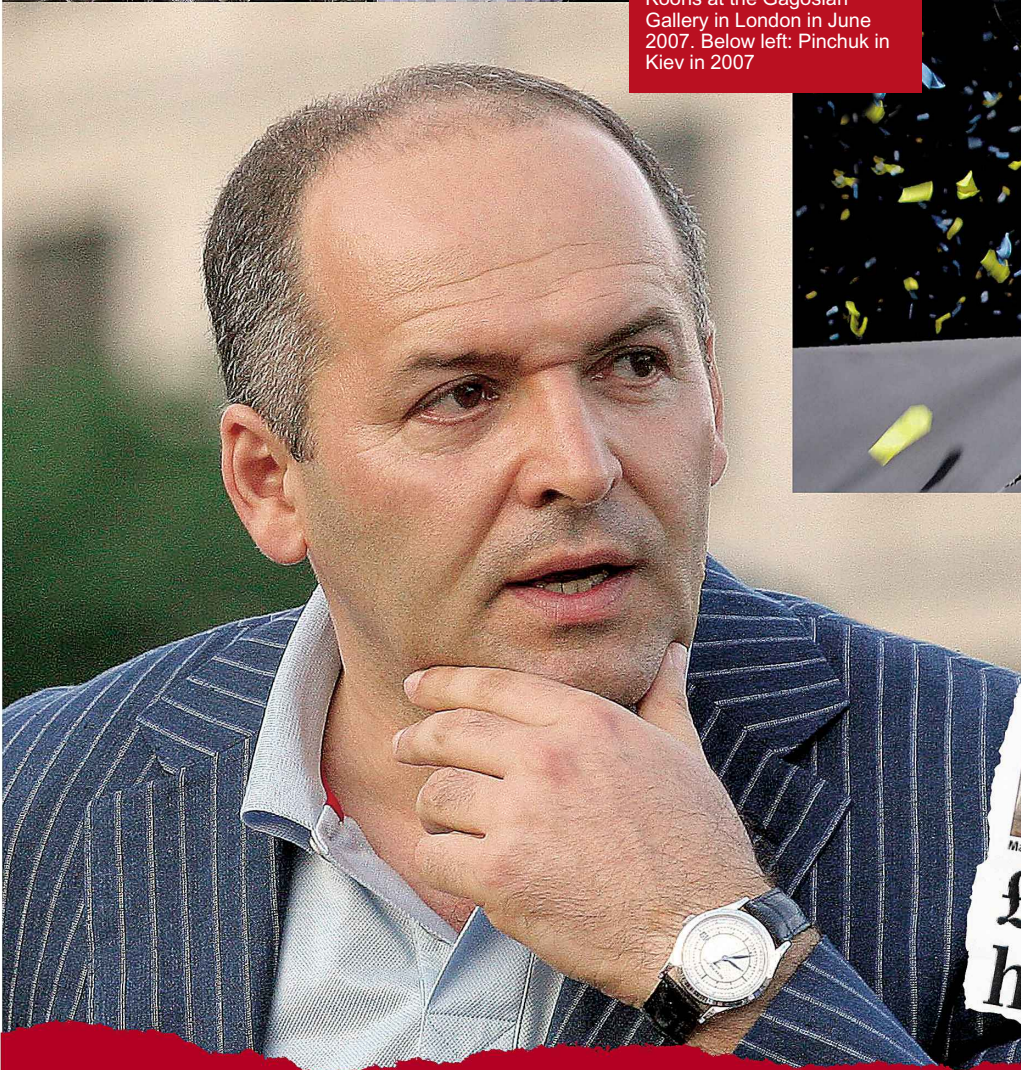




Above left: Damien Hirst, Victor Pinchuk and Jeff Koons at the Gagosian Gallery in London in June 2007. Below left: Pinchuk in Kiev in 2007



Clockwise from above: Victor Pinchuk and his wife Elena Franchuk at his Paul McCartney concert in Kiev in 2008; Pinchuk bought Damien Hirst's *The Golden Calf* for £10.3 million in September; Pinchuk paid a record £80 million for his house in Kensington earlier this year



£80m: most expensive house sold in London

Hirst's ot



Ukrainian oligarch Victor Pinchuk was a shadowy figure who snapped up businesses at a fraction of their true worth. Then he started cavorting with rock stars and artists, bagged London's most expensive house and the top lot at the Hirst sale, and set about trying to buy a place in the limelight. Just who is the predatory Pinchuk, asks **Mark Hollingsworth**



W

hen Damien Hirst's latest collection was sold at Sotheby's for a staggering £111.6 million, the buyers were not the usual American and West European super-rich. Instead, the attendees were Arab, Indian and Chinese

investors, as well as those who already owned Hirsts, such as Jay Jopling and Larry Gagosian with interest in inflating his value, and a secretive, mysterious Ukrainian billionaire called Victor Pinchuk.

