

Nellie Ohr

From: Nellie Ohr
Sent: Wednesday, August 03, 2016 8:28 AM
To: Holtyn, Lisa (OCDETF); Ohr, Bruce (ODAG)
Subject: Putin and the precarious balance of forces

Today's Allensworth notes had an amazing pair of analyses of the current upheavals in the siloviki

Both accent the tenuousness of the equilibrium.

Putin must feel like Stirlitz in the scene in the Gestapo cellar, arranging matchsticks and trying to think what to tell each side so he does not fall and get torn apart

-----Original Message-----

From: Wayne Allensworth (b) (6)
To: Wayne and Stacy Allensworth (b) (6)
Sent: Tue, Aug 2, 2016 6:36 pm
Subject: Internet Notes 2 August 2016

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Shulman on the Siloviky War (Balance and no clear winner mean no coup)

<https://slon.ru/posts/71471>

Yekaterina Shulman says she will try and explain what's happening in a general way, without all the details of who works/worked where, etc. What we are witnessing is not a coordinated campaign, not a battle against corruption, and it's not a purge. The basic explanation for what we are witnessing is that a power struggle is taking place against a background of dwindling resources. There are additional reasons: among them are a natural change of generations—Putin's fellow travelers have aged, while younger officers have risen to be generals and have the ambitions of generals.

An anti-corruption campaign differs from a purge only in terminology, but organizationally they are quite similar. Judging from campaigns around the world, you might expect to see a special commission, or specific legislation being passed. For a campaign, an ideological base is also needed, one that is declared ahead of the campaign, not post-factum media reports. In our case, a not-so-successful executor in a campaign can become a target, as the GUEBiPK's Sugrobov did.

In this new war, the value of "personal loyalty to the president" is lowered—all are equally loyal in the sense that they mouth the same words. There has been no difference of opinion on significant issues for a long time. All are patriots and statist. For a long time it has been clear that there are no "directives from the Kremlin" in any formal sense. There is no unified "Kremlin," either, but a collection of bureaucratic clans of various degrees of closeness to the center, all of them trying to guess what, exactly, is on the boss's mind, and acting accordingly.

The struggle is over administrative and financial resources and the "clans" are interest groups. The boundaries of these groups do not correspond to institutional boundaries, so it is not entirely correct to speak about a clash between the FSO and the FSB or the FSB and MVD. That is a myth, like the myth of the "liberal" and "hawkish" "Kremlin towers."

In every power department are internal security units that usually include personnel from the FSB, and within the FSB, that Internal Security Directorate (USB) is in conflict with others. We have situations in which deputies of the heads of departments represent different groups than their bosses—so far from all of them are creatures of their superiors. The boundaries and people in the groups can change—no matter how much we like to compare the Russian system of power with the mafia, they are not made up of units beholden to a patron unto death, but are, rather, collections of opportunists, opportunists with growing appetites. They are not unified by ideology, by plans to reform Russia, or love for the boss, but by a hope to get a piece of the pie. The seemingly stable party of "old friends of Putin" or those who served with him in the GDR is eroding. The Ozero cooperative is being replaced with the village "Yashcherovo" (**Comment: The village near Putin's Valdai residence. See the 13 July notes**).

Since we are not talking about an anti-corruption campaign, and not a purge in the Soviet sense, we need to look for some features that define what we are witnessing. First, there is no lead agency doing the "cleansing," no campaign HQ. Right now, the FSB looks like the leading executor and "sword" of the campaign, but within the FSB, a reformation of the Economic Security unit (SEB) is going on against a background of the USB strengthening. The weakening of the Investigative Committee could mean that the Prosecutor's office is getting stronger. The struggle over controlling customs, a source of large financial flows, will be fierce—within the service as well as without. Second, there will be no final winner. In order for the system to maintain itself in its present form, it's necessary to sustain an unstable balance between key actors—no one can be allowed to defeat all the others.

We can see how the system of equilibrium worked in the formation of the National Guard. The Natsguard has 400,000 in personnel, armed and close to the president. The Internal Troops were taken from the MVD to form the base of the Natsguard, but the MVD was compensated with the FSKN and the FMS. By law, the Natsguard does not have investigative functions, and its leader has become a member of the "large" Security Council, but not the standing one (**Comment: Though Zolotov was set to become a standing member, then Putin changed the order—but his official designation on the SovBez didn't change for a while after that. There must have been some fierce "under the carpet" fighting regarding the appointment and Zolotov's growing too strong**). At the same time that the Natsguard was created, a reform and strengthening of the FSB SEB began. And several people from the Presidential Security Service (the FSO SBP) were made governors.

Another feature is that the criminal cases are not expanding below or very deeply, as with a purge, in an effort to cleanse the apparatus of alien elements, or in a large scale anti-corruption campaign. In each case, individual suspects bring in concentric circles of their co-workers and acquaintances, or in extreme cases their relatives, neighbors, anyone whose name can come out in an interrogation.

...The attacks of the siloviki on each other have a certain precision about them—not so many suffer and the aim is not to sentence the targets to jail so much as to get them in a pre-trial detention center (to gather evidence on more influential people) or simply to remove them from their posts.

This is the process of the system's evolution—the absence of any design or scenario, as strange as it seems, can lead to some public good. The absence of any mass imprisonment and the prominent cases that gradually crumble

before they get to court will not satisfy the sense of justice of the masses. But we have to acknowledge that the vegetarian temperament of our elites does prevent the kind of scenario we see in Turkey after the failed coup.

A situation where the siloviki are coping with a deficit of “feed” and live in constant fear of each other is a parody of a system of checks and public control that exists in a democracy. But it’s better than having all-powerful siloviki who fear nothing.

In the kind of war we are observing, the participants are forced to show a minimum result. All the sides in the battle use the press. We are used to calling those “leaks,” and consider them shameful for honest journalists and for publications. But in reality, these “leaks” make even the most political of actors dependent on public opinion. If there is even a chance that your box of valuables and pictures will turn up in the press, you might want to live at least outwardly more modestly, at least while you hold an official post.

But these positive consequences will be apparent only if there is no clear winner—if, say, a new MGB is not formed (See the 6 July notes for talk of a “New MGB”), one that would purge all the rest. Fortunately, the interests of the system’s security demand maintaining equilibrium, which is achieved only through competition. It is the appearance of a clear winner, not a war of all against all, that could lead to an elite split and plans for a coup. A conspiracy would only make sense under conditions where the risks are lower than a loss in an elite battle. In other words, if there is one absolute winner, the rest are losers, and the losers would conspire among themselves, thinking that things could not be worse. If nobody is the clear cut winner, and this latest round is not the last, and all the players still have something to lose, then planning to seize power by force doesn’t make sense. So uncertainty about the outcome of the struggle will have the support of all forces in the game.

Comment: An excellent piece that is similar to my recent comments on the possibility of a “Palace coup,” the “horizontal” and “vertical” axes of the “clan” system, and the siloviki clash we have been observing. See, for example, the 15 and 18 July notes. One correction—in the 18 July notes I wrote [And there is also the lack of trust to consider—the circle of real trust is pretty narrow, among what I’ve called the “vertical axis” of clan relations (one’s closest friends and relatives; a circle that is narrowing for Putin—see, for example, the 15 July notes). Nobody wants to be the first to make a move, only to be left alone, turning out to have walked out onto a gang plank]. That should read “horizontal axis”—the “vertical axis” is what I have called the “just business” axis of clan relations, where “situational alliances” are formed, then the players may later be at odds with one another as the situation changes.

In this milieu, one can be seen as a member of more than “clan” simultaneously—Putin has had ties to a number of the chief “clans,” standing at the center of a web of relationships. But in a crunch, the “horizontal axis” is where one turns for support. I’ve written many times about how “campaigns” are not really orchestrated—they unfold, with players reading the “signals” as best they can and opportunistically using the situation to go after rivals and settle scores—so not every arrest or every case is directly related to the initial signal given, which can complicate analysis. Sometimes, signals are misread. Putin is not in control of everything that goes on. And each institution (the FSB, the FSO, the MVD, the Defense Ministry, what have you) is a hive of “clan” groups. Personal ties matter more than ideology or institutional links.

More from Stanovaya on the siloviki war (Dangerous for society—and Putin)

<http://intersectionproject.eu/ru/article/security/voyny-silovikov-v-rossii-dlya-chaynikov>

Stanovaya says we are witnessing the “Second World War” among siloviki—the first taking place in 2005-2007, pitting the FSO and the FSKN against the FSB. The FSO/FSKN (Murov and company together with Cherkesov) forces saw it that the Tri Kita contraband case was revived and used it against the FSB (Sechin-Patrushev and their allies). The FSB retaliated by arresting Cherkesov ally General Aleksandr Bulbov. Putin made a Solomon-like decision to end the conflict by weakening both sides. In 2006, FSB ally Vladimir Ustinov was relieved of his post as Prosecutor General. Investigations were taken away from the Prosecutor’s office and the Investigative Committee (SK) was created under Putin classmate Bastrykin. Certain FSB generals were relieved of their positions (though it appears that some of those decisions were reconsidered; **Comment: Putin ousted some FSB people, but they still showed up for work after reportedly being fired. Kupryazhkin, who has appeared once again in the notes [See the 10 June edition], was such a case as I recall.**

The siloviki clashes quieted down for a time, but have taken off recently—the siloviki gained a lot of clout during the Ukraine crisis as Putin moved closer to them. So it's natural that the competition among them flared up again. When Zolotov left the Presidential Security Service (SBP) of the FSO in 2013 and moved to the MVD, a steady stream of FSO people took important posts—and simultaneously, FSO chief Yevgeniy Murov's position weakened. The FSB came up with kompromat on Murov and his son Andrey, particularly ties to St. Petersburg businessman Mikhailchenko. Mikhailchenko was arrested in April and Murov retired (**Comment: My take was that Mikhailchenko's arrest signaled that Murov had been weakened**). Murov was replaced by Dmitriy Kochnev, who had headed the SBP—Putin was thinking of leaving him there. Murov's heir was supposed to have been Oleg Klimentev, who had formerly headed the SBP. We don't know why Putin changed his mind, but it is worth noting that a "heavyweight" did not get the job, but, rather, a dependable executive officer. One versiya has it that Putin feared the FSOers gaining too much influence. His bench of possible replacements was short—there wasn't anyone personally beholden to him. Whatever the case, the diminished unofficial status of the FSO was partly made up for with the creation of the Natsguard.

The FSB watched all that with contradictory feelings. On the one hand, there had been a conditional victory over the FSO. Murov was out and the Mikhailchenko case implicated Belyaninov. The expansion of the FSB meant cases against governors, the SK, the Culture Ministry—everyone became afraid. On the other hand, Zolotov grew stronger, he maintained his ties with the FSO and, and this was the main point, with the president. Putin now had his very own "power" resource.

But instead of an FSB-Natsguard battle, a struggle within the FSB erupted between the USB and the SEB. The SEB accused the USB of exceeding its authority in arresting Nikita Belykh (**Comment: I repeated the story yesterday about Putin not being informed about the Belykh arrest ahead of time and the USB supposedly being seen as going too far—which reportedly held up some FSB appointments, especially that of Tkachev, who handled the Belykh case as head of USB**). But Sergey Korolev, formerly head of the USB, became head of the SEB.

The new SEB leadership went after SK people—and Bastrykin remained silent, probably recalling the fate of Cherkesov, who lost his post in the first siloviki "World War" ... This looks like an endless soap opera, but there are some tendencies we can take note of... The FSB and the Natsguard are gaining political weight... The MVD has lost influence, as has the FSO... The SK is under attack in spite of Bastrykin's close relationship with Putin... The FSKN and the FMS are history, as is Viktor Ivanov...

These tendencies are dangerous, not only for society, which is suffering from "power" initiatives, but for Putin as well. There are too many siloviki, and they have power and kompromat. If you come to power with a group of dozens of the devoted, everything in your team seems under control.

But when those dozens become an army of thousands and part of the "elders" (Cherkesov, Murov, Patrushev's team) exit for nowhere or almost nowhere, then you are left with a mass of hungry, out of control, unprincipled, and—and this is the main point—in no way obligated to you young "wolves" who understand very well that Putin is with us today, but perhaps not tomorrow. The siloviki as a separate, privileged caste have a monopoly on force, and they will start to live their own lives. And then Putin will find it much more complicated to rely on them...

Solovey looks ahead (Medvedev will stay)

https://new.vk.com/id244477574?w=wall244477574_19684%2Fall

Putin is satisfied with the government and is inclined to keep Medvedev as premier after the next elections. The Presidential Administration will be headed by an especially trusted person—Anton Vayno. Sergey Ivanov will be a vice premier overseeing the siloviki and military industry with prospects for further growth. Volodin will chair the next Duma.

Nikandrov wants Bastrykin to investigate his case

<http://www.rbc.ru/politics/01/08/2016/579f91e99a79476aacbff809?from=main>

First Deputy Head of the Moscow SK Investigative Directorate Denis Nikandrov has requested (by letter to the SK) that Bastrykin and the SK take over his case from the FSB (**Comment: There had been some question about jurisdiction—normally, the SK would be investigating one of its own, but the Prosecutor's office**

about jurisdiction—normally, the SK would be investigating one of its own, but the prosecutor's office sent the case to the FSB, supposedly to avoid conflicts of interest. See, for instance, the 25 July notes. On Nikandrov, see the 19, 24, 26, 27, and 28 July notes as well). Nikandrov claims that his arrest is the result of a conflict between Directorate "M" of the FSB SEB (Economic Security) and FSB Internal Security (USB). An investigation by the FSB will not be objective.

Resignations at the SK

<http://www.novayagazeta.ru/news/1705658.html>

Aleksey Kramarenko, a directorate head in the Moscow Central Administrative Okrug SK, has resigned. So has his deputy, Aleksandr Khursilava, and Investigator of Especially Important Cases, Andrey Bychkov. The resignations followed the FSB opening criminal cases (Exceeding official authority) against them... They are said to have been involved in the release from detention of gangsters Kalashov ("Young Shakro") and Andrey Kochuiykov ("The Italian")... On 19 July, Nikandrov, Maksimenko, and Lamonov were detained in the "Shakro"/"Italian" affair...

