kremlin influence over the blogging platform.^Q

Digital Sky Technologies (DST)

Yuriy Milner and Grigoriy Finger formed DST in 2005 with their own money and funds from outside investors, which now include Goldman Sachs and Alisher Usmanov. While DST continues to be controlled by the two founders, Usmanov now owns 35% of the company, making him the single-largest shareholder.

DST is a dominant force in the Runet, owning the most popular websites in the CIS, including Russia, Ukraine, Kazakhstan, Georgia, and Armenia, and estimates that over 70% of all page views in the Russian-language Internet are on its companies' websites (*Dst-global.com*, 2 February). In Russia, DST owns a significant stake in *VKontakte*, a *Facebook* clone and the largest social network site in Russia, and a controlling interest in Forticom group, the owner of *Odnoklassniki.ru*, a very popular Russian clone of *Classmates.com* and third-most popular social network in Russia. DST owns more than half of the second-most popular site overall, *Mail.ru*, which offers a variety of services including news, e-mail, a search engine, directories, chats, job services, blogs, role-playing games, and messaging. *Mail.ru* also controls several other important Internet projects. Because of the prevalence of the Runet in the former Soviet space, these sites are also the most popular sites in Uzbekistan, Kazakhstan, Ukraine, and Moldova. Outside of Russia, DST owns *Seznam.cz*, a Czech social networking site; a majority share in *Nasza-klasa.pl*, a Polish clone of *Classmates.com*, and a significant stake in Estonian jobs portal CV Keksus, the number two site in Estonia, based on a Gemius research report from January 2009. The company's 75% interest in Forticom also gives it control of some of the top portals in Lithuania, Latvia, and Estonia -- *One.lt*, *One.lv*, and *One.ee*.

Usmanov is the single-largest stakeholder of DST (*Russkiy Newsweek*, 17 August 2009). According to Finam expert Leonid Delitsyn, "Alisher Usmanov is not an investor for whom

^P See the 29 May 2008 OSC Analysis, **Takeover of Major Blog Platform Prompts Censorship Fears** (CEF20080529511001).

^Q See the 29 May 2008 OSC Analysis **Takeover of Major Blog Platform Prompts Censorship Fears** (CEF20080529511001).

state interests are an alien concept... When his structures acquire a media asset this is seen as a deal that has been done with the state's approval" (*Infox.ru*, 3 July, 2009). According to *Russkiy Newsweek*, the Russian version of international news magazine *Newsweek*, the Internet community views Usmanov as "an outright government surrogate" (17 August 2009). Usmanov is considered especially close to President Medvedev. For a long time he was a top official of Gazprom where Medvedev was chairman.

Usmanov has been building a media empire since August 2006, buying the respected business daily *Kommersant*, the antigovernment website *Gazeta.ru*, and sports channel 7TV in late 2006. He announced on 7 November 2006 in *Vedomosti* that he intended to create a multimedia holding company of TV channels, newspapers, radio stations, and websites and told *Vremya Novostey* he aimed to create a media empire like Bloomberg's (28 December 2006). Usmanov has ambitious aims, specifically in the social networking sphere. For example, he launched the *NewTube.ru* video site in June 2008 to challenge Gazprom-Media's *RuTube* (*Kommersant*, 3 June 2008). In addition, in 2008, he attempted to buy 10% of *Yandex* in a deal that later failed (*Lenta.ru*, 28 May 2009).

DST Company President Yuriy Milner was also recently appointed to the Presidential Commission for the Modernization and Technological Development of the Russian Economy, whose mission is the "reduction of the Russian economy's dependence on world economic conditions and the development of high technology" (*Politkom.ru*, 25 May 2009).

RosBiznesKonsalting (RBC)

RosBiznesKonsalting was created in 1992 and is an Internet-holding company. RBC owns, among others, news portals *Rbk.ru*, *Utro.ru*, and *Cnews.ru*. It also owns *Loveplanet.ru*, the second-largest dating service in Russia, Quiet Internet Pager, a free instant messenger, and *Fishki.net*, a top humor and entertainment website.