It was not the oligarch's first audacious foray into the market. Pinchuk already owns a Hirst piece called *Jesus and the Disciples*, which consists of 13 steel tanks, 12 of them containing a cow's head pickled in formaldehyde. Then at the Sotheby's auction he bought four more items, notably the top lot, *The Golden Calf*, a bull in formaldehyde complete with an 18-carat gold disc above its head, which he snapped up for a mere £10.3 million.

'Yes, I bought at the Hirst auction, but I won't name works,' said the reticent oligarch. 'You'll have to wait until next spring when I'll display new acquisitions.'

Currently worth an estimated \$5 billion, Pinchuk, 47, epitomises the new foreign collector of contemporary art, whose wealth has been accumulated at lightning speed and in controversial circumstances. And, like most oligarchs, he has made London his home and commercial haven. Earlier this year, the Ukrainian bought a house in Kensington for a record-breaking £80 million and set up his new head office in Duke Street, St James's.

Since his acquisitions, Pinchuk has become close friends with Hirst. Last year he asked the artist to propose a colour scheme for his new private jet. Hirst suggested blue. Then this summer, Pinchuk invited the buccaneering artist to see Sir Paul McCartney perform alongside the Vienna Vegetable Orchestra (which performs music on fresh vegetables) at Independence Square in Kiev. Hirst was one of several VIPs flown in by the oligarch and stayed for the post-gig party, which was attended by William Taylor, the US Ambassador to Ukraine, Victor Yushchenko, president of Ukraine, and Hirst's then dealer Jay Jopling.

Now estimated by some to be a dollar billionaire, Hirst increasingly →

© 2008 The Victor Pinchuk Foundation. Rex Features. Photoshot

her shark



Clockwise from left: Ukrainian Prime Minister Yulia Tymoshenko; Vladimir Putin and Victor Pinchuk's father-in-law Leonid Kuchma, then President of Ukraine, in Crimea in 2003; Interpipe, the steel pipe firm that made Pinchuk his fortune



resembles his foreign super-rich clients rather than the maverick enfant terrible of the art world. He is now head of a global commercial brand selling recognisable factory products rather than the iconoclastic artist once described as 'a hooligan genius'. He regards his net worth almost as important as his art. Even his signature is worth \$350 in New York art circles. Art is now big business: hundreds of millions were spent on contemporary art at London auctions this year.

Hirst is not Pinchuk's only favoured artist. Since 2006 he has bought two pieces by Jeff Koons – *Hanging Heart* for \$23.5 million at Sotheby's in New York and *Diamond (Blue)* at Christie's in New York for \$11.8 million. He has also sponsored public art, and in September 2006, opened the Pinchuk Art Centre in Kiev, the largest city in the Ukraine and one of the cultural centres of Eastern Europe. The opening night was a classic oligarch scene. 'On the walls, models romp in baths of volcanic mud and treat

an abandoned mine as if it were the back room of a sex club,' observed foreign correspondent Peter Conradi. Then, at the inauguration, Pinchuk suddenly appeared, surrounded by a phalanx of bodyguards. Dark and intense, one weak-kneed female journalist whispered that he resembled the young Jack Nicholson.

He smiled at his contemporary playground and declared: 'To spend money is much more exciting than to make it.'

Pinchuk represents the new breed of tycoons who have inflated the price of contemporary art and enraged eminent critics such as Robert Hughes, who claim that Hirst's pieces are little more than 'tacky commodities'. 'It is largely driven by rich people wanting to prove that they are rich', says Don Thompson, an economics professor and author of *The \$12 Million Stuffed Shark*. 'The number of wealthy collectors has grown 20-fold in the last quarter of a century, and this is at a time when the number of Old Masters and Impressionists coming on to the market is falling. So what do these people buy? Stuffed sharks. Lots of them could afford yachts and houses, but art distinguishes you.'