Arrests of mayors

<https://themoscowtimes.com/articles/urlashov-54832>

This week, Evgeny Urlashov, the former mayor of Yaroslavl, sits in prison and awaits his sentence. An anticorruption activist, Urlashov was arrested in 2013 on bribery charges. He was a popular figure in the city of 600,000 people, winning a landslide victory against a Kremlin candidate in elections a year earlier.

Authorities are accused of leading a political trial against Urlashov: he was, after all, getting too popular, and at a time when the Kremlin was fighting the biggest street protests in its post-Soviet history. The story of his success and downfall casts a spotlight on an ever more vulnerable job in Putin's Russia: being mayor in a regional city.

In Putin's third term, the Kremlin has been unceremoniously putting city mayors behind bars. From Yaroslavl to Makhachkala to Vladivostok, city authorities are feeling the heat. Since Putin came back to the Kremlin in 2012, Russia has arrested, detained or interrogated the mayors of more than 25 cities. Only a tiny minority of them were from opposition parties, and most were charged with bribery cases.

Barely a few weeks go by without Moscow parading the arrest of yet another mayor. The last well-known victim of the purge was Vladivostok mayor Igor Pushkarev. On the night of the 1st of June, FSB arrested Pushkarev and brought him to Moscow, raiding his office and family home in the process. Pushkarev stands accused of selling state contracts to businesses owned by his relatives.

"It's much easier to catch mayors taking bribes," says political analyst Evgeny Minchenko. Mayors are responsible for municipal budgets, which are often severely under-funded and thus more susceptible to corruption.

Governors, on the other hand, have more protection more Moscow and less visible contacts with budgets. "They are assumed to be political figures," says political scientist Abbas Gallyamov, "Going after a governor requires Moscow's permission." Firing and arresting mayors is also one way for governors to show they are doing their job.

At the same time, Russia's opposition has been able to have some considerable successes in mayoral offices. Anti-corruption campaigner Yevgeny Roizman has managed to hold on to his position as mayor of Yekaterinburg. Until last year, Karelia's Petrozavodsk was home to female opposition mayor Galina Shirhina. And, famously, Urlashov was mayor of Yaroslavl, however briefly.

"It was the only political position left for the opposition," says Aleksandr Kynev, a political scientist at Moscow's Higher School of Economics. In 2005, Russia scrapped regional elections of governors, meaning the Kremlin could appoint anyone it wants instead. City mayors were the one electable position, and candidates like Roizman were able to run successful, largely non-political campaigns — in Roizman's case on an anti-drug platform.

The mayoral purge is not exclusively centred on the opposition, however. Even loyal candidates have been targeted. In 2012, the Putin loyalist mayor of Astrakhan Mikhail Stolyarov stood accused of election fraud. His rival, Just Russia candidate Oleg Shein, claimed he won the election and went on hunger strike. The fight for re-election lasted for a few months, even luring opposition leader Aleksey Navalny from Moscow to Astrakhan. Eventually, the opposition lost and Shein ended his hunger strike and Stolyarov became mayor of one of Russia's biggest cities. The following year, however, Stolyarov was arrested and charged with accepting a bribe of 10 million rubles.

With September's parliamentary elections around the corner, the purge of regional mayors is, if anything, likely to intensify. For Russian officials, the message is clear: one step out of line, and corruption charges could be just around the corner.

Nikandrov discovers the meaning of life

<https://themoscowtimes.com/articles/arrested-russian-investigator-finds-meaning-of-life-thanks-to-yogi-cellmate-54812>

One of Russia's most-publicized arrests in recent years is making headlines again, as the Moskovsky Komsomolets newspaper reported Sunday that Denis Nikandrov — the detained deputy head of Moscow's Investigative Committee — is going through a "miraculous transformation" in his cell.

A rising star in Russian law enforcement, Nikandrov was jailed on bribery charges on July 19. He is suspected of receiving a bribe of up to \$1 million for helping notorious thief-in-law Zakhary Kalashov, known as Shakro Molodoi, to get out of prison. The case is considered by many to be a remarkable episode in the internal war raging inside Russia's

security forces.

The Moskovsky Komsomolets newspaper reported that the investigator's life changed after meeting his new cellmate, who was purposely put into the same cell.

Nikandrov, who reportedly fell into a deep depression during his first days in the infamous Lefortovo prison, is currently in a state of euphoria and claims that he has found the meaning of life.

The man responsible for these changes is 30-year old Yevgeny, the cellmate who claims to be an experienced yoga practitioner and says he is in prison on charges of smuggling cannabis to Russia from India.

Nikandrov is practicing various breathing techniques and yoga positions, his prison cell is full of yoga literature and he has switched to a healthy diet, the newspaper said.

"I have learned how to live. I have started to understand my true nature," Nikandrov said. He also wrote about the changes in a letter to the head of Russia's Investigative Committee, according to the newspaper.

The yoga practitioner was put in Nikandrov's prison cell by the prison administration on purpose, as a result of an agreement with the Federal Security Service (FSB), the newspaper reported, citing an unidentified source in law enforcement.

"Nikandrov was in such bad condition that he could have committed suicide. And that would cause a scandal," the source said.

As [The Moscow Times previously reported](#), Nikandrov was unleashed on one high-profile case after another over his short career and was rapidly promoted. He was involved in highly politicized cases such as gathering evidence against jailed tycoon Mikhail Khodorkovsky.

Nikandrov's arrest is part of an ongoing "cleansing of the ranks," Kremlin spokesman Dmitry Peskov said after his arrest.

Zolotov is awarded Chechnya's highest honor

See yesterday's notes for my remarks on the Zolotov-Kadyrov relationship.

<https://themoscowtimes.com/news/chechnyas-kadyrov-gives-rosgvardiya-head-highest-award-54827>The head of Russia's newly formed National Guard has been presented with Chechnya's highest award by republic chief Ramzan Kadyrov, the local news agency Chechenskaya Respublika Segodnya reported Tuesday.

Viktor Zolotov was presented the Order of Akhmat Kadyrov for "outstanding services to the Chechen Republic." The award was established in 2004, in memory of the first Chechen president, Ramzan Kadyrov's father. Akhmat Kadyrowas killed in a suicide attack on May 9, 2004 in the Chechen capital of Grozny.

Kadyrov also awarded Zolotov with a certificate to mark his completion of a course at Chechnya's International Center for Special Forces Training.

The creation of the National Guard was announced by Russian President Vladimir Putin in April. The new force will take on a number of roles previously carried out by Interior Ministry troops, and will have more than 340,000 members in total. Viktor Zolotov was the former chief of Interior Ministry's troops, and headed the president's security service between 2000 and 2013.

The embargo and food prices

<https://themoscowtimes.com/news/russian-counter-sanctions-raised-food-prices-31-54829>

Russia's embargo on Western food imports has caused prices to soar by 31 percent in the last two years. Russia's Ministry for Economic Development announced Tuesday.

Russia boycotted food imports from a number of Western countries in August 2014 in retaliation for sanctions on Moscow for its annexation of Crimea and ongoing role in the Ukraine conflict.

"Food prices rose by 31.6 percent in two years, one and a half times above the level of inflation," a ministry spokesman said, claiming that the negative effects of the embargo had already begun to ease by the second half of 2015.

Food price rises contributed 52 percent to national inflation in February 2015, but fell to 31 percent in June 2016.

"The Russian market has managed to adapt to the new conditions. New suppliers were found in the first six months [of the embargo] and orders were made at lower prices", he said.

The European Union extended economic sanctions against Russia until the end of 2017 in July, prompting Russian president Vladimir Putin to sign a decree extending Russia's food embargo for the same period.

Inflation/rising prices seen as biggest problems

<https://themoscowtimes.com/news/russians-consider-poverty-rising-prices-most-acute-problems-54831>

The majority of Russians (70 percent) consider inflation and rising prices to be their most acute problems, the Interfax news agency reported Tuesday, citing a poll by the ROMIR research group.

Some 66 percent of respondents said they are worried about poverty and low wages and 41 percent named unemployment as a major problem, ROMIR revealed.

More Russians are also concerned about the problem of corruption (36 percent), compared to 30 percent in 2014.

The Russian economy plunged into a deep crisis in 2014 following Western sanctions imposed on the country over its role in the Ukraine crisis and falling global prices for crude oil.

Russians saw their real wages fall sharply amid skyrocketing inflation and several million people were pushed below the poverty line last year.

In the first quarter of 2016, the poverty rate in Russia reached 15.7 percent, according to official statistics. A recent poll by Moscow's Higher School of Economics (HSE) revealed that more than 40 percent of Russian households struggle to buy food or clothes.

The ROMIR poll was conducted among 1,500 people in all Russian federal districts, Interfax reported.

The secret of the St. Princess Olga (Sechin and wife)

Rosneft is suing Dozhd TV and Novaya Gazeta for reporting on this story: <https://slon.ru/posts/71593>

<https://www.occrp.org/en/investigations/5523-the-secret-of-the-st-princess-olga>

In 2013, Oceanco, one of the top yacht builders in the Netherlands, launched a top-of-the-line creation, an 85.6 meter super-yacht with the designation Y708.



The yacht's lavish interior was designed by the firm of Alberto Pinto and its exterior by Russian designer Igor Lobanov.

It boasts every conceivable amenity: Y708 can accommodate up to 14 guests in seven suites, one VIP cabin and three double cabins.

The interior of the yacht is equipped with a gym, spa and elevator. A swimming pool on the aft deck transforms, as needed, into a helicopter pad. The upper deck has a jacuzzi surrounded by plush white sofas where guests can take a relaxing sprawl. After Y708 was delivered to its new owner, whose identity was shrouded in mystery, the boat's name was changed to St. Princess Olga.

Today, St. Princess Olga ranks 72nd on the list of the world's largest yachts, according to the [Superyachts website](#).

The owner's name remained secret for several years. But reporters for Organized Crime and Corruption Reporting Project (OCCRP) and Novaya Gazeta, by tracing the yacht's travels and matching them to posts on social media sites, believe they have identified a possible owner of the vessel.

Igor Sechin, 55, is considered one of the most powerful men in Russia, after his long-time friend and boss, Russian Federation President Vladimir Putin. Due to his tough character and close ties to secret services, Sechin is sometimes referred to as Darth Vader by Russian and international media.

Sechin has been working with Putin since the early 1990s. When Putin became the head of the Committee for Foreign Affairs in the St. Petersburg Mayor's Office in 1991, Sechin was appointed his chief of staff. The two became close.

"When I moved to Moscow, [Sechin] asked [me] to take him with me. And I took him," Putin wrote in his autobiography, "First Person".

It was the first of a series of coordinated career moves, with Sechin always following his boss. From 2004 till 2008, Sechin worked as deputy chief of Putin's administration. When Putin headed the government in 2008, Sechin was appointed deputy prime minister.

Since 2012, Sechin has been the chief executive officer of Rosneft, Russia's state-owned energy giant.

Princess Olga may not be just a random name.

When Sechin divorced his first wife, Marina, the name of his new wife was kept a closely guarded secret. But in June 2016, the Russian news agency life.ru--which is considered to be close to the Kremlin--published a video from a private party held after the St. Petersburg International Economic Forum (SPIEF). At that party, Sechin was accompanied by a young, attractive blonde woman.

By comparing the woman's face in the video with accounts in social networks, OCCRP found profiles of Olga Rozhkova on Facebook and Instagram. Novaya Gazeta later obtained documents which prove that in 2011, Rozhkova changed her surname to Sechina.

According to the photos from the social networks, Olga Sechina spends most of her time abroad. Since the beginning of 2016 she has visited the Maldives, Italy, Vietnam, India, Germany and France. But it looks like her favorite countries are Italy and France, especially the luxurious resorts on Sardinia and Corsica.

In many of those photos, Sechina is on a yacht. For example, on Aug. 27, 2014, Sechina published a photo on her Instagram account from a yacht, where she is seen sitting with her friend on plush white sofas near a round jacuzzi.

On July 5, 2015, Sechina published another photo on her Instagram that show her sitting on a deck near a swimming pool.

On Aug. 1, 2015, she published a photo from the same deck near the same swimming pool.

Details seen in all three photos — the deck, the swimming pool, the jacuzzi, sofas and sun loungers — correspond to those seen on the yacht St. Princess Olga.



Posts from Olga Sechina's Instagram account that display features of a yacht that share striking similarities to the "St. Princess Olga".

Other photos posted on Sechina's social networks indicate that the yacht she uses is registered in the Cayman Islands, based on the flag.

The yacht St. Princess Olga also belongs to a company from the Cayman Islands, Serlio Shipping Ltd.

Similarity in structural details and fittings are not the only evidence that the St. Princess Olga is used almost exclusively by Sechin's wife. By matching the routes of the yacht with photos from the accounts of Sechina and other users, OCCRP and Novaya Gazeta (Here's the link to the Novaya article on this:

<http://www.novayagazeta.ru/inquests/74021.html>) found many correlations.

For instance, on July 13, 2016, Sechina published a photo of herself aboard a vessel in Ibiza, Spain.

Three days earlier, on July 10, the company Superior Design published on its Facebook page a photo of the St. Princess Olga in Port Adriano, in the Balearic Islands near Ibiza.

On July 14, Instagram user @carolfeith published a video of the same yacht near the Balearic Islands.

Just about a year earlier, on July 19, 2015, Sechina published a photo on her Instagram account from Venice, Italy. The vessel tracking systems show that on the same date, the St. Princess Olga was in Venice.

The examples stretch back several years. On May 4, 2015, Sechina published a photo on her Instagram from Capri, Italy. And once again, the St. Princess Olga was tracked near the island of Capri on that same day. The same was true in Corsica on June 14, 2014.

Reporters for OCCRP and Novaya Gazeta found six exact matches between 2014 and 2016 when the routes of the yacht corresponded with Sechina's documented travels. The sheer number of yacht photos visible on Sechina's social networks during the time period indicates she was using St. Princess Olga constantly.

The exact price of the St. Princess Olga could not be determined. The price of a truly luxurious yacht depends on many things such as how the vessel's exterior is crafted or how its interior is designed and furnished. But vessels of

similar length and design are being sold at US\$ 190 million.

Operating a superyacht is expensive making it a luxury for only the world's wealthiest people. According to Tower Gate Insurance, some of the average costs for a yacht include crew salaries, maintenance, insurance, and dockage fees. Fuel costs run about 500 liters per hour or almost US\$ 2000/hr. Tower Gate's survey said owners can expect to pay up to 10 percent of the initial cost of the yacht in operational costs for a year. By that estimate, the Princess Olga would cost as much as US\$ 19 million per year to operate.