Prokhorov has a history of cooperating or supporting government initiatives. For example, he came out in favor of businesses paying their full taxes, a rarity in Russia, and registered himself as living in Yeruda in the Krasnoyarsk region, where his mining company Polyus Gold is located, in order to support the region with his taxes. A spokesman for Prokhorov's investment vehicle Onexim explained: "Given the difficult economic period, one of the main social responsibilities of a business is to pay its taxes in full, and it would seem proper to pay them where the main sources of income are" (RIA Novosti, 22 May 2009).

Prof-Media

One of Russia's largest media conglomerates, Vladimir Potanin's Prof-Media was created by the oligarch's Onexsimbank in late 1997 to run *Russkiy Telegraf*, *Izvestiya*, *Komsomolskaya Pravda*, and other papers. In March 2003, Prof-Media purchased 35% of the Dutch-owned Independent Media publishing house which owned *The Moscow Times* and *Vedomosti*.[†] Prof-Media later changed its strategy, selling off its print media, especially political newspapers, and buying up entertainment television channels and Internet sites.[§]

[†] See the 17 March 2003 FBIS Media Aid, **Potanin Expands Media Empire** (CEP20030317000187).

[§] See the 13 November 2006 OSC Analysis, **Potanin, Other Russian Oligarchs Building New Media Empires** (CEF2006110931700).

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Potantin purchased *Rambler.ru* in November 2006, which, along with his news websites *Lenta.ru* and *Afisha.ru*, figures in the top 100 Runet sites. Prof-Media and investment company Finam own *Begun*, the leading Russian company in context-based ads. According to numerous sources, advertising is the most important source of revenue to websites, making up, for example, 80% of the revenue of *Yandex* (*Vedomosti*, 30 December 2009). Consistent with the government's policy of keeping important companies in Russian hands, the Federal Anti-monopoly Service recently blocked an attempt by *Google* to buy *Begun*, citing inaccuracies in the paperwork. Some analysts believe the decision was actually motivated by concern at losing control over a Russian market leader (*Vedomosti*, 24 September 2009). Informative business daily *Kommersant's* sources in the market said the deal was not approved "because the government came out against the sale of *Begun* to the American *Google* Inc" (9 April 2009).

Despite rocky relations with the Kremlin at the start of Vladimir Putin's presidency, Potantin is now believed to have a good relationship with Putin and the government. Rafael Akopov, the president of Prof-Media, supported the government's right to deem Internet portals "strategic"¹ and to determine policy on them. He stated: "The Internet is a strategic sector and the government has every right to determine policies in it" (*Vedomosti*, 9 April 2008).

Gazprom Media

Gazprom-Media was set up by Russia's gas monopoly Gazprom to manage its media holdings, including the popular national TV channel NTV and Ekho Moskvyy radio, and has become one of Russia's biggest media conglomerates. Its parent company, Gazprom is partially owned by the Russian Government.

Yuriy Kovalchuk, a longtime Putin friend with ties to Medvedev, controls Gazprom-Media.¹¹

Yandex

Yandex is partially owned by Ru-Net Holdings, which was founded by Baring Vostok Capital Partners and the Moscow investment company United Financial Group. Leonid Boguslavsky owns 50% of Ru-Net Holdings and has served as its Chairman and CEO since April 2001. Ru-Net Holdings owns 35% of *Yandex*, which is currently the top-ranked website in Russia and its dominant search engine. *Yandex's* director, Arkadiy Volozh, controls 30% of the company and the remainder of *Yandex* is owned by *Yandex's* managers and several other investment companies including Baring Vostok Capital Partners and Tiger Global (*Bfm.ru*, 11 September 2009). *Yandex* owns popular portals *Narod.ru* and *Moi Krug*, a business portal similar to *LinkedIn*. Ru-Net holdings also owns 50% of largest Internet store, *Ozon.ru* (*Kommersant*, 1 September 2009).


¹ Although they failed to pass, in spring 2008, the government debated amendments to the law "On the Procedure of Foreign Investment in Companies and Organizations Having Strategic Importance for National Security." The changes would have added the Internet to the list of strategically important sectors of the Russian economy, thereby limiting foreign ownership (*Gazeta.ru*, 5 March 2008).

¹¹ Kovalchuk was Putin's partner in creating a dacha co-op in the 1990's. See the 26 April 2007 OSC Analysis, **Close Putin Associate Kovalchuk Takes Control of Two National TV Channels** (CEF20070426317001).