PINCHUK'S NEW FATHER-IN-LAW, THE PRESIDENT, PROVED AN INDISPENSABLE ALLY

It is rich former Soviets who are dominating the art scene. Sotheby's estimated that Russian buyers accounted for 15 per cent of sales at its Impressionist and Modern auction in February 2008, compared with nine per cent last year. 'Mark my words, the Russians will turn out to be the Japanese of the early 21st century,' says one dealer. Earlier this year Roman Abramovich spent \$86 million buying Francis Bacon's *Triptych* (1976) and Lucian Freud's *Benefits Supervisor Sleeping* (1995), and potential Arsenal owner, the Uzbek Alisher Usmanov, bought the entire Rostropovich collection for \$36 million before the auction at Sotheby's.

Apart from Hirst and Koons, Pinchuk has

acquired works by other blue-chip artists such as Andreas Gursky (a panoramic photograph of Los Angeles for £1.5 million), Takashi Murakami and Anselm Kiefer. He is now among the world's top ten collectors alongside Carlos Slim Helu, Mexican multibillionaire telecoms magnate, cosmetics heir Ronald Lauder and Sheikh Al-Thani from the oil and gas-rich Gulf state of Qatar. 'Pinchuk is having a great impact on the market,' says Simon de Pury, chairman of the auction house Phillips de Pury.

So who is this enigmatic Ukrainian oligarch who never gives interviews and is rarely seen on television or in public? Born on 14 December 1960, in Kiev, he spent his childhood in Dnepropetrovsk, a grim steel town in southern Ukraine, where his Jewish parents live and work to this day. He graduated from the local metallurgy institute in 1983 as an expert in pipe production. Dark, swarthy and a man of few words, Pinchuk has married well. He met his first wife, Elena Arshava, at school (where they shared a desk in the classroom). They have one daughter, Mariya, born in 1982. Elena's father helped the budding entrepreneur set up his first company, Interpipe, in 1990. Quick to take advantage of the loosening of state controls over industry, Pinchuk replaced Soviet state planners with his own managers to promote Interpipe's expertise in the region. Within a few years, his company dominated the production and selling of steel pipes and railway wheels. He later branched out into banking, real estate and media.

But then Pinchuk was embroiled in and became a victim of gangster capitalism. In 1996, he was kidnapped for several weeks by mobsters who demanded \$5 million, plus shares in his companies. His bank, Credit-Dnepr, promptly collected the cash, paid up and he was freed. The kidnappers were later caught and he recovered most of the ransom. Pinchuk refuses to talk about the episode. But he has become obsessed, understandably, with security. Bodyguards are ever-present. Even his parents' flat in Dnepropetrovsk is guarded day and night.

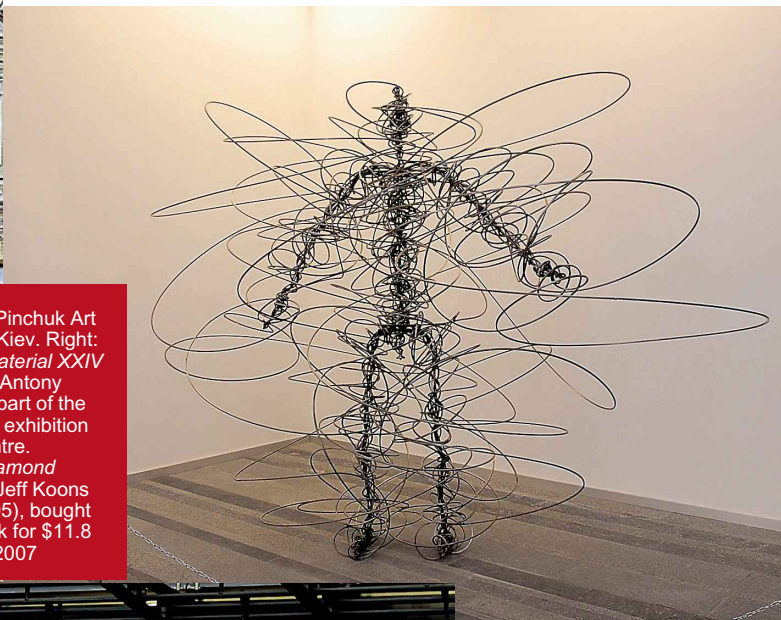
A year after this trauma, Pinchuk met Elena Franchuk, daughter of Leonid Kuchma, who soon became President of Ukraine. Both were married at the time but they quickly divorced their respective spouses.

They lived together and finally married in September 2002, and had a daughter, Katerina in 2003. 'I chose him because of love, but it was a mercenary marriage as well,' she recalled candidly. 'A woman always has mercenary ends; she seeks support, respect and, after all, she wants it to be a lifelong project.'