Sechina's husband Igor is one of the best-paid managers of the state-owned companies in Russia. Last year [BBC reported](#) that the board of directors of Rosneft approved a salary for Sechin that could be worth up to US\$ 11.8 million (including bonuses). He has not reported his income and his net worth is not known.

It is impossible to fully determine whether Sechin would have the earnings to buy and operate the St. Princess Olga but it would be unlikely based solely on his BBC reported salary.

It's theoretically possible to regularly rent such a yacht, although rents for similar-sized super-yachts equipped like the St. Princess Olga start at [US\\$ 1 million per week](#).

In a letter to Novaya Gazeta, a Rosneft representative said the company "doesn't believe it is possible to answer questions related to the private life and property of its employees".

The representative also warned that those who were involved in the "illegal gathering and usage of unverified information might be held legally responsible."

OCCRP and Novaya Gazeta collected the information from publicly available social media profiles which were deleted after reporters asked about their content.

The representative also said, in their opinion, that Novaya Gazeta and OCCRP were part of a smear campaign against the company but did not elaborate by whom or why.

Nellie Ohr

From: Nellie Ohr
Sent: Sunday, July 31, 2016 4:35 PM
To: Ohr, Bruce (ODAG)
Subject: Scroll down to his posting from about 3:30 pm Sunday 7/31

The graphic from Hromadske
<https://twitter.com/cjcmichel/status/759750993206804480>

Nellie Ohr

From: Nellie Ohr
Sent: Tuesday, July 26, 2016 9:07 AM
To: Holtyn, Lisa (OCDETF); Ohr, Bruce (ODAG); Wheatley, Joe; Nizich, Ivana
Subject: Shakro, the Presidential Administration, and the Donbass separatists

This whole issue of Wayne Allensworth's notes (24 July 2016) is interesting, but especially the following item, which mentions Shakro's ties to the Presidential Administration and financing the separatists in the Donbass.

Also, if you haven't seen a blow-by-blow of the cafe shootout in English, there is one in this issue (summary of Moskovskiy komsomolets article)

-Nellie

"This Novaya Gazeta piece, among other interesting things, says that Bastrykin found out about the searches/arrests only minutes before the operation began: <http://www.novayagazeta.ru/inquests/73918.html>

"The case related to the Elements cafe incident mentioned above was at first processed by FSB Counter-intelligence, then passed on to Directorate M. The investigation turned up ties between the gangsters and SK personnel—but not only them: "Shakro" carried out direct negotiations with members of the MVD GUUR (in charge of criminal investigations) and people in the Presidential Administration. Shakro had even discussed helping finance the Donbass... SK Investigator Andrey Bochkov was the chief figure who allowed the digging up of evidence against the SK officials Nikandrov, Maksimenko, and Lamonov—and Bochkov's boss is Aleksey Kramarenko, who is, according to an SK source, the FSB USB 6th Service's man (**Comment: Interesting—see the Orlova piece above**). The 6th Service has helped FSB investigators and Directorate M in the case against Nikandrov and company (as well as others).

-----Original Message-----

From: Nellie Ohr (b) (6)
To: (b) (6) Nellie Email
Sent: Tue, Jul 26, 2016 9:00 am
Subject: (b) (6) | Internet Notes 24 July 2016

Internet Notes 24 July 2016

The siloviky shakeups and related material (Strelkov on a radical reform of the siloviky block: A grand failure in the works?; Kashin wonders whether a military coup is possible in Russia [No, but maybe a faked coup that strengthens Putin's control is possible]; Zolotov and the shakeup at FSB; FSB vs SK [Arrests at SK; Is it really Zolotov vs. Bastrykin or was Bastrykin himself behind the arrests?]). 1

FSB arrests deputy head of Moscow Investigative Committee (The Kalashov case). 4

Belkovskiy on the SK arrests (Bastrykin won't go; Bastrykin authorized the arrests—but did he initiate them?; Novaya Gazeta says Bastrykin found out about the operation against his subordinates only minutes before it took place; The 6th Service of FSB USB and the SK; Is it Bortnikov, not Bastrykin, who is in danger?). 8

The siloviky shakeups and related material (Strelkov on a radical reform of the siloviky block: A grand failure in the works?; Kashin wonders whether a military coup is possible in Russia [No, but maybe a faked coup that strengthens Putin's control is possible]; Zolotov and the shakeup at FSB; FSB vs SK [Arrests at SK; Is it really Zolotov vs. Bastrykin or was Bastrykin himself behind the arrests?])

Strelkov: <http://novorossia.pro/25yanvarya/2188-igor-strelkov-reformy-kak-marazm-sistemy.html>

The details remain unclear, but a full scale, radical reform of the power block is being planned. It will follow the American model, with a division between the federal level and the regional/municipal level. At the federal level, a new power agency will be formed with part of the FSB and the Investigative Committee (SK) subunits. The criminal police will be at the regional and municipal levels and will be financed at that level. The Natsguard will be above all this, with all of the “power resource” at its disposal—naturally, it will remain strictly under federal level control. The FSB will remain as a strictly counter-intelligence agency, without any anti-terrorist functions or that of protecting the constitutional order.

This will be the most radical reform since the 1920’s. And no good will come of it. This radical reform will come at the peak of a systemic crisis, including an economic and financial crisis, when the country is involved in two endless and unpredictable military conflicts. The reform process will be underway at a time of inadequate financing, general uncertainty about the future, and the demoralization of the bureaucracy at all levels. The system is concerned only with its internal affairs. There won’t be time for the bureaucracy and police to carry out their basic obligations.

One hundred years ago, the Tsar was constantly changing the government, which had a negative impact on the domestic political situation while the country was at war—and the present plans will repeat that course. It’s like trying to re-roof a house during a deluge.

Even Medvedev understands that Russia is not the US. And that it’s not desirable to carry out radical reforms in departments that are sorely needed at this time—even an idiot understands that. Nevertheless, the reforms are being worked out and coordinated...Mutko heads Russian sport—the analogy is clear: we can expect not only defeat, but a grand failure...

Comment: We have read all kinds of rumors about changes underway in the “power structures,” including one claiming that a “new MGB” would be formed (6 July).

Kashin on the possibility of a military coup in Russia: <https://slon.ru/posts/70908>

Comment: Kashin is saying some things here we have read before—mainly, that the army in Russia is not an independent political force.

The main political event of this year (thus far) was the failed military coup in Turkey—an authoritarian regime is always interested in such efforts, successful and unsuccessful, to overturn another authoritarian regime. During Putin’s time in power, revolutions and coups have influenced the Kremlin’s behavior domestically. The “Rose Revolution” in Georgia and the first “Maiden” in Ukraine shaped the Surkov-inspired moves of the mid-2000s, including the creation of pro-Kremlin youth organizations, reforming media, and making corrections to the electoral system. We can’t say whether there was actually a threat of a “color revolution” in Russia at the time, but the struggle against such a potential threat was serious—if not for Saakashvili and Yushchenko, maybe things would have been different in Russia.

The “Arab spring” in 2011 may have forced Putin to re-think a possible second term for Medvedev.

The “Bolotnaya case” and “spiritual bonds” were the result of a bunt on Arab squares far from Moscow. And the Moscow protests were seen by the Kremlin as evidence that not “tightening the screws” could lead to a repeat of events in Cairo and Tripoli...As far as Maidan II—no second Maidan, no annexation of Crimea, no war in the Donbass...

So—is there a chance of an anti-Putin coup by the army, with a repeat of Erdogan’s (in this case, Putin’s) using FaceTime to gather popular support? That’s an obvious question—and it has an obvious answer: No. **The risk of a military mutiny in Russia is minimal.** In Latin America, in Turkey, in the Mid-East, the army is an independent force, a state institution, the significance of which goes beyond the limits of the political system and in many ways determines political stability. Think Chile in 1973.

But Russia’s army, in spite of what the propaganda says, does not have a centuries-old tradition. The army’s one hundred year anniversary will take place in 2018. Lenin and Trotsky created the army for one purpose—to strengthen the results of the Bolshevik takeover. The army was created as the armed wing of the Party, and the very notion of its taking an independent step was ruled out—as it is today. For all its history, the chances of a coup led by the army were zero. Any potential leader—and you can count them on the fingers of one hand (Tukhachevskiy, Zhukov, Rokhlin)—had no real chance of making even a first half step in that direction. The Party and State Security were always stronger.

In 1918, as the Reds mobilized the first army, the families of the troops were taken hostage—and that sense of the army as a group of armed hostages remains to this day. **The popular hero Shoygu is most of all a political commissar, like the Red commissars who oversaw the first Soviet army. He is not the leader**

of an officer corps that has its own interests and values. If Shoygu suddenly gets it in his head to make any moves against Putin, he'll have to have a very tough conversation with Viktor Zolotov at least. The system of defenses from unexpected political moves the Kremlin has is itself an example of the art of defense. The main irony of the Turkish coup attempt is that in projecting it onto the Russian experience, the thinking was not about anti-Putin tank divisions. In the aftermath of the coup attempt, the mainstream version of what happened there that was making the rounds in Russian media was that Erdogan had helped stage the event himself in order to strengthen his own grip on power and change the state system under the guise of going after the coup plotters. Whether that's true or not doesn't matter—what matters is that we believe that this was not a plot against Erdogan, but a plot *by* Erdogan. What's most interesting to consider is whether Putin believes that. It would be very effective: stage a coup that is meant to fail and then see through all the plans for political control that have been floated but not seen through—like blocking foreign travel and the Internet. No, the Russian army won't try something like the Turkish army did. But *there is nothing stopping the Kremlin from staging the faked coup like the one our conspiracy theorists have said took place...* **Comment:** I've been wondering in these notes whether a Putin in his "man of destiny" mode might consider doing something unexpected, dropping his usual caution. That would depend, I think, on whether Putin believes he's being pushed into a corner and is being challenged personally. He's already made some steps that seem out of the ordinary—elevating Zolotov, creating the National Guard, ousting Yakunin. His tendency has been to revert back to caution after some big move. One very important question is whether, as Katrina Orlova has claimed, Zolotov is the power behind FSB Internal Security (FSB USB), a directorate that has played such a prominent role in recent high-profile cases and is apparently moving to take over the FSB Economic Security Service (FSB SEB). That would mean Putin is allowing some serious further moves to weaken Bortnikov (the Kremlin is said to be unhappy with him), and not focusing on re-establishing balance among the siloviki after the creation of the Natsguard.

This slon.ru

piece by Pavel Chikov also claims that Zolotov is behind the shakeups at FSB SEB: <https://slon.ru/posts/70908https://slon.ru/posts/71106>

Many experts say that the Natsguard headed by Zolotov was created to provide for a balance and equilibrium among the power departments—the purge going on in the FSB, especially in its economic block, is connected by observers (**Comment: Which other observers apart from Orlova?**) with Zolotov's taking over at the Natsguard.

Comment: The piece goes on to say that the FSB has struck at the FSO—that's in regard to the story on the Mikhailchenko arrest and his connections to ex-FSO chief Murov (See the 15 July notes; FSB SEB "K" reportedly arrested Mikhailchenko). My own view has been that the arrest demonstrated that Murov had been weakened. We have also seen claims that Zolotov wasn't terribly unhappy that his old boss was retiring—and the replacement for Murov, Kochnev, came from the unit Zolotov had headed for many years, the FSO's Presidential Security Service (See the 2 June notes. It gets even more complicated, since one source claimed that Zolotov and Kochnev weren't all that close). As far as the shakeup at FSB SEB, I've offered a possible alternative explanation for that—the two cooperated against MVD Economic Security (GUEBiPK) in a battle for controlling money laundering channels, then fell out as they both wanted to seize the channels for themselves. See, for instance, the 12 July notes.

More on the FSB making arrests at the Investigative Committee... First, from the 19 July notes:

[FSB arrests deputy head of Moscow Investigative Committee (The Kalashov case)]

<http://www.themoscowtimes.com/news/fsb-detain-deputy-head-of-russian-investigative-committee-54644>

Russia's Federal Security Service (FSB) have detained several employees of the Moscow department of the Russian Investigative Committee, including deputy head [Denis Nikandrov](#), news agency Interfax reported, citing a message from the agency.

The FSB began a search of the committee's Moscow offices in connection with the case against notorious crime boss [Zhakary Kalashov](#), or Shakro Molodoi.

"The FSB have carried out investigative actions against a number of staff members on the basis of exceeding their official powers, as well as receiving bribes from the criminal community," an FSB statement said, the Slon news website reported.

Shakro Molodoi was arrested on June 11 on charges of extorting money from the owner of the Elements restaurant in Moscow, after a violent shootout in December 2015 left two dead. See the 15 July notes.

A lead investigator on the second case against the Yukos gas giant, Nikandrov was reportedly detained on Tuesday while receiving a bribe worth \$1 million for Shakro's release, RBC reported.

It was reported in 2013 that the Prosecutor General's Office begun a preliminary investigation into Nikandrov for abuse of power and coercion of witnesses to testify.

In addition to the arrests, the FSB is searching the Investigative Committee's office in Moscow's center.

Here's more:

<http://www.mk.ru/social/2016/07/19/prichinoy-zaderzhaniya-trekh-rukovoditeley-skr-stala-versiya-o-pokrovitelstve-banditam.html>

Moskovskiy Komsomolets says that no other corruption scandal causes the kind of shock that this one does. Apart from Nikandrov, FSB officers arrested the SK's head of Internal Security, Mikhail Maksimenko, and another top officer in Internal Security, Aleksandr Lamonov... The entire case says a lot about contemporary Russia—it's all about money and people disregard the law...

At this point, the MK piece goes into a replay of the shootout at the Elements café—from the 15 July notes:

[When it opened in July 2015, the Elements Korean restaurant in central Moscow got good reviews — both for food and design. But that's not what the restaurant is famous for.

Two women — the restaurant owner and a designer she hired to renovate and furnish it — disagreed over payment after the designer failed to meet the agreed deadline. As was reported at that time, the restaurant owner Zhanna Kim refused to pay the designer the 2 million rubles (\$30,000) she was owed for designing the restaurant.

What started as a usual financial disagreement led to one of the most notorious armed fights in central Moscow since the 1990s and to the arrest of one of Russia's most notorious criminals — thief-in-law Zakhary Kalashov — better known by the pseudonym Shakro Molodoi.