In September 2009, *Yandex* owners gave a "golden share" in the company to Sberbank. This special share, which cannot be sold without the approval of *Yandex*'s board of directors, gives Sberbank the right to veto any sale of more than 25% of *Yandex*, thus ensuring this sensitive resource remains in government-friendly hands (*Russkiy Newsweek*, 17 August 2009). An unnamed source of the respected business daily *Vedomosti* in the federal government stated: "*Yandex* is an infrastructural company and the government is not indifferent as to who controls it. Sberbank will become the de facto representative of the government and will be able to prevent the transfer of *Yandex* to the control of foreigners" (24 September).
























Arkadiy Volozh, owner and director of *Yandex* stated: "We cannot fail to take the government's position into account and believe it is necessary to develop a legal mechanism that will consider national interest when making large deals involving *Yandex*" (Interfax, 24 September 2009).

Appendix B: Alexa Top 100 from 2 February, 2010 (Portals Owned by Kremlin-friendly Businesses Highlighted)




Global	By Country	By Category
 Top Sites in Russia The top 100 sites in Russia.		
1.	Яндекс yandex.ru	Поиск информации в интернете с учетом русской морфологии, возможность регионального уточнения. Параллельный поиск по новостям, картинкам, товарам, блогам, адресам организаций.
2.	V Kontakte vkontakte.ru	The most popular social network utility in Russia.
3.	Почта@Mail.ru mail.ru	Полнофункциональная почтовая система. Адресная книга, антивирус. Web-интерфейс, POP3 и WAP. Выбор из 4-х доменов.
4.	Google google.ru	Русскоязычная версия поискового сервера.
5.	Одноклассники.ru odnoklassniki.ru	Russian classmates and old friends reunion site.
6.	Google google.com	Enables users to search the Web, Usenet, and images. Features include PageRank, caching and translation of results, and an option to find similar pages. The company's focus is developing search technology.
7.	Рамблер rambler.ru	Информационно поисковая система с учетом морфологии русского языка.
8.	YouTube - Broadcast yourself youtube.com	YouTube is a way to get your videos to the people who matter to you. Upload, tag and share your videos worldwide!
9.	Wikipedia wikipedia.org	An online collaborative encyclopedia.
10.	Vk.com vk.com	
11.	LiveJournal livejournal.com	A service for journals and blogs, that also offers privacy controls, photo storage, publishing tools, style templates, and online communities for many interests.
12.	Narod narod.ru	
13.	Torrents.ru torrents.ru	
14.	uCoz ucoz.ru	Конструктор сайтов с возможностью их последующего размещения на доменах системы или на собственной домене. Новости сервиса, условия исполн
15.	LiveInternet.ru liveinternet.ru	Размещение личных дневников.
16.	Yandex yandex.ru	Russian search engine
17.	Yahoo! yahoo.com	Personalized content and search options. Chatrooms, free e-mail, clubs, and pager.
18.	Depositfiles.com depositfiles.com	
19.	letitbit net - this is totally free file hosting. The speed and size of files is no limited. letitbit.net	
20.	Blogger.com blogger.com	Free, automated weblog publishing tool that sends updates to a site via FTP.

1. **Yandex (Ru-Net Holdings)**
2. **V Kontakte (DST)**
3. **Mail.ru (DST)**
4. **Google**
5. **Odnoklassniki (DST via Forticom)**
6. **Google.com**
7. **Rambler (Prof-Media)**
8. **8 YouTube**
9. **Wikipedia**
10. **Vk.com (DST)**
11. **LiveJournal (SUP, Usmanov)**
12. **Narod.ru (Yandex)**
13. **Torrents.ru (unknown)**
14. **uCoz (Unknown)**
15. **LiveInternet.ru (German Klimenko; some reports say DST bought an interest. Not confirmed.)**
16. **Ya.ru (Yandex)**
17. **Yahoo**
18. **Depositfiles.com**
19. **Letitbit.net**
20. **Blogger.com**