For Pinchuk, his wedding was a life-changing event, for his new father-in-law, President Kuchma, proved an indispensable ally. Three months later, the government declared that it →



Left: The Pinchuk Art Centre in Kiev. Right: *Feeling Material XXIV* (2005) by Antony Gormley, part of the *Reflection* exhibition at the Centre. Below: *Diamond (Blue)* by Jeff Koons (1994-2005), bought by Pinchuk for \$11.8 million in 2007



was prematurely lifting a moratorium on the privatisation of the lucrative and prized Nikopol FerroAlloy plant. Within four months the president announced a controlling interest was up for sale. His son-in-law, Victor Pinchuk, won the tender. Pinchuk paid an estimated \$80 million for a 50 per cent stake plus two shares. The plant was valued at \$1 billion at least. The controversial deal later resulted in a bitter dispute, and there was even an armed stand-off as rival businessmen tried to expel managers loyal to Pinchuk from the plant.

Detailed allegations of how Pinchuk apparently became so fabulously rich so quickly only emerged later in court documents. In 2006 minority shareholders in Nikopol filed a case in the Massachusetts District Court, which alleged that Pinchuk and his two partners used a 'corrupt bidding process' to secure control of the state-owned plant by buying it for a fraction of its worth. The lawsuit alleged that Pinchuk and his associates looted the plant by diverting 'hundreds of millions of dollars' into companies they controlled in the United States, and American banks were used to illegally transfer money. And when later the new Ukrainian Prime Minister, Yulia Tymoshenko, tried to renationalize the Nikopol plant, Pinchuk paid \$25 million to government officials to block the move, according to the lawsuit. The case was settled in late 2006 and, according to *Forbes*, 'the enemies made peace and they now jointly control the operation'.

Soon after acquiring the Nikopol plant, Pinchuk, in partnership with Ukraine's richest man, Rinat Akhetsov, was awarded the contract to buy Kryvorizhstal, one of the world's largest steel producers for what was regarded as the ludicrously low price of \$800 million. Despite vocal opposition, the deal was pushed through by President Kuchma, Pinchuk's father-in-law. But after the Orange Revolution in 2005, the new Prime Minister Yulia Tymoshenko denounced the sale as 'barefaced robbery'. The new President Yushchenko agreed: 'Many of its shares were transferred without any competition, in the same way as Catherine the Great handed out land in the south of Ukraine to her lovers and favourites 200 years ago.'

**THERE WAS
EVEN AN ARMED
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PINCHUK'S MEN**

A new auction resulted in Lakshmi Mittal successfully bidding its true value - £2.6 billion. However, by early 2006, Pinchuk had diversified his business empire into television, banking and property and accumulated a pot of gold worth billions of dollars. He was ready to spend and follow the well-worn paths of other oligarchs: move to London. In 2007 he set up EastOne LLC, a London-based investment consulting company, which manages his worldwide assets. Based on the first floor of lavishly decorated offices in Duke Street, St. James's, it is run by Gennady Gazin, who oversees the oligarch's global investments. 'We are already supporting a number of financial investments across the globe with commitments exceeding \$1 billion,' said Gazin.

One of Pinchuk's first deals was to buy a vast five-storey Victorian villa on Upper Phillimore Gardens in Kensington for £80 million, breaking the previous record set by his old steel rival Lakshmi Mittal, who paid £67 million for a house on Kensington Palace Gardens. The Ukrainian registered the property in the name of an offshore company in the British Virgin Islands called Anmarto Ltd, administered by a solicitor in Cheltenham. For the next year the whole of Upper Phillimore Gardens resembled a building site as Pinchuk poured £10 million into the property's reconstruction and refurbishment. The house, which used to be a girls' preparatory school, now has an underground swimming pool, a gym, a sauna →

and cinema. It also has seven reception rooms, ten bedrooms and an impenetrable 'panic room' – an eerie reminder of the kidnapping of its owner a decade ago. The interior decoration, overseen by his wife, Elena, is minimalist white with vast open spaces.

While most of his assets are in the Ukraine, Pinchuk clearly regards the UK as his second home (his eldest daughter is studying at Oxford). He has been seen in fashionable London restaurants such as Nobu and has asked associates about joining Annabel's. But politics is his new passion. A former member of its parliament, he campaigns enthusiastically for Ukraine to join the European Union. On 6 February 2006, he set up the UK office of the Victor Pinchuk Foundation as a not-for-profit company to promote the artistic and scientific achievements of Ukraine internationally. Later that year Pinchuk donated £4.5 million.