On Dec. 15, 2015, around 20 armed men occupied the beautiful rooms in the Elements restaurant. "Everyone shut up, no one leaves the building until we make a deal," Zhanna Kim, a trendsetter, a socialite and the restaurant owner, later recalled in various interviews.

"It was a shakedown," she said. As was reported later, Fatima Misikova, the designer, had reassigned the debt that Kim still owed her to mobster Andrei Kochuikov, known as The Italian and a high-ranking member of Shakro's gang.

What happened later received extensive press coverage. The Italian showed up with a simple message: if the debt is not paid, he would take over the restaurant. Zhanna Kim refused to pay him.

She called the police and her lawyer — retired Interior Ministry Colonel Eduard Budantsev, reportedly connected to law enforcement as well as the Taganskaya crime group and now a lawyer engaged in debt collection

~~involvement as well as the Zagorskaya crime group and from a lawyer engaged in debt collection.~~

Always armed with a Beretta that was personally awarded to him by the interior minister, he arrived quickly with his supporters and demanded that the “unwanted guests” leave at once.

According to the Kommersant newspaper, The Italian told Budantsev, that he was sanctioned to “milk this cow” by Shakro. He then asked if Budantsev had any respect for the law of thieves and, after hearing an emotional “No,” The Italian ordered his subordinates “to pack the bald one [Budantsev] into the car.”

In the fight that followed outside the restaurant two men were shot dead and several were wounded. According to some reports, Shakro also was at the scene, but his name later disappeared from interior ministry documents.

Half a year later, a Federal Security Service (FSB) squad raided Shakro’s mansion in an upmarket area near Moscow. A video released by the Interior Ministry shows his guards on the ground with their arms on their heads. The video shows Shakro on a chair in what looks like the kitchen.

“I will not talk in front of the camera, are you kidding me? Don’t make a show out of it. Turn off the camera and we’ll talk,” he says.

“It’s not a show, we need it,” the officer’s voice is heard answering.

The criminal mastermind was later brought to the Moscow Central Investigation Department where he was questioned, the ministry reported.

Shakro will be accused of organizing extortion from the Elements restaurant owner, who had already filed a complaint, according to the Interfax news agency.

Shakro, a well-known Russian mob boss, re-emerged on Russia’s criminal scene in 2014 after serving an 8-year prison term in Spain where he was convicted of money-laundering and masterminding criminal organizations.

He was also sentenced in absentia to 18 years in prison for murder in Georgia, and Georgia has repeatedly requested that Shakro be extradited, Gazeta.ru reported. After another famous mobster Aslan Usoyan was killed by a sniper in the center of Moscow in 2013, Shakro has been regarded as a new leader of Russia’s crime world.

“It is personal for Shakro,” his accomplice was quoted as saying by an unnamed source within law enforcement. “He intervened in the conflict between two ladies at his friend’s request. Nobody knew there would be problems, but in such cases something can always go wrong,” the source told the Moskovsky Komsomolets newspaper.

“Do you consider yourself a thief-in-law?” Shakro is asked in the video. He refuses to answer in front of the camera. But he once answered the same question during a conversation with law enforcement when he came back to Russia in 2014. “They call me that,” he answered, smiling.

A Rosbalt report has the FSB SEB’s Directorate M making the arrest: <http://www.rosbalt.ru/moscow/2016/07/12/1531031.html>

] MK reports that when the period of detention was up for The Italian, the SK surprisingly didn’t try to extend it, and the gangster was released. The FSB learned of a plan to get him out of jail for \$1 million. On 19 July, there were searches at the offices of the SK’s investigative staff in Moscow, as well as the office of its deputy head, Nikandrov, and the offices of two SK officials. Lamonov and Maksimenko. MK adds an interesting tidbit—Maksimenko’s wife officially earned R14.6 million

last year, a new SK record...Nikandrov began his career in Volgograd, then in Moscow conducted a case against his former boss, ex-head of SK Investigations, Dmitry Dovgiy. He was part of the Yukos case and an investigator in the case against the Moscow Oblast Prosecutor's office (which was acting as a krysha for illegal gambling in the region)....The arrests are likely related to the Kalashov case—the blow against the SK signals a new and serious split among the siloviki.

Comment: I wrote quite a bit about Dovgiy and the Moscow Oblast casino scandal. The first was part of the “siloviki war” of the time, while the second pitted FSB people and the SK against the Prosecutor's office and MVD officers in a struggle over controlling illegal gambling.]

Comment: So, is Bastrykin the target in a new front of the latest “siloviki war”?

Orlova on the FSB's “attack” on the SK—Directorate “M,” which made the arrest, is part of FSB SEB:

<http://www.the-american-interest.com/2016/07/20/who-is-behind-the-fsbs-attack-on-russias-investigative-committee/>

The FSB struck a massive blow at another powerful branch of the *siloviki* in Russia: the Investigative Committee. On Tuesday, the Russian Federal Security Service, armed with search warrants, busted into the Moscow offices of the Investigative Committee. The offices of the department's head, Aleksandr Drymanov, his first deputy, Denis Nikandrov, the Interior Security directorate head, Mikhail Maksimenko, and his deputy, Aleksandr Lamonov, were all searched. The last three were arrested and are being held until trial. Drymanov has allegedly resigned, according to several unconfirmed media reports.

The FSB claimed that the high-profile Investigative Committee officers were engaging in various illegal activities with a professional criminal (in Russian, a *vor v zakone*, or thief in law) known as Young Shakro, who had been arrested the week before. Young Shakro is the successor of the notorious Russian mafia boss Grandpa Hassan, who was shot to death in Moscow in 2013.

While the lurid details of cooperation between Russian mafia bosses and law enforcement agencies are captivating, what is really worth paying attention to is which FSB department busted into the Investigative Committee's Moscow offices: as RBC reports, it was Directorate M of the Economic Security Service (SEB) of the FSB. Regular readers will know that the SEB has recently been the focus of attacks by another FSB department: the 6th Service of the the Interior Security Department (USB), the most secretive service of the entire FSB (cursed as “the Gestapo” by some within the agency).

As we have previously written

for the past several months, the 6th Service has been attacking the SEB in a bid to get control over the most profitable slice of business in Russia: the banking and financial sector. The 6th Service registered a victory when the head the SEB, as well as the head of the SEB's Directorate K (which directly oversees the sector in question) both resigned. Vladimir Putin issued an executive order less than two weeks ago, reassigning the head of the USB, Sergey Korolev, to head up the freshly decapitated SEB (See the 14 June and 15 July notes). Apart from the resignations, the FSB's internal fight has resulted in much collateral damage: at least three governors have been arrested, and many businessmen have lost their enterprises, with Russian tycoon Mikhail Prokhorov being the most visible recent victim.

The 6th Service's recent successes can be attributed to the department reportedly being under the protection and unofficial supervision of General Viktor Zolotov. Zolotov, who is Putin's long-time head of security and who was recently appointed to lead the newly-formed, powerful National Guard, has become the Russian President's most trusted military man. It's fair to interpret what happened yesterday as an attack by Zolotov on the Investigative Committee's head, Aleksandr Bastrykin, with whom he has been tussling for influence for some time already

(Comment: The article linked to has Bastrykin concerned that the Natsguard will weaken his SK, and Zolotov and Bastrykin are competing to demonstrate loyalty to Putin) Zolotov's message is clear: the new centers of power are the SEB, the 6th Service of the USB, and the National Guard.

This attack very much resembles an episode in 2014, when the 6th Service brought down General Denis Sugrobov, the head of the Economical Security and Anticorruption Department of the Interior Ministry, as well as his deputy General Boris Kolesnikov, in 2014. Sugrobov is still in jail awaiting trial, while Kolesnikov fell out of a window of the Investigative Committee headquarters in Moscow while under interrogation. The head of the 6th Service, Ivan Tkachev, who reportedly was behind the fight with Sugrobov and Kolesnikov, may soon head up Directorate K of the SEB, according to RBC (**Comment: She is referring back to the GUEBiPK scandal; We have read that Tkachev's taking over at “K” is not a done deal—and that he may wind up only as a deputy head. See the 15 July notes).**

The current fight against Aleksandr Bastrykin looks like it might end as decisively as the fight with Sugrobov. The Investigative Committee's spokesman, Vladimir Markin, commenting on the arrests, sounded like a defeated man. “What happened with our so-called colleagues is a bitter shame. And this affair, of course, throws a shadow over the entire Investigative Committee. But the self-purification work will go on.”

Apparently, the Investigative Committee received Zolotov's message—about who is the boss—loud and

clear.

But—this next item has Bastrykin himself behind the arrests, claiming that he had been planning a purge:

<http://www.kommersant.ru/doc/3043255>

Kommersant says Bastrykin opened the case—the case went to the Prosecutor’s office and Chayka deputy Viktor Grin decided that the SK should not be investigating itself, so he sent the case to the FSB... SK spokesman Vladimir Markin confirmed that the SK initiated the case and that the self-cleansing of the SK would move forward...

Belkovskiy on the SK arrests (Bastrykin won’t go; Bastrykin authorized the arrests—but did he initiate them?; Novaya Gazeta says Bastrykin found out about the operation against his

subordinates only minutes before it took place; The 6th Service of FSB USB and the SK; Is it Bortnikov, not Bastrykin, who is in danger?)

<http://echo.msk.ru/programs/beseda/1805126-echo/>

Belkovskiy backs up to the arrests of Nikandrov and the others and says that though Nikandrov is young (37) he is already a very trusted Bastrykin subordinate. Belkovskiy thinks there is a “systemic conflict” underway between the FSB and the SK. There is no unity among the siloviki—this war among them will continue and grow as the base for “feeding” in the regime declines under Western sanctions. But the present FSB vs SK struggle will not necessarily end with Bastrykin’s departure, as Putin likes to maintain a system of “checks and balances” —Bastrykin’s departure would mean the collapse of the SK in its current form. It’s one thing to put some highly placed official on the spot by arresting his subordinates, quite another to allow that official’s complete apparatus destruction. Putin doesn’t like to let those kinds of things happen—and Bastrykin has never demonstrated any disloyalty to Putin.

RBC comments: <http://www.rbc.ru/newspaper/2016/07/20/578e349e9a79471881b0ed76>

FSB sources say that the arrests were coordinated with Bastrykin—only he, as head of the SK, or one of his deputies, can authorize the arrest of heads of regional SKs or people holding equivalent ranks in the organization. An FSB press release says that Putin knew about the arrests—without his authorization, the arrest of the head of SK Internal Security could not have been made.

Politilog Yevgeniy Minchenko says that the arrests have to be viewed within the framework of the restructuring going on at the power departments. A special services source says that there is an FSB-SK clash underway, while a source described as close to the Kremlin says that a battle among factions in both organizations is taking place. The constellations of forces within the siloviki departments is changing—thus, the high profile criminal cases.

The upcoming Duma elections come into play as well, says an FSB source. The special services have carte blanche to act decisively to clean up the siloviki and the bureaucracy. One source says that the arrest of Nikandrov and Maksimenko weaken Bastrykin—they have been part of Bastrykin’s closest circle.

The Center for Political Technologies has rated Bortnikov ahead of Bastrykin on its list of influential political figures—Bastrykin’s in 13th place, Bortnikov in 9th place. Meanwhile, Peskov told reporters last Friday that they shouldn’t be speculating about the impact of the arrest on Bastrykin’s career.

Comment: Bastrykin may have authorized the arrests because he felt he had no choice—authorizing them is not the same as initiating them. RBC has Nikandrov (and Maksimenko) as close to Bastrykin, while Belkovskiy has the former as one of those trusted by Bastrykin. If Bastrykin was pressured into going along with the arrests, maybe Markin’s comments about a self-cleansing going on were meant to counter the inevitable rumors that Bastrykin was being weakened.

This Novaya Gazeta piece, among other interesting things, says that Bastrykin found out about the searches/arrests only minutes before the operation began: <http://www.novayagazeta.ru/inquests/73918.html>

The case related to the Elements cafe incident mentioned above was at first processed by FSB Counter-intelligence, then passed on to Directorate M. The investigation turned up ties between the gangsters and SK personnel—but not only them: “Shakro” carried out direct negotiations with members of the MVD GUUR (in charge of criminal investigations) and people in the Presidential Administration. Shakro had even discussed helping finance the Donbass... SK Investigator Andrey Bochkov was the chief figure who allowed the digging up of evidence against the SK officials Nikandrov, Maksimenko, and Lamonov—and Bochkov’s boss is

Aleksey Kramarenko, who is, according to an SK source, the FSB USB 6th Service's man (**Comment: Interesting—see the Orlova piece above**). The 6th Service has helped FSB investigators and Directorate M in the case against Nikandrov and company (as well as others).

What Peskov has described as the cleanup of the law enforcement organs is not over—other highly placed siloviki will also be targeted. (Here's a link to the newsru report on Peskov's comments on the situation: <http://www.newsru.com/russia/20jul2016/pusk.html>)

Bastrykin knew about the high level searches/arrests only minutes before the operation took place—and Mikhail Maksimenko, formerly of the FSB, is a one of Bastrykin's most trusted subordinates. There is no self-cleansing underway, as Markin would have us believe. One more thing—in contrast to the arrest of Belykh, Putin knew what was coming...

A Meduza story looks at some "versions" of what's up: <https://meduza.io/feature/2016/07/20/arestovany-vysokopostavlennye-chinovniki-sk-chto-dalshe>

And one of them is that Bastrykin is in no danger—but Bortnikov might be. There's a struggle going on for his post and that explains the activities of his subordinates.

The piece is drawing from a [znak.ru](http://www.znak.ru)

article that Meduza linked to: https://www.znak.com/2016-07-19/pochemu_ne_udivlyayut_podozreniya_v_svyazi_vysokopostavlennykh_oficerov_sk_s_vorom_v_zakone

The article by Yekaterina Vinokurova says that the activity of the FSB recently and its "obvious strengthening" could indicate that the service might change leaders. Bastrykin is in no danger.

Nellie Ohr

From: Nellie Ohr
Sent: Wednesday, July 06, 2016 1:46 PM
To: Ohr, Bruce (ODAG)
Subject: JRL item

Hi Honey!

If you ever get a moment, you might find the penultimate article interesting--especially the summary in the final paragraph.

Hope u r OK.