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Global	By Country	By Category
 Top Sites in Russia  The top 100 sites in Russia. 		
21.	Радикал-Фото radikal.ru 	Неограниченный срок хранения. До 10 мегабайт на загружаемую фотографию. Возможность загрузки изображений с помощью программы-клиента.
22.	Росбизнесконсалтинг rbc.ru 	Информационное агентство, постоянно обновляющиеся ленты новостей. Новости бизнеса, социальной, политической, культурной, спортивной жизни.
23.	AdvMaker.ru - , advmaker.ru 	
24.	Gismeteo.ru gismeteo.ru 	Прогноз погоды (температура, осадки, давление, влажность, сила ветра) от ФОБОС и Мэп Мейкер в городах России и мира. Сводки погоды по аэропортам мира и автодорогам. Новости о погоде. Календарь народных примет. Погодные карты и анимации. Архив синоптических сводок.
25.	КиноПоиск.ру kinopoisk.ru 	Новости кино. Афиша Москвы. Фотографии звезд, кадры из фильмов и комментарии зрителей.
26.	Facebook facebook.com 	A social utility that connects people, to keep up with friends, upload photos, share links and videos.
27.	MarketGid marketgid.com 	The purpose of the project is to provide customers with up-to-date information about multiple types of products and services from retailers and online shops
28.	Quiet Internet Pager qip.ru 	Альтернативный бесплатный клиент для протокола ICQ.
29.	Автомобили в России auto.ru 	Автоновости. Описания, статьи, тест-драйв, краш-тесты. Продажа новых и б/у автомобилей. Доска объявлений. Форум.
30.	Zaycev.net zaycev.net 	
31.	Microsoft Corporation microsoft.com 	Main site for product information, support, and news.
32.	Novoteka.ru novoteka.ru 	
33.	Lenta.ru lenta.ru 	Постоянно обновляемая лента новостей.
34.	RapidShare rapidshare.com 	Users can upload up to 100 meg files for sharing. Provides downloads of 100 megs per hour on the free service. Premium service also available.
35.	Microsoft Network (MSN) msn.com 	Dialup access and content provider.
36.	PartyPoker.com partypoker.com 	Play poker online at PartyPoker.com, the world's largest poker room. You'll find Texas Hold'em, Omaha, Omaha Hi/Lo, 7 Card Stud & 7 Card Stud Hi/Lo. They have an excellent Poker School, as well as lots of huge tournaments.
37.	Российское Информационное Агентство ria.ru 	Государственное информационно-аналитическое агентство Российской Федерации.
38.	iFolder.ru ifolder.ru 	Возможность загрузки файлов по FTP, интерфейс для управления загруженными файлами. Ограничение на объем загружаемого файла - 100 мб.
39.	@: - diary.ru 	
40.	Yandex.net yandex.net 	
21.	Radikal-Foto (Anton Popkov)	
22.	Rosbizneskonsalting (RBC)	
23.	AdvMaker.ru (unknown)	
24.	Gismeteo.ru (unknown)	
25.	KinoPoisk.ru (Allocine)	
26.	Facebook (5% DST)	
27.	MarketGid (Finam)	
28.	Quiet Internet Pager (RBC)	
29.	Автомобили в России (Mikhail Rogalskiy)	
30.	Zaycev.net (unknown)	
31.	Microsoft Corporation	
32.	Novoteka.ru (Finam)	
33.	Lenta.ru (Prof-Media)	
34.	RapidShare	
35.	Microsoft Network	
36.	PartyPoker.com	
37.	Rossiyskoye Informatsionnoye Agentstvo (VTGRK)	
38.	iFolder.ru (Agava)	
39.	Diary.ru (Kubik)	
40.	Yandex.net (Yandex)	