On the same day he established another UK not-for-profit company, Yalta European Strategy Ltd, which aims to promote and mobilise support for Ukraine to become a member of the European Union by 2020. Administered by London solicitors, the company's directors include Stephen Byers, the Labour MP and former Trade and Industry Secretary and former Chief Secretary to the Treasury, and Aleksander Kwasniewski, former President of Poland.

In the United States, Pinchuk is equally well-connected among the power elite. He is close friends with Bill Clinton and attended the former president's 60th birthday party in New York. Pinchuk donated to his Presidential Library in Arkansas and is a director of the William J Clinton Foundation. Last year Clinton spoke at Pinchuk's Yalta European Strategy conference in Kiev, although he barely mentioned Ukraine in his speech. Security was intense and bordered

on the farcical: journalists were banned from photographing the former president. When Clinton took a walk near the Livadia Palace, Crimea, reporters were locked inside the press centre; a coat hanger was used to lock the door.

Pinchuk was also a guest at the 80th birthday party of former President Bush. In Washington DC, the Ukrainian oligarch funds and supports numerous political think-tanks. He donated \$5 million to the International Crisis Group, an NGO that aims to resolve international conflicts and is extremely close to General Wesley Clark, former Commander of NATO, former Presidential candidate and a leading member of the ICG.

However, Pinchuk has not forgotten his Ukrainian roots. In 2005 Steven Spielberg was filming *War of the Worlds* in the United States with Tom Cruise, inspired by *Schindler's List*, and Pinchuk, approached him on the set. 'There is a story that I think is necessary to tell and now is the time to tell it,' the oligarch told the Hollywood director in his broken but fluent English. The story was the suffering and survival of the Jews during the Nazi occupation of Ukraine in the Second World War. Spielberg's grandparents came from Ukraine and had told him about the Babi Yar massacre in Kiev when the Nazis murdered 33,771 Jews in two days. He was receptive. 'I grew up in a home where my grandparents spoke Russian and Yiddish,' said Spielberg. The result was a moving 90-minute

documentary entitled *Spell Your Name*, produced by Spielberg and funded by Pinchuk, which consisted of interviews with Jews who survived the Nazi occupation.

Supporting Aids charities is another issue close to Pinchuk's heart. This is how he met Sir Elton John who in June 2007 performed in front of 200,000 people in Kiev's Independence Square. The concert was organised by the oligarch and it was through Sir Elton that he developed more connections in the art world. But today Pinchuk is a frustrated man. He has grand plans for his Foundation for Contemporary Art in the Ukraine and wants to house his collection, the highlights of which were displayed in the Ukrainian pavilion at the Venice Biennale last year, in an 18th-century building in Kiev which used to be the city's munitions factory. He has offered \$20 million to renovate the building, create new shops and cafes plus his art collection. But his vision is not shared by President Yushchenko who has little taste for contemporary art and would prefer to convert the former arsenal into a traditional museum celebrating Ukraine's heritage.

Last year Pinchuk's art centre celebrated its first anniversary with *Reflection*, which featured works by his favourite artists: Jeff Koons, Damien Hirst, Takashi Murakami, Antony Gormley, Andreas Gursky and Oleg Kulik. The oligarch has a close working relationship with these artists. 'To visit their studios, hear them speak about their work, this is all very special for me,' he says.

But Pinchuk would like to expand and may have to relocate his Foundation. He is not short of cash, having sold a leading Ukrainian bank, Ukrasotsbank, to Italy's UniCredit Group for \$2 billion, and he plans to raise another £600 million by floating his main company Interpipe on the London Stock Exchange. Pinchuk maintains that he loves and buys all kinds of art – from 19th-century paintings, to Russian art, to works by Konstantin Korovin and David Burliuk. And with prices likely to decline in the light of the financial crash, the Ukrainian billionaire's London shopping spree on contemporary art is set to continue. ■

REPORTERS WERE SHUT IN THE PRESS CENTRE; A COAT HANGER WAS USED TO LOCK THE DOOR



Above: Elton John performing at Pinchuk's charity concert in Kiev's Independence Square in 2007. Left: Pinchuk's Paul McCartney concert in Kiev in 2008, organised by Pinchuk. Right: Pinchuk with Steven Spielberg (right), with whom he produced the Holocaust documentary *What's Your Name?* in 2006