--N

-----Original Message-----

From: David Johnson <davidjohnson@starpower.net>

To: (b) (6) Nellie Email

Sent: Wed, Jul 6, 2016 12:15 pm

Subject: 2016-#125-Johnson's Russia List

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Johnson's Russia List

2016-#125

6 July 2016

davidjohnson@starpower.net

A project sponsored through the Institute for European, Russian, and Eurasian Studies (IERES) at The George Washington University's Elliott School of International Affairs*

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"We don't see things as they are, but as we are"

"Don't believe everything you think"

You see what you expect to see

"The biggest communication problem is we do not listen to understand. We listen to reply."

DJ: Some JKL attitude in a bit of an overstatement. Modern Russian studies may be better characterized as anti-Putin studies. The vision is circumscribed. For some that is enough. And morally required. But its just NOT enough. Most of this issue is devoted to the latest. Rather than repetitively directing fire at the usual suspects and the usual themes perhaps more attention should be devoted to the views of substantive people of a different frame of mind. I'm thinking of Lukyanov, Simes, Sakwa, Trenin, Petro, Graham, Saradzhyan, Robinson, Matlock, Braithwaite, Saunders, Dejevsky, Katchanovski, Mokrushyna, Arbatov, Adomanis, Aris, etc. (Sorry if I left you out. Or included you.) Take a look at the Valdai Discussion Club and Russia Direct web sites, a world of diversity and important ideas. Not your delicious comic world of RT, eccentric Russian politicians, and weaponized information. Or the beloved Russian Trolls. There are many solid dissidents although you won't find them easily at the Washington Post, New York Times or The New Yorker. You can find many balanced experts from Russia who are not easily pigeonholed or have regular appearances in Western media. These are the targets that matter, the analysis that matters, and if you don't deal with their points you're really wasting time from a substantive point of view. Of course, JRL gives you constant exposure to these experts and others. It's ALL there. Ignored but at our peril.

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#1

The Nation

July 5, 2016

The Media's Incessant Barrage of Evidence-Free Accusations Against Russia

In one month, its government has been accused of hacking the DNC, orchestrating the Brexit, tacitly supporting Trump, and more.

By James Carden

James W. Carden is a contributing writer at The Nation and the executive editor for the American Committee for East-West Accord's [EastWestAccord.com](#).

If there is one country in the world that garners media coverage bereft of even the most basic journalistic standards, it is Russia. Over the past month, the Russian government has been accused of hacking the DNC, orchestrating the Brexit, tacitly supporting the candidacy of Donald J. Trump, and much else.

On June 14, The Washington Post's Ellen Nakashima published what, at first sight, looked to be a blockbuster scoop, a Watergate scandal for the cyber age. The report alleged that the Democratic National Committee's computer network was compromised by Russian hackers who stole caches of DNC opposition research on Trump. According to Nakashima, the Russian hackers were so thorough that they were able to access the DNC's e-mail and chat traffic. Yet the firm that supposedly spotted the hack, CrowdStrike, admitted it was "not sure how the hackers got in." They were definitely sure, however, that it was the Russians.

The American media, needless to say, jumped all over the story. The New York Times swiftly followed up with a story which proclaimed: "D.N.C. Says Russian Hackers Penetrated Its Files, Including Dossier on Donald Trump." The dogged media critic Adam Johnson of FAIR (Fairness and Accuracy in Reporting) compiled a list of headlines that appeared in major media outlets within 24 hours of Nakashima's scoop,

* Russian Government Hackers Broke Into DNC Servers, Stole Trump Oppo (Politico, 6/14/16)

- * Russia Hacked DNC Network, Accessed Trump Research (MSNBC, 6/14/16)
- * Russians Steal Research on Trump in Hack of US Democratic Party (Reuters, 6/14/16)
- * Russian Government-Affiliated Hackers Breach DNC, Take Research on Donald Trump (Fox, 6/14/16)
- * Russia Hacks Democratic National Committee, Trump Info Compromised (USA Today, 6/14/16)
- * Russian government hackers steal DNC files on Donald Trump (The Guardian, 6/14/16)
- * Russians Hacked DNC Computers to Steal Opposition Research on Trump (Talking Points Memo, 6/14/16)
- * Russian Spies Hacked Into the DNC's Donald Trump Files (Slate, 6/14/16)
- * What Russia's DNC Hack Tells Us About Hillary Clinton's Private Email Server (Forbes, 6/15/16)

And there was more to come. A self-described "former spook" took to the pages of The New York Observer on June 18 to declare that not only do "Kremlin hacking efforts extend far beyond the DNC" but that the Islamic State's hacking operation, the so-called Cyber Caliphate, is actually, you guessed it, the work of the Russians: "[T]he Cyber Caliphate" said the Observer, "is a Russian false-flag operation."

Nor is that all. MSNBC's Rachel Maddow got in on that act and went on what can only be described as a rant in which she accused the Russian president himself of being behind the DNC hack. "These hackers," Maddow proclaimed, "were dispatched by the Russian government, by Vladimir Putin," even though Nakashima's report said no such thing. The report merely said that one of the hacking operations is "believed to work for the GRU, or Russia's military intelligence service while CrowdStrike is less sure of whom" the other hacking operation "works for but thinks it might be the Federal Security Service, or FSB" [emphasis added].

The problem, of course, is that there is no hard evidence linking the Russian government, much less Vladimir Putin personally, to the DNC hack.

Indeed, Nakashima followed up her original report on June 15 by noting that a hacker who goes by the moniker Guccifer 2.0 had claimed credit for the DNC hack. In an interview with Vice Motherboard, Guccifer 2.0 claimed to be Romanian, not Russian:

And where are you from?

From Romania.

Do you work with Russia or the Russian government?

No because I don't like Russians and their foreign policy. I hate being attributed to Russia.

Why?

I've already told! Also I made a big deal, why you glorify them?

Yet on June 20 the Post published another report by Nakashima headlined "Cyber researchers confirm Russian government hack of Democratic National Committee" in which Nakashima dismissed Guccifer's claim of Romanian nationality, writing that "Analysts suspect but don't have hard evidence that Guccifer 2.0 is, in fact, part of one of the Russian groups who hacked the DNC" [emphasis added].

By the very end of Nakashima's June 20th dispatch, readers were informed that it is also possible "that someone else besides the Russians were inside the DNC's network and had access to the same documents."

None of the foregoing can come as a surprise, given that unproven allegations against both the Russian government and the Russian president have been a flourishing American media industry for several years. And if there can be said to be an industry leader, it is The Washington Post. In addition to its coverage, such as it was, of the DNC hack, the Post has published one story after another regarding Donald Trump's alleged affinity for, and

has published one story after another regarding Donald Trump's alleged affinity for, and ties to, the Russian Federation.

On June 17, the Post published a piece that purported to explore "Trump's financial ties to Russia and his unusual flattery of Vladimir Putin." The report alleged that Trump's "relationship with Putin and his warm views toward Russia" are "one of the more curious aspects of his presidential campaign," because "the overwhelming consensus among American political and national security leaders has held that Putin is a pariah." How the reporters square this with Secretary of State Kerry's regular meetings with Russia's foreign minister or President Obama's periodic phone conversations with the "pariah" himself was left to the reader's imagination.

Nevertheless, the report in guilt-by-association style warned readers that "Since the 1980s, Trump and his family members have made numerous trips to Moscow in search of business opportunities," thereby implying that Trump may be, after all, the Manchurian Candidate of the Post's fevered imagination. For all his many faults as a businessman, is Trump so different from other major American and Western business leaders in trying to pursue business opportunities in Russia? Who could imagine the Post holding, say William Browder's past business experiences in Russia against him?

Still more alarming, according to the Post, is that "The Russian ambassador to the United States, breaking from a tradition in which diplomats steer clear of domestic politics, attended Trump's April foreign policy speech" in Washington. The tradition they are referring to remains unclear, but if it exists, it is one that American ambassadors frequently break. For example, the US Ambassador to Ukraine, Geoffrey Pyatt, attended anti-government protests in Kiev alongside US Assistant Secretary of State Victoria Nuland in December 2013, while there are numerous reports of then-US Ambassador to Syria Robert S. Ford making appearances at anti-government rallies throughout Syria in 2011.

A day later, June 18, the Post published a piece by Ishaan Tharoor, who cited the previous day's Post report on the alleged affinity between Trump and Putin and noted that the "former reality TV star would perhaps also tacitly approve of some of Putin's other comments." Perhaps. Also. Tacitly. In the words of George W. Bush's CIA director, George Tenet, that's a "slam dunk."

Yet the Post is hardly alone in publishing undocumented and sensationalist pieces on Russia. The silliest example comes courtesy of the British newspaper The Telegraph, which, on June 21, wondered: "Is Vladimir Putin orchestrating Russian football hooligans to push Britain out of the EU?" The report, which was widely echoed in the United States, claimed that "Kremlin-orchestrated hooliganism isolates England and could lead to the national team's expulsion from the championship, adding symbolic fuel to the Brexit campaign." The authors provided zero evidence that the Kremlin "orchestrated" the football hooliganism (which was, at any rate, overwhelmingly of the English variety) that occurred in Lille during the European Football Championship.

Even before the results of the Brexit vote were known, journalists were making much of Russia's supposed involvement in the matter. Neocon scholar Max Boot took to the pages of-where else?-The Washington Post on June 19 to warn readers that "Nigel Farage, leader of the UK Independence Party and a leading pro-Brexit voice, has harsh words for Brussels but nothing but kind words for Moscow."

And following the Brexit vote, the media went into overdrive in trying to tie the result to the actions of the "operative in the Kremlin." A representative piece comes courtesy of the ever-jejune BuzzFeed, which declared "The Big Winner Of Brexit Is Vladimir Putin." Former US ambassador to Russia turned Washington Post columnist and Hillary Clinton foreign-policy adviser Michael McFaul told BuzzFeed that "Brexit's greatest winner is Putin." According to McFaul, "For years now, he has sought ways to divide Europe,

including both the EU and NATO, hoping for a collapse of unity in Europe just as the USSR and the Warsaw Pact did a quarter century ago."

Meanwhile, the UK's Guardian claimed Russia and, for good measure, Iran, were "delighted" by the Brexit result. But far from being "delighted," the Russian president repeatedly stated Russia's neutrality during the week preceding the vote and is quoted in the Guardian report as merely saying that the Brexit may have "positive and negative consequences" for Russia.

Meanwhile, in addition to its coverage of Kremlin-inspired football hooligans, The Telegraph published an article that enters into the realm of science fiction, claiming that "Russia aims to develop 'teleportation' in 20 years." Well, beam me up, Scotty. Yet the text of the Telegraph report says no such thing, only that a "strategic development program" has been "drawn up for Vladimir Putin" that "would seek to develop teleportation by 2035." Nowhere is it said that the Russian government is actually pursuing such a thing.

All of this would, of course, be amusing, if the geopolitical ramifications weren't so dire. The incessant barrage of factually challenged, evidence-free accusations that paint Russia and its president in the worst possible light have helped give rise to the perilous state of affairs in which we find ourselves.

And while Russia continues to support the separatist fighters in eastern Ukraine, NATO and American troops have been massing in western Ukraine on yet another "training exercise." Meanwhile, the forthcoming NATO summit in Warsaw is less than a week away. And though responsible voices like German Foreign Minister Frank-Walter Steinmeier have decried NATO's penchant for "warmongering," it seems the closer we get to the upcoming summit, the further divorced from reality the media's coverage of Russia becomes.

Misinformation from our media has eroded the possibility of any détente between the United States and Russia and has put the two nuclear superpowers on a collision course on the ground in eastern Europe, in the skies over Syria, and on the Baltic and Black Seas.

In times like these the public would be better served by less sensationalist, more fact-based coverage of Russia and its government.

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#2

Russia Direct

www.russia-direct.org

July 5, 2016

Russian experts discuss Brexit and Putin's visit to China

Monthly review of Russian think tanks: In June, top analysts focused on the Brexit referendum in Great Britain, the future prospects for Russian-Chinese relations and the changing nature of Russia-West relations.

By Anastasia Borik

Anastasia Borik is a Ph.D. student at the Moscow State Institute of International Relations (MGIMO-University). She has both journalist and diplomatic experience having worked as a Xinhua News Agency reporter (Moscow Bureau) and as a personal assistant of the Ambassador of the Russian Federation to the Republic of Colombia.

For Russian experts, the most discussed topic of June was the Brexit referendum in Great Britain. Almost no one predicted this result, with many Russian analysts experiencing great surprise that the British voted to leave the EU.

Experts also turned their attention to China and the high-profile meeting between Russian President Vladimir Putin and his Chinese counterpart Xi Jinping in Beijing, viewing this

official visit as a barometer of the current state of Russian-Chinese relations.

The shifting status of Russia's relations with the West also preoccupied the attention of Russia's top experts, who attempted to analyze whether Russia and the West were any closer to a compromise on key geopolitical issues.

The implications of Brexit for Russia

In connection with Brexit, Russian think tanks discussed the following questions: What will happen with the EU now? What are the implications for Great Britain itself? How does Moscow view the events occurring in London?

The EU and the UK have fallen victim to uncontrolled and thoughtless expansion, as well as an unprecedented migration crisis, according to professor Natalia Kapitonova of the Moscow State Institute for International Relations (MGIMO University). The British are tired of the endless stream of migrants coming from poorer EU countries and the influx of refugees from the Middle East, both of which they perceive as a threat.

The role of the British leadership, which went too far in its attempts to blackmail Brussels, also played an important role. The British did not anticipate such serious consequences of their actions. Kapitonova believes that Britain's exit from the EU could have a domino effect on Europe - even if it does not directly encourage other countries to leave, then, at the very least, it will have an impact on the development plans of the Union, and will substantially slow down the integration processes.

Nikolay Kaveshnikov, an expert at the Russian International Affairs Council (RIAC) and associate professor at MGIMO University, on the contrary, believes that the exit of the UK is unlikely to cause a domino effect, because in the EU, there are almost no other Eurosceptic countries that have the resources and political weight, outside of the integrated group, that can be compared with the UK.

The expert considered several possible Brexit consequences for the EU. Among them - the collapse of the ideology of integration, strengthening of intergovernmental relations to the detriment of supranational institutional relations, creation in the EU of a kind of "core" of the most important countries, and the formation of peripheral provincial parts of the EU, in which the least successful member states will find themselves.