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Global	By Country	By Category
 Top Sites in Russia  The top 100 sites in Russia. 		
41.	RuTube :: rutube.ru	RuTube (Gazprom Media)
42.	Tfile.ru tfile.ru	Tfile.ru (unknown)
43.	Ozon ozon.ru Largest internet shop in Russia. 200,000 goods available for order online. Books, Rarities, DVD, VHS, AudioCD, Software, Hardware, Electronics and more. All types of payment (cash on delivery, credit cards, electronic payments, money order). Worldwide delivery.	Ozon (Ru-Net Holdings)
44.	ICQ icq.com Official site for the instant-messaging and chat software.	ICQ (AOL currently owns but reportedly in talks to sell to DST or Yandex)
45.	LiveJasmin.com livejasmin.com About Livejasmin.com (livejasmin.com): Live Sex - The worlds most visited Video chat community.	LiveJasmin.com
46.	Headhunter hh.ru Сайт по поиску работы для среднего класса. Вакансии крупных компаний, индивидуальные рекомендации при составлении резюме.	Headhunter (DST)
47.	Double Click doubleclick.com Coordinates targeted Internet advertising campaigns for advertisers, and provides ad management services, software, and sales for publishers.	Double Click
48.	Twitter twitter.com Social networking and microblogging service utilising instant messaging, SMS or a web interface.	Twitter
49.	Комсомольская правда kp.ru Интернет-сайт газеты, издающейся с 1925 года. Авторские статьи на темы: политика, экономика, жизнь, наука, культура и спорт. PDA- и WAP-версии издания.	Komsomolskaya Pravda (Grigoriy Berezkin YESN)
50.	Sape.ru sape.ru Система купли-продажи ссылок с главных и внутренних страниц сайтов с широкими возможностями по автоматизации процессов со стороны оптимизаторов и вебмастеров.	Sape.ru (DST)
51.	Gazeta.Ru gazeta.ru Ежедневная online-газета.	Gazeta.ru (SUP)
52.	Фишки.NET fishki.net Развлекательный портал.	Fishki.net (RBC)
53.	Ask.com ask.com Offers search for web sites, images, news, blogs, video, maps and directions, local search and shopping.	Ask.com
54.	Avito.ru avito.ru	Avito.ru (Kontakt East Holding)
55.	Urldirecting.com urldirecting.com	Urldirecting.com
56.	Чемпионат.ру championat.ru Новости чемпионата России по футболу. Премьер-Лига, календарь, трансферы.	Chempionat.ru (SUP)
57.	Кинозал.тв - новые фильмы, лучшие фильмы kinozal.tv Новости кино, рецензии, анонсы, новинки кино, информация о фильмах, актерах и режиссерах	Kinozal.tv (unknown)
58.	Афиша.ru afisha.ru	Afisha.ru (Prof-Media)
59.	Promoisland.net promoisland.net	Promoisland.net
60.	Библиотека Максима Мошкова lib.ru Тексты книг, учебных материалов.	Biblioteka Maksima Moshkova (Maksim Moshkov)

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Global	By Country	By Category
 Top Sites in Russia The top 100 sites in Russia		
61.	Из рук в руки ir.ru	Бесплатные объявления по России и СНГ.
62.	Torrentino.ru torrentino.ru	
63.	Спорт-Экспресс sport-express.ru	Официальный сайт ежедневной спортивной газеты. На сайте можно найти свежий номер в формате pdf, архив статей и фотографий, чат и интернет-тотализатор.
64.	Pornolab.net pornolab.net	
65.	Молоток.Ру molotok.ru	Leading on-line marketplace in Russia. Fixed price trades, auctions, new and used items, collectibles. Various payment and delivery options.
66.	СуперДжоб superjob.ru	Автоматизированная система подбора резюме и вакансий с функцией автоматического уведомления. Полезные статьи, адреса кадровых агентств, обучение.
67.	Mamba mamba.ru	
68.	Работа.ру rabota.ru	Тематический интернет-проект. Обширная база данных по теме "трудоустройство", форумы, онлайн сервисы.
69.	1e100.net 1e100.net	
70.	eBay ebay.com	International person to person auction site, with products sorted into categories.
71.	Loveplanet.ru loveplanet.ru	Сайт знакомств. Поиск по анкетам, рейтинги, конкурсы. Партнерская программа.
72.	Эхо Москвы, 91.2FM echo.msk.ru	Радиостанция и информационный портал.
73.	Вести vesti.ru	Новостная программа на канале РТР.
74.	Мобильные ТелеСистемы (МТС) mts.ru	Оператор сотовой связи стандарта GSM на территории России и СНГ.
75.	Beon.ru beon.ru	
76.	Searchengines.ru searchengines.ru	Энциклопедия поисковых систем. Новости и статьи, посвященные российским и зарубежным поисковым системам. Рассылка новостей. Форум для специалистов.
77.	Спорт сегодня / sports.ru sports.ru	Первый профессиональный сайт о спорте в России. Новости, результаты, видео, блоги спортивных звезд, профессиональные фотографии и журналистские материалы.
78.	Хабрахабр habrahabr.ru	Социальное СМИ. Новости о блогах, поиске работы. Обзоры и рейтинги компаний.
79.	Mozilla.com mozilla.com	
80.	NoNaMe nna.ru	
61.	Iz Ruk v Ruki (Pronto Moskva)	
62.	Torrentin.ru (unknown)	
63.	Sport-Ekspress (Ivan Rubin)	
64.	Pornolab.ru (unknown)	
65.	Molotok.ru (DST)	
66.	Super Dzhob (Aleksey Zakharov)	
67.	Mamba.ru (Mail.ru, Finam)	
68.	Rabota.ru (RDV Media)	
69.	1e100.net (Google)	
70.	eBay	
71.	Loveplanet.ru (RBC)	
72.	Ekho Moskvyy (Gazprom Media)	
73.	Vesti (VGTRK)	
74.	Mobilnyye TeleSistemy MTS	
75.	Beon.ru	
76.	Searchengine.ru	
77.	Sport Segodnya/ sports.ru (Dmitriy Navasha)	
78.	Khabrakhabr (DST)	
79.	Mozilla.com	
80.	NoNaMe (Tigran Tadevosyan)	