Alexander Baunov of the Carnegie Moscow Center tried to explain why Brexit was so positively perceived in Russia. Russian officials were very careful when it came to talking about Britain's leaving the European Union, but no one doubts that the British vote was perceived positively in Russia.

For Moscow - which has never been able to engage in a productive dialogue with the Brussels bureaucracy that simultaneously tries to express the opinion of all and none - the idea of building bilateral relations with a sovereign state is much more preferable. This does not mean that Russia is hostile to the European integration project. Yet a fragmented Europe is conceptually clearer, because it corresponds to the Kremlin's goal of pursuing multi-polarity in modern international relations.

Fyodor Lukyanov, head of the Council on Foreign and Defense Policy (CFDP), believes that the exit of Great Britain from the EU threatens the existence of a "greater Europe." The expert also noted that, obviously in the EU, no one expected such an outcome, because the reactions coming from the major capitals were languid and ambiguous.

This only adds to the feeling that a turbulent period is coming to the European space, says Lukyanov. Likely awaiting Europe and the whole world is a new phase of a quest of national identity or "re-nationalization" because Brexit has proven that national interests can be

identity of re-nationalization, because Brexit has proven that national interests can be stronger and more important than ideological projects, even when they promise benefits for all.

Russian-Chinese relations and Russia's pivot to the East

In light of Russian President Vladimir Putin's visit to China on June 25-26, Russian experts actively discussed current relations between Moscow and Beijing, in particular the problem of equality in the partnership, as well as prospects for the formation of an alliance between the two countries.

Vasily Kashin, an expert on Asian affairs at RIAC, emphasized that Putin's recent visit was the most intense, in terms of both the practical content of the signed agreements and in terms of formation of the ideological content of the Russian-Chinese partnership. This ideological component is no less important than the numerous agreements signed in the economic and energy spheres.

China and Russia are increasingly on the same page when it comes to a vision of the modern world order, especially in matters of security and strategic stability, which both Moscow and Beijing regard as a broader concept than does Washington. A common position on issues of nuclear and information security is a big step forward, not only in bilateral relations, but also in the formation of a more harmonious system of international relations.

Alexander Gabuev, an expert with the CFDP and the Carnegie Moscow Center, analyzed the results of the first two years of Russia's "turn to the East." Gabuev stresses that many in Russia have become disillusioned with Moscow's new friend. As it turns out, to deal with the East is no easier, and sometimes even harder, than with the West. This disappointment, says the expert, is the result of initially too high expectations. In reality, a turn is being made to the East, but it is just going very slowly.

The main obstacle on this path is the coincidence of a number of adverse factors occurring simultaneously, including the slowdown in the Chinese economy, the worsening economic situation in Russia, and Western sanctions that restrict the opportunities of foreign capital coming into Russia. Gabuev also noted that Russia's endless attempts to define itself as a "younger brother" or an "older sister" of China must finally end, because these do not have any practical value, but only waste time and the intellectual resources needed for the development of cooperation.

Alexander Lukin, director of the Research Center for East Asian and SCO at MGIMO University, positively evaluated the results of Putin's visit to China, explaining that the trip has once again proven the viability of Russian foreign policy in the East. Lukin says that, despite the great skepticism that exists among Russian analysts when it comes to prospects of a Moscow-Beijing alliance, it is too early to judge the outcome of this "turn to the East." Serious efforts are still needed to further strengthen relations.

"Russia needs to work consistently in the Chinese direction, because in our partners in Beijing, we see a great desire for bilateral cooperation," said Lukin.

Russia-West relations and the new world order

Russian experts also discussed relations between the West and Russia within the context of problems of the new world order and international security. These experts firmly believe that further escalation of tensions is possible, and now is the time when countries need to take a breather and find new channels for dialogue.

Lukyanov believes that the main reason for the current amplification of tensions in relations between Russia and the West has a historical basis. The Cold War was not a real war,

and it did not end with a real peace settlement, in which the positions of the winners and losers would have been defined. The West considered Russia as a defeated and weak country and refused to consider its interests when it came to the construction of the new world order.

Russia, after failing in an attempt to obtain equal status, began to act aggressively "to the verge of brinkmanship," which determined the confrontational nature of the current relationship.

Lukyanov calls this a "fatal chain," which may well lead to a real escalation, despite the fact that the real systemic reasons for this do not exist. In such circumstances, the most important thing is to develop a procedure for enhanced dialogue, and Washington should seriously think about this, and no longer act according to the zero-sum logic of "winner vs. loser."

Leonid Gusev, an expert at MGIMO University, said that recently there has been a serious increase in the aggressiveness of the rhetoric coming from the U.S. towards Russia. Part of this rhetoric, in its spirit, even resembles the worst times of the Cold War. The analyst believes that this is directly related to the current presidential election campaign in the United States. Often, individual candidates use increasingly aggressive rhetoric to gain extra points in opinion polls, and Russia fits the bill perfectly here, says Gusev.

However, rationality and awareness of the need for cooperation are always more important than campaign speeches, when it comes to real politics.

"The rhetoric will likely soften, and the cooperation will continue. Still, no one really wants to return to the situation as it existed during the Cold War after 1946," sums up the analyst.

Alexey Arbatov of the Carnegie Moscow Center, in an extensive interview about the purpose and spirit of modern Russian foreign policy, noted that relations with the West, and in particular, with the United States, continue to be confrontational.

Officially, Russia has declared that the main enemy is international terrorism, but in Moscow, they do not forget about using anti-American rhetoric, accusing Washington of not only being responsible for the world's problems, but in making efforts to undermine the internal structure of Russia.

In this context, the expansion of confrontation is quite possible, and very dangerous, as it could lead to a large-scale armed conflict between Russia and NATO. Arbatov believes that the most important task for Moscow and Washington now is to avoid such a scenario at all costs, and this is what the political leadership of both countries should be working on.

The program director of RIAC, Ivan Timofeev, talked about the emerging new world order, which has already given birth to numerous conflicts and dilemmas - one of the main being the confrontation between Russia and the West. In Russia, this confrontation is seen as being systemic; as such, it requires an appropriate response.

However, there is a possibility that such an assessment is wrong, and in fact, the struggle in the spirit of "Realpolitik" will not determine the future of the new world order. Rather, a new image of the world will emerge from the solutions developed for individual regional "dilemmas," among which are included China's dilemma, India's dilemma, and the European Union's dilemma. Each of these problems will determine the vectors of development of the world, and Russia must be involved in this process, otherwise it is destined to play a marginal role in the new world order.

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#3

Russia Beyond the Headlines

www.rbth.ru

July 6, 2016

A gaffe too far: Russia's controversial children's rights ombudsman resigns

Pavel Astakhov, whose tactless and cynical comments made him deeply unpopular with many Russians and who came to international prominence for supporting the law banning foreigners from adopting Russian children, is to leave his post.

OLEG YEGOROV, RBTH

Pavel Astakhov, who has gained notoriety abroad for his active support of the law banning foreigners from adopting Russian children, is to step down. As children's rights ombudsman, Astakhov will be remembered for his frequent gaffes, the latest of which outraged hundreds of thousands of Russians.

The faux pas, which became the last straw and caused widespread outrage, occurred during Astakhov's meeting with survivors of a deadly boating accident on Lake Syamozero in Karelia, north of St. Petersburg, in which 14 children were killed.

Having come to visit the survivors in hospital, he greeted the children, who had been through a terrible ordeal, with a smile and a question: "Well then, how was your swim?"

This mixture of callousness and cynicism coming from a person whose job it is not only to understand children's problems but also to be able to find a common language with them and protect their interests disqualifies Astakhov from the post, his critics insist.

Was he pushed?

A petition asking Russian President Vladimir Putin to dismiss Astakhov appeared on the Change.org website on June 24 and collected over 150,000 signatures in a week. A source close to the Kremlin told the Vedomosti newspaper that it was strongly suggested to Astakhov that he should resign and this is what he did.

The news of the children's rights ombudsman's imminent departure has been confirmed by presidential press secretary Dmitry Peskov, who said that the president will sign a decree relieving Astakhov of his post when the latter returns from leave.

According to Valery Solovei, a political analyst and professor at Moscow State Institute of International Relations, Astakhov's embarrassing statements have made him "a major irritant for public opinion in Russia."

"In the run-up to the elections, when the [ruling] United Russia party has a very low rating, it is not in the authorities' interest, so they will be getting rid of everyone who is dragging them down, and Astakhov is an ideal candidate," said Solovei.

There is no-one, he continues, who would speak up for Astakhov: "He does not have extensive connections in the Kremlin. His is a figure that does not, in fact, have much influence, though he does receive a lot of publicity."

Shriveled women and Darwin Awards

In his time as children's rights ombudsman, Astakhov has more than once scandalized the public with his cynical remarks, widely at odds with the nature of his job. Below are some of the more striking examples:

In 2015, commenting on a wedding between a 17-year-old girl and a 47-year-old district

In 2010, commenting on a wedding between a 17-year-old girl and a 47-year-old district police chief in Chechnya, Astakhov said that it was normal because women in the Caucasus age faster: "There are places where women are already shriveled by the age of 27, and look about 50 to us," he said.

In April 2016, he made a callous comment in response to the news that a 13-year-old girl in Barnaul had been mauled by a tiger (according to Astakhov, the girl had been teasing the tiger): "Stupidity and hooliganism! The Darwin Awards [a tongue-in-cheek honor "presented" every year to those who contribute to the improvement of the human gene pool by being killed in the most stupid and reckless fashion] are weeping!"

In 2014, speaking about the prospects of introducing sex education classes for schoolchildren, Astakhov, known for his conservative views, said: "I am asked when we [in Russia] will introduce sex education. I reply: never."

In Astakhov's opinion, children should learn all they need to know about sex from Russian literature.

Astakhov has not been particularly receptive to criticism. In 2013, he explained that it was pedophiles who were seeking his resignation. Having learnt about the petition for his dismissal on Change.org, he said that it had been signed exclusively by bots and Ukrainians (the administration of the website denied this).

Advocate of the 'scoundrels' law'

Astakhov was one of the staunchest supporters of the so-called "Dima Yakovlev Law" passed by the State Duma in December 2012, banning U.S. citizens from adopting Russian children. The law was named after a Russian toddler who died in the U.S. through the negligence of his adoptive father.

The Russian opposition was extremely critical of the Dima Yakovlev Law, dubbing it the "scoundrels' law." Its critics pointed out that the bill affected children from orphanages who were deprived of an opportunity to find a family, albeit abroad.

Astakhov, however, supported the law, saying that he was opposed to foreign adoptions in principle: "It is humiliating for our country and puts it on a par with third-world countries," the ombudsman said, adding that the law should have been adopted earlier.

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#4

Intellinews.com

July 6, 2016

Poroshenko cultivates 'crony democracy' in post-revolution Ukraine

By Sergei Kuznetsov in Kyiv

"The fact that some lawmakers and parliamentary groups voted in favour does not provide them with any exemption from criminal investigations," Ukrainian President Petro Poroshenko told journalists in exasperation on June 3, a day after the parliament had adopted constitutional amendments on judicial reform.

Poroshenko had reason to be irritated. Immediately after the motion had been adopted, some lawmakers and experts voiced suspicions that the president had been forced to make backroom deals with oligarchs and former allies of ousted ex-president Viktor Yanukovich in order to secure the result.

Indeed, the motion was backed by 335 lawmakers, above the minimum 300 votes needed,

and the amendments were approved thanks to the pro-Russian Opposition Bloc, controlled by top-tier oligarchs Dmitry Firtash and Rinat Akhmetov, as well as former associates of Yanukovich from smaller parliamentary groups.

The Opposition Bloc faction, headed by Yuri Boyko, a controversial Yanukovich-era deputy prime minister, provided 38 votes in favour of the amendments. "Now it is clear why [Ukrainian prosecutor general Yuriy] Lutsenko is avoiding filing [to the parliament] an appeal to arrest Boyko," Serhiy Leshchenko, a lawmaker from Poroshenko's faction, noted in reaction to the motion.

Leshchenko stated that investigators from the Prosecutor General's Office had prepared such an appeal about a year ago, suspecting Boyko of participating in a criminal organisation that ran fraudulent schemes involving the liquefied natural gas projects of notorious Ukrainian gas oligarch Serhiy Kurchenko. However, the controversial former head of the prosecutor's office, Viktor Shokin, allegedly refused to sign the appeal and file it with parliament, Leshchenko claimed.

"Quid pro quo is the nature of Ukrainian politics: a favour for a favour," Andrei Marusov, chairman of Transparency International in Ukraine, tells bne IntelliNews. "This is confirmed by the fate of former members of [Yanukovich's] Party of Regions, against which there are criminal proceedings, and who are under reasonable suspicion over their involvement in corruption. But, for instance, Boyko has no worries."

Marusov believes that the administration of Poroshenko secured an unofficial agreement with the Opposition Bloc over its support for the important judicial reforms. Similar deals were apparently agreed with two other parliamentary groups: Vidrozhennia (Revival), which includes former associates of Yanukovich, and Volia Narodu (The People's Will), which was created mainly by representatives of local elites and businessmen tied to the gas industry.

"What will these lawmakers obtain in exchange? The law enforcement agencies are apparently turning a blind eye to investigations against them," Marusov accuses.

The Opposition Bloc is controlled by two very influential Ukrainian oligarchs - Akhmetov and Firtash - and any such agreements with Poroshenko and his team could only contribute to the improvement of their positions, which have been badly hit by the financial crisis, Russia's annexation of Crimea and a separatist uprising in the eastern regions of the country.

Firtash has two key figures in the Opposition Bloc: Boyko and Serhiy Lyovochkin, a businessman and former chief of staff under Yanukovich. Akhmetov relies on another senior figure in the party, businessman Borys Kolesnikov, who heads the party's shadow government, as well as Vadim Novinskiy, a co-owner of Akhmetov's mining and metallurgical holding Metinvest.

However, Leshchenko believes that the situation with Boyko's 'immunity' is more complicated. "Boyko is a part of the Viennese package [agreed] by Firtash, Poroshenko and [Kyiv mayor Vitaliy] Klitschko," the lawmaker said in parliament on June 13, pointing to one of the most controversial and secret aspects of Ukrainian politics in the past two years.

In April 2015, a court in Vienna refused to extradite Firtash to the US, where he was wanted for allegedly bribing Indian officials to gain mining licences. The Austrian court accepted the argument of Firtash and his lawyers that the US case was politically motivated, and aimed at removing the businessman from active participation in Ukrainian politics.

During the hearing, the businessman revealed that he had had a meeting with Poroshenko and Klitschko in Vienna, where he was under house arrest, on the eve of the 2014

and Klitschko in Vienna, where he was under house arrest, on the eve of the 2014 presidential election. The result of the meeting was that Klitschko, who was riding high in the polls, would withdraw his candidacy and instead support Poroshenko's bid to be president.

"We secured what we wanted: Poroshenko became president, Klitschko the Kyiv mayor," Firtash said in court, refusing to provide any details and citing a confidentiality agreement between the parties. The billionaire added that his main goal had been to prevent Yulia Tymoshenko, a former Ukrainian prime minister and bitter rival, from winning the election.

To this day it is unclear what actually transpired during the meeting in Vienna, in which Firtash's associate Lyovochkin also took part. However, both billionaires - Poroshenko and Firtash - apparently shared a rival in the form of Tymoshenko and this could be one of the reasons for their collaboration.

Poroshenko's antipathy toward Tymoshenko goes way back. According to a classified cable sent by the US ambassador in Ukraine, John Herbst, to Washington in 2006, Poroshenko "is clearly sparing no effort to pay her back for publicly tarring him as corrupt during the September 2005 struggle that led to Tymoshenko's ouster as prime minister and Poroshenko's resignation as NSDC [National Security and Defence council] secretary".

According to the same document, published by WikiLeaks, Ukraine's interior minister at the time told Herbst that he had been ordered by the prosecutor general, then a close ally of Poroshenko, to arrest Oleksandr Turchynov and Andriy Kozhemyakin, senior politicians in the Tymoshenko Bloc, for "illegally destroying the SBU security service files on the January [2006] gas deal with Russia and on organised crime figure Semion Mogilevich", who is on the list of the FBI's 10 most wanted.

Firtash and Boyko are not the only ones who have found a "common language" with Poroshenko and his administration. Akhmetov, the country's richest businessman, has recently secured badly needed preferences for his power and coal mining conglomerate DTEK.

Two months ago, Ukraine's utility sector regulator started to use a new methodology for calculating the tariffs for electricity supplied by Ukrainian coal-fired thermal power plants (TPPs). According to the methodology, the price of electricity sold by TPPs will cover in full the coal costs, calculated according to the API2 coal index (the CIF price of coal in Amsterdam-Rotterdam-Antwerp), plus the costs of coal delivery from Rotterdam to Ukrainian TPPs. This is extremely positive for DTEK, as the price has increased from UAH1,100-1,200 (\$44-48) per tonne to UAH1,400-1,500.

Perhaps not coincidentally, the National Utilities Regulatory Commission (NERC) is headed by Poroshenko's close associate Dmytro Vovk, the former manager of the president's Roshen confectionery corporation. "In contrast to his public statements, Poroshenko knows the Ukrainian political system perfectly well, and his actions are oriented at unofficial, non-public agreements under a quid pro quo principle," Marusov explains.

David Sakvarelidze, a former Ukrainian deputy prosecutor general, believes that the country's politics are ruled by "clan interests". "It's not a secret that the parliament and politics in Ukraine were always a business, or a status that provides an opportunity to reach business success," Sakvarelidze tells bne IntelliNews.

He adds that thanks to the Orange Revolution in 2004-05 and Euromaidan protests in 2013-14, people in Ukraine might have been able to change the authorities, but "were not able to change the bureaucracy - the names [of officials and politicians] are almost the same".

"And that is the main tragedy of the country," Sakvarelidze says.

How to pay for votes

The support of the controversial parliamentary groups Vidrozhennia and Volia Narodu has also been crucially important to the authorities at other times this year. Thanks to the four dozen votes provided by these groups, the parliament was able to approve Volodymyr Groysman as the new prime minister in April and Yuriy Lutsenko as the new prosecutor general in May.

Volodymyr Fesenko, head of the Kyiv-based think tank Penta Political Centre, describes Vidrozhennia as "some sort of political federation" that includes local elites and former politicians from ousted president Yanukovich's notorious Party of Regions.

According to the expert, the group's members are "allies" of Ukrainian oligarch Ihor Kolomoisky. However, Fesenko underlines that they are quite independent from Kolomoisky, pointing out that the group's head, businessman Vitaliy Khomutynnik, is a business partner of the oligarch, but not his "puppet".

In early May, Hennadiy Moskal, the governor of Transcarpathia region, accused Kyiv of "political bargaining" with Khomutynnik, as a result of which the authorities allegedly provided "control over [the region's] customs" to the lawmaker.

"This was a kind of payment for supporting Groysman's candidature for the post of prime minister, as well as further votes in favour of government-backed bills," Fesenko suggests.

Moreover, according to Moskal, Khomutynnik allegedly secured an agreement with the authorities for Roman Nasirov, head of the State Fiscal Service and a close associate of the lawmaker, to keep his current post.

"Indeed, there are rumours Vidrozhennia agreed that after the change of the Ukrainian government, Nasirov would not be dismissed," Fesenko says.

Moskal announced his resignation from the post of governor at the same time as making his explosive claim about Kyiv's dealmaking. However, a week later, after a series of high-level meetings in the capital, including with Poroshenko, the governor changed his mind and withdrew his previous accusations against Khomutynnik, citing a flawed source of information. The lawmaker's spokesperson refused to comment to bne IntelliNews.

"It is possible that agreements were reached [during recent parliamentary rounds] with some people over appointments, and with others over business issues," Fesenko says. "These agreements apparently differ in each particular case."

According to the expert, "strong business interests" are part and parcel of Ukrainian politics. "That is the nature of our young democracy - a significant proportion of political forces are connected to business," Fesenko underlines, adding that he doesn't expect this to change any time soon.

Trench warfare

The situation over the parliamentary group Volia Narodu, which has also contributed votes for recent high-profile appointments, looks more complicated.

Until recently, Leshchenko of the Poroshenko Bloc was convinced that some lawmakers from the group had strong ties to business schemes linked to the state-owned gas

company Ukrgezvydobuvannia, and that the government's support of these schemes would be some kind of reward for their votes.

In June, however, the country's law enforcement agencies accused the group's lawmaker Oleksandr Onyshchenko of creating a criminal organisation that was allegedly involved in the embezzlement of state-owned natural gas, produced with the participation of Ukrgezvydobuvannia.

The authorities suspect that the lawmaker siphoned off UAH1.6bn (\$64mn) from the state-run gas producer, and that he failed to pay UAH1.3bn (\$52mn) in royalties to the state budget. Onyshchenko denies any wrongdoing, but now faces 7-12 years in prison after parliament on July 5 sanctioned criminal proceedings against him.

Fesenko describes Onyshchenko as "a second-tier oligarch" and quite a remarkable figure in Ukrainian politics. "He was loyal to the president... However, Onyshchenko acted on the gas market using not very clear methods, quite rudely," the expert tells bne IntelliNews.

On June 29, the National Anti-Corruption Bureau of Ukraine (NABU) announced that they had detained an 11th suspected associate of the lawmaker allegedly involved in the embezzlement of state-owned natural gas. "What is the main issue that Onyshchenko failed to consider? NABU needs to demonstrate some results [of its work]. Everybody is awaiting high-profile arrests from the institution," Fesenko comments.

But for much of the old set-up of big business, it's business almost as usual. As an example, Marusov cites suspicions surrounding Akhmetov's continued monopoly of the Ukrainian energy market. "There are strong statements being made, but there are no real actions aimed at breaking this monopoly," he says.

Overall, current relations between Ukraine's authorities and the oligarchs are like "trench warfare", Marusov says: "This looks like the First World War: they are shelling each other, but the frontline remains unaltered."

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#5

Wall Street Journal

July 6, 2016

Putin's Press Propagandists

The point of Russian TV coverage of the Ukraine war, Arkady Ostrovsky points out, is not to report fighting but to ignite it.

By KAREN DAWISHA

Ms. Dawisha, the director of the Havighurst Center at Miami University in Ohio, is the author of "Putin's Kleptocracy: Who Owns Russia?"

THE INVENTION OF RUSSIA

By Arkady Ostrovsky

Viking, 374 pages, \$30

Russia today is ruled by the worst and least talented group of villains Russia has seen since before World War II. How did these men come to power? And how did the phenomenon of Putinisma come to pervade the psyche of the nation? In his bold new book, "The Invention of Russia," Arkady Ostrovsky blames not just systemic pressures from above, but also the cumulative effects of generations of genetic depletion-the survival of the least fit.

Homo soveticus, Mr. Ostrovsky observes, was "a negative selection process that first physically eliminated the best and the brightest and then nurtured doublethink suspicion

physically eliminated the best and the brightest and then nurtured doubt, suspicion, isolationism, and dependence and discouraged independence of thought and action." These days anyone who indulges in independent thinking leaves the country (like economist Sergei Guriev and hundreds of thousands of other professionals), ends up in prison (like Mikhail Khodorkovsky and countless other business owners whose firms are raided) or winds up dead (like opposition leader Boris Nemtsov or journalist Anna Politkovskaya). Those who remain in Russia are increasingly obliged to support the regime publicly, particularly in the film and TV industries where they now shoot (footage) to order.

The perspective of Mr. Ostrovsky is unique. A former Moscow correspondent for the Financial Times and currently of the Economist, he is no foreign correspondent but Russian by birth, the son of Soviet intelligentsia. His sparkling prose and deep analysis provide not only a sweeping tour d'horizon of Russia's malaise, but also a description of the process by which anti-modern ideas combine with postmodern actions to buttress the country's authoritarian and kleptocratic system.

Mr. Ostrovsky's main culprit in "The Invention of Russia" is the country's obedient media. Greatness, which the average Russian yearns for and is willing to sacrifice for, is fashioned out of whole cloth by television executives. The Sochi Opening Ceremony, for example, was not about the Olympics, but an opportunity for creator Konstantin Ernst to construct fairy-tale appeals to tradition, orthodoxy and strength.

Perhaps the most egregious example of TV's hallucinogenic effect on the Russian population was the entirely fabricated 2014 story of a 3-year old boy being crucified by Ukrainian forces in Slavyansk—an event Mr. Ostrovsky likens to "the same time-tested mechanism of arousing hatred . . . used in Jewish pogroms in prerevolutionary Russia." The point of Russian TV coverage of the Ukraine war, Mr. Ostrovsky rightly points out, is not to report fighting but to ignite it.

For Kremlin PR managers who control the media, writes Mr. Ostrovsky, "words and images no longer signaled reality; rather, reality was constructed to validate what had been seen" on television. In the process, in order to create the trope of the mighty Russian fortress, Russia's enemies needed to be endowed with unimaginable capability and perfidy. So after the Russian annexation of Crimea in 2014, Ukraine ceased being the broken country it was and became a neo-fascist bastion of NATO aspirations. The Euromaidan toppling of the Yanukovich regime could not be portrayed as actions by the Ukrainian population itself, but had to be constructed as an evil plot conducted by that angel of darkness, State Department Assistant Secretary of State Victoria Nuland. Above all, it was necessary to deny that the Ukrainian uprising had arisen organically, given that the same process was being so rigorously suppressed in Russia.

The smallest missteps reveal the fragility of the house of cards the Putin machine has constructed. In late May of this year, Prime Minister Dmitry Medvedev apologized on live TV to a pensioner badgering him about reduced pensions, explaining that "the government has no money." This created a media sensation, not least because this pathetic display took place at the same time that the Panama Papers revealed that a Vladimir Putin crony, cellist Sergei Roldugin, had set up offshore accounts that received \$2 billion in unsecured loans from a state bank. When the financial newspaper RBC devoted coverage to these revelations, the editors were forced to resign, even as Mr. Putin covered for Roldugin by claiming his friend was "interested only in musical instruments." No one believed it, but everyone united in their cynicism to await, in a derivation of the Soviet practice, what the official li(n)e would be.

It is clear that Mr. Ostrovsky's blistering indictment of this phony reality can have several outcomes. Putinisma can morph into one long parody, in which jokes about Kremlin bureaucrats and corrupt boyars ultimately affect Mr. Putin's standing. In early June, Twitter shamefully took down all the Kremlin parody accounts, some say after pressure from

Kremlin trolls, including one directed at Mr. Putin himself: @DarthPutinKGB. Social media exploded, protesting Twitter censorship. By the time the accounts were reinstated, thousands more had started following them, showing that on the battlefield of falsehood, the Kremlin might lose against the mighty foe of memes.

But the simulacrum that Mr. Ostrovsky so brilliantly punctures can also morph into its own hyperreality. The more the West treats Russia as threatening, the more the Kremlin can use the West's own actions to bolster its fraudulent version of reality. When TV show host Dmitry Kisilev devotes week after week to programs full of bluster about how many hours and days it would take for Russian forces to reach the Baltic states, Kiev, Warsaw and Berlin, his rants would be regarded as ridiculous, were it not for the small problems of nuclear weapons and Russian actions in Georgia, Ukraine and Syria.

Had Russia not launched a war in Ukraine, all this might be dismissed as mere magical realism. But Mr. Ostrovsky was in Crimea when Russia took over the peninsula and recounts how many locals attested that they had seen the Ukrainian neo-fascists on TV and so they must exist. The West would do well to remember Churchill's warning that tomorrow's empires are today's ideas-or at least their TV programs.

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#6

Moscow Times

July 5, 2016

Russia's Slow and Hesitant 'Purges' Mask Policy Void

By Mark Galeotti

Mark Galeotti is professor of global affairs at New York University and expert in Russian security services.

There have been arrests and releases, petty prosecutions and sensible legal revisions. The overall trend in Russia may be toward a tougher line on potential dissent, but the path is a faltering, unclear one. Rather than Machiavellian subtlety this reflects the very absence of specific policy, generating a competition to fill the gap and opportunities for personal and institutional gain.

On the debit side of the balance sheet, Kirov region governor Nikita Belykh and Sergei Fedotov of the music industry's collecting agency RAO have been arrested on corruption charges. The 'Yarovaya Laws,' named after hardline lawmaker Irina Yarovaya, proposing new powers of surveillance and repression, is currently passing through the legislature.