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Global	By Country	By Category
 Top Sites in Russia The top 100 sites in Russia.		
81.	Windows Live live.com	Search engine from Microsoft.
82.	Травян travian.ru	Онлайн игра, в которой тысячи игроков сосуществуют в большом мире и начинают игру предводителем деревни.
83.	Infox.ru infox.ru	infox.ru
84.	Myspace myspace.com	Social Networking Site.
85.	Кирилл и Мефодий km.ru	Последние новости, погода, рефераты, программа ТВ, бесплатная почта, развлечения для дома и офиса, энциклопедии.
86.	The Internet Movie Database imdb.com	Features plot summaries, reviews, cast lists, and theatre schedules.
87.	ВымпелКом vimpelcom.ru	Оператор сотовой связи стандарта GSM, оказывает услуги под торговой маркой Билайн.
88.	Flickr flickr.com	Picture galleries available with chat, groups, and photo ratings.
89.	Переводчик компании ПРОМТ translate.ru	Перевод текстов, веб-страниц и электронной почты: английский, русский, немецкий, французский, испанский и итальянский языки.
90.	AllBest.ru allbest.ru	allbest.ru
91.	Бегун begun.ru	Предлагает рекламодателям линейку контекстных продуктов. Партнёрская программа, FAQ.
92.	.phpBB, vbulletin, FastBB borda.ru	borda.ru
93.	WordPress.com wordpress.com	Free blogs managed by the developers of the WordPress software. Includes custom design templates, integrated statistics, automatic spam protection and other features.
94.	Conduit.com conduit.com	conduit.com
95.	Newsru.com newsru.com	Новости России и мира. Фото и видеосюжеты дня. Политика, экономика, криминал, культура, религия, спорт. Полный хронологический архив. Тематический архив.
96.	Adobe adobe.com	Provides a range of products for digital media creation and editing, multimedia authoring, and web development. Includes documentation and support for all software.
97.	Bing bing.com	bing.com
98.	Drom.ru drom.ru	Информационный сайт о японских автомобилях в России. База объявлений по продаже японских машин. Каталог, отзывы, статьи, форумы. Аукционная статистика, пошлины, страхование. Ремонт и эксплуатация.
99.	Sportbox.ru sportbox.ru	Спортивный информационно-развлекательный портал. Информация из мира спорта, коллекция видеоматериалов, обсуждения спортивных событий. Прямые трансляции соревнований. Телепрограмма телеканала "Спорт". Фотогалереи, форум, игры, экстрим, конкурсы, календарь
100.	Xvideos.com xvideos.com	xvideos.com
81.	Windows Live	
82.	Travian (Travian Gmaes)	
83.	Infox.ru (Infox Interaktiv)	
84.	Myspace	
85.	Kirill i Mefodiy (e-style)	
86.	The Internet Movie Database	
87.	VympelKom	
88.	Flickr	
89.	Perevodchik Kompanii Promt (Promt)	
90.	AllBest.ru (Unknown)	
91.	Begun (Finam, Rambler)	
92.	Borda.ru (Unknown)	
93.	WordPress.com	
94.	Conduit.com	
95.	Newsru.com (Independent Media, Dow Jones)	
96.	Adobe	
97.	Bing	
98.	Drom.ru (unknown)	
99.	Sportbox.ru (VGTRK)	
100.	Xvideos.com	

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