Meanwhile, in the latest skirmish in Moscow's war against disrespectful social media, one Vladimir Luzgin from Perm has been fined 200,000 rubles (\$3,100) for reposting an article on Vkontakte questioning the official line on the Nazi-Soviet partition of Poland in 1939. And, in what is either a piece of Orwellian over-surveillance or a willful bid to kill off the country's tourism industry, the Culture Ministry is proposing that hotels should search their guests' luggage and fit cameras into every hallway.

No wonder people are raising the specter of Soviet leader Josef Stalin, but if this is the start of a new round of purges, it is a strangely incoherent and even hesitant one.

Dmitry Kamenshchik, embattled owner of Domodedovo Airport, has been released from what looked like a political-piratical house arrest. Yarovaya's laws, far from being rubber-stamped - as tends to happen with those considered "Kremlin bills" - has instead been diluted and still faces resistance from usually-compliant telecommunications companies. Meanwhile, there is still no clear sense of the red lines people need to avoid crossing.

This is no way to run a proper purge.

There has been no new directive from the Kremlin. Instead, there are ambiguous signals of a concern about the risks of mass protest and elite disloyalty, to which individuals and agencies have scrambled to respond as they think - hope - President Vladimir Putin would want.

To an extent, this is an end in itself, the latest *mise-en-scène* in the Kremlin's theater of terror, a drama intended to cow those Russians thinking of making trouble, without all the blood and hassle of actual terror.

However, in the usual way, this has also encouraged a motley and often unpleasant array of individuals, institutions and factions to leap forward in a flurry of activity.

For some, it is an opportunity to put forward policies in the hope the Kremlin will adopt them. This is how much of Russian policy-making works these days: not produced by a secretive cabal so much as shopped around in a marketplace of ideas - in the media, in the Duma, in action - in the hope to find a buyer in the Kremlin.

For others, and sometimes at the same time, it is an opportunity for more direct advancement, institutional or purely personal.

Irina Yarovaya, proponent of the current piece of repressive legislation, is a long-term ally of the Federal Security Service (FSB), for example. Her laws not only serve to expand its powers, they also consolidate its role as Russia's foremost eavesdroppers.

This comes, after all, at a time when the FSB's political security role is being encroached on by the National Guard (how long before it starts lobbying for its own intelligence arm?) and the FSO, the Federal Guard Service (which also has a communications intercept capability). Meanwhile, its infamous Economic Security Service has just suffered a bloodletting that has opened up lucrative new opportunities for some of its rivals.

Alexander Bastrykin of the Investigative Committee has issued a manifesto for the creation of an "ideological policy of the state," looking to make himself the high priest of Putinism. The FSO is quietly colonizing more and more senior positions with its veterans. Everyone is using the Kremlin's new alarmism for their own advantage.

This is not confined to Moscow or the big players. Many of the more petty actions - such as Luzgin's prosecution for a report only seen by 20 people across the country, or the spate of visa-related harassments of foreigners in Nizhny Novgorod - smack of local initiative, not central decree.

On the surface, this mood of competitive coercion serves Putin every bit as well as a more coordinated campaign. It keeps spooks and prosecutors busy, and potential targets fearful and divided. Meanwhile, any individual case can be closed or reversed as and when the government wants.

However, there are deeper risks for the Kremlin. It is a good way to instill fear, a poor one to win loyalty. The structures of the state become covertly privatized. As "raiding" returns to the fore, no one wants to set up businesses or leave money in the country.

More to the point, it suggests a moral cowardice and a paucity of ideas at the heart of government. With the Kremlin as unwilling wholeheartedly to repress as to reform, the slow, debilitating slide into irrelevance continues.

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#7

German Marshall Fund of the United States

www.gmfus.org

June 30, 2016

Russian Elites are Worried: The Unpredictability of Putinism

By Marie Mendras

Marie Mendras is a senior fellow at the Transatlantic Academy and professor at the Paris School of International Affairs,

Sciences Po, in Paris. She is also a researcher with the Centre National de la Recherche Scientifique (CNRS) and an associate

fellow of the Russia and Eurasia Programme at Chatham House in London.

[Full text here <http://www.gmfus.org/publications/russian-elites-are-worried-unpredictability-putinism>]

Russian elites are worried. The economic recession, Western sanctions, and semi-isolation are endangering the personal and professional interests of most of the upper middle classes, scientific and cultural elites, top-ranking administrators, and small and medium entrepreneurs. The new confrontational course in relations with Western countries undermines the Putin leadership's "contract" with elites and the middle class: enrich yourselves and leave the rest to us. The good years are over. Even a rise in oil prices will not ensure return to steady growth and higher salaries anytime soon.

Do new uncertainties have an impact on elites' submission to the regime? Most of them remain loyal so far, but nonetheless do not trust Putin's confrontational strategy. They have much to lose from more domestic agitation and estrangement from Western economies. Temporary exile is another response; the number of the elites settled in Western countries and in Ukraine should preoccupy the regime. Political protest and economic resistance may gain momentum inside Russia.

The hyper-nationalist propaganda creates fear, xenophobia, and populist retrenchment in a large section of the public, but this hysteria may be short-lived. People's emotions are volatile and Russia is a diverse and uneven country, struggling with social inequalities nationwide and insecurity in the North Caucasus. High ratings for Putin in opinion polls are abundantly publicized to veil rising anxiety in upper echelons of society.

Elites beyond Putin's inner circle are excluded from the decision-making. They cannot express their opinions publicly about armed engagement in Ukraine and Syria, nor are they consulted about political legislation or economic choices. Power rests in the inner circle and the siloviki.

In struggling against the new odds, the Russian leadership is using three major instruments: foreign policy adventurism and nationalist propaganda; economic emergency plans that prioritize of investment and spending in the immediately lucrative sectors of hydrocarbons, the arms industry, and agro-business; and semi-autarchy, served by repression, corruption, and intense media and Internet control.

Foreign policy as a distraction from domestic stagnation is a dangerous tactic; so is domestic retrenchment that alienates the most dynamic, innovative, and productive elements of elites and society. Western governments will continue to negotiate with the current leadership, but should also engage with alternative elites.

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#8

Financial Times

July 5, 2016

Still mourning their own empire. Russians delight at Brexit

UK's vote seen as a rejection of Europe's political establishment that vindicates Moscow
Kathrin Hille in Moscow

When Sergei Lavrov attended a lunch with EU ambassadors last week, the Russian foreign minister could not resist making a joke at his hosts' expense. Once Brexit was completed, Mr Lavrov quipped, "the EU will have only one vote left in the UN Security Council".

His lunch mates might have struggled to appreciate his humour, but Mr Lavrov's remark hinted at the giddy mood among Moscow's political elite following Britain's shock vote and the hard times befalling the EU, a geopolitical rival whose growth, many Russians believe, has long come at their expense.

"Of course, there are more than a few people here that feel schadenfreude right now," says Fyodor Lukyanov, chairman of the Council on Foreign and Defense Policy in Moscow.

Above all, many Russians view the British vote as a popular rejection of Europe's political establishment that vindicates Moscow.

For most of President Vladimir Putin's 16 years in power, European politicians have criticised his crackdown on civil liberties and accused him of undermining democracy. Their disagreements spiralled into an open stand-off when European governments threw their support behind Ukraine's Maidan revolution, an uprising Mr Putin denounced as a western-backed coup. For more than two years, the west has punished Russia with economic sanctions.

"It is important for the leadership in Russia to see their view of the world, their view of Europe - European values, an ideal Europe - vindicated," says Andrei Kortunov, director-general of the Russian International Affairs Council.

Citing German chancellor Angela Merkel's famous remark at the height of the Ukraine crisis that Mr Putin was "living in another world", Mr Kortunov says: "Merkel could still say that about him, but he could reply: 'Yes, I do live in a different world, but my world is more real than yours.' His view of the world can't be simply dismissed any more."

Even before Ukraine, Mr Putin and many others in Russia recoiled from modern Europe in puzzlement - even disgust. In their view, the continent had abandoned such traditional values as national pride, respect for law and order, Christianity and the family for the sake of excessive tolerance and diversity.

Some in Moscow now hope the Brexit vote is a harbinger of political shifts in Europe that will empower populist forces more sympathetic to Mr Putin's world view. One example is Marine Le Pen, the leader of France's far-right National Front and a Putin admirer.

"It's obvious that all changes now, be it in France or Germany or elsewhere, will be much more in favour of Russia," Mr Lukyanov says.

Beyond the strategic benefits, there may also be an emotional dimension to Brexit. For those Russians who lived through the collapse of the Soviet Union - an event that Mr Putin has called the greatest catastrophe of the 20th century - the first sign of the EU's fragmentation resonates deeply.

"That's the real context in which Putinists see Brexit: the break-up of the Soviet Union robbed them of their empire and exposed them [to] a constant loss of global power, and now they think the same might happen to Britain or even the entire EU," said a European diplomat in Moscow.

Perhaps with that in mind, Mr Lukyanov and other foreign policy experts worry about the consequences for Russia of an EU in turmoil.

"Decision mechanisms could become so dysfunctional that they can't even get their act together to lift sanctions against Russia," he warns.

For now, Moscow is trying to exploit Europe's sense of crisis, if ever so subtly. While EU governments scramble to deal with the Brexit aftermath, Mr Putin has started a push for rapprochement between Russia and Europe. On Friday, Vladimir Yakunin, one of his longest-running associates, launched a think-tank in Berlin that he says will focus on fostering a dialogue of civilisations. Mr Yakunin suggests that the Soviet experience of running a multi-ethnic country is one topic that could provide valuable lessons for an EU struggling with migration.

"Right here in central Europe we see the appearance of phenomena that create colossal tension all over the world: terrorism, xenophobia, extremism," Mr Yakunin says. "From that perspective, the experience of Russia might be in demand."

Moscow also dreams of one day linking the EU to Mr Putin's own customs union pet project, the Eurasian Economic Union. Last month at the St Petersburg International Economic Forum, European Commission president Jean-Claude Juncker found himself sharing a panel with Tigran Sargsyan, chairman of the board of the Eurasian Economic Commission, for the first time.

Diplomats said if Mr Sargsyan's presence had been announced beforehand, Mr Juncker might have been forced to pull out because the EU does not want to enter into talks with the EEU until the Minsk agreement on the regulation of the Ukraine crisis is fully implemented. "It was a victory for Putin, although a typical Russian victory in that it leads nowhere," said an EU diplomat.

But in the short term, Moscow's most palpable hope is that Britain's waning influence will strengthen those in the EU who want to gradually lift sanctions. With staunch UK support, Angela Merkel, the German chancellor, rallied support last month to extend the blockade for another six months.

"The coalition of concerned nations, which always pushed hard for sanctions, is now decapitated," says Alexander Rahr, a prominent Russia expert at the German-Russian Forum, a Russia-friendly dialogue platform in Berlin. "Maybe after Brexit, Merkel might feel more at ease to pursue a softer line."

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#9

Russia Without BS

<https://nobsrussia.com>

July 5, 2016

How Kremlin propaganda (doesn't) work

By Jim Kovpak

[Video here <https://nobsrussia.com/2016/07/05/how-kremlin-propaganda-doesnt-work/>]

Many readers no doubt remember the massive volcano of buttrage that erupted in Russia after Turkish F-16s shot down a Russian Su24 that had allegedly violated Turkey's airspace (this turned out to be highly specious). Almost immediately thereafter, Russia's consumer watchdogs suddenly "discovered" contamination in Turkish chicken imports. Russia's media made even more shocking "discoveries." For example, they suddenly found out that the Turkish government had been collaborating with ISIS, something that had been well known in many circles for at least a year, including December of 2014 when

had been well-known in many circles for at least a year, including December of 2014 when Putin visited Turkey and announced the construction of a new gas pipeline (which promptly fell flat). Barely a month after the shoot-down Sputnik News "discovered" that there were at least 100 Turkish mercenaries fighting on the Ukrainian side in the Donbas. Their source? The ever trustworthy "Donetsk People's Republic" press secretary Basurin, whose word is apparently good enough for Sputnik.

Among the many passive-aggressive means used to get revenge on Turkey was a ban on package tours to the country. For those who don't know, along with Egypt's Sinai peninsula, Turkey has long been one of the most popular tourist destinations for Russians, so much so that one resort in Antalya actually has a mock-up of St. Basil's Cathedral next to its swimming pool. In better times, such package tours were widely accessible. After a recent reconciliation of sorts between Russian fun-size dictator Putin and Turkish litigious dictator Recep Tayyip Erdoğan, the ban on package tours to Turkey was lifted.

Of course the Russian public wasn't going to buy into this. They would not soon forget Turkey's "stab in the back," the latest in a series of slights and crimes dating back centuries. No, Russia's public doesn't trade national pride and patriotism for a cheap package tour. That's why the bulk of Russia's tourists chose to visit the Crimea instead...

Just kidding! Three days after the ban on Turkish package tours was been lifted, Russians made Turkey the number one Russian tourist destination. Sales are reported to have started immediately after Putin approved the lifting of the ban. I'm sure the Turkish tourism industry is happy to take Russian money, but on the flip side it means they'll once again have to deal with more of this:

If you don't speak Russian, well, let's just say the general tone of the conversation was not good.

Back to the topic at hand, I noticed some fellow writers on Twitter seemed a bit perplexed by the 180 on Turkey. One of them considered it a tribute to the Russian state media that it can apparently make people who previously loved Turkey hate it, then forgive it and fork over their money to the Turks by the wheelbarrow. While acknowledging that there is indeed a lesson about Russian media efficacy here, I must respectfully disagree. It's not that the media manipulated Russians into thinking one way and then another, but rather Russians never fully bought into the anti-Turkish hate to begin with, or at least not enough to actually modify their behavior accordingly. That is to say that had there been no ban on Turkish package tours this whole time, Russian tourists would probably have continued to visit the country without any noticeable changes. This, in spite of what many of them might say about Turkey when asked about politics.

Supposedly a holdover from the Soviet era, many Russians have mastered the art of saying one thing and doing another. For example, you say you are a patriot and then use your state position to skim off wealth for yourself, which you then turn around and hand over to Western corporations or real estate agents. Or if you're an ordinary person, it might mean cursing Turkey in public while taking your entire family there on a package tour. Personally I don't buy into this being an exclusively Russian trait, but it's just that some folks here seem to have refined it into an art form.

Another thing to consider is that when you see public outpourings of rage against a certain country or group, the participants are often paid and the event is organized by someone with ties to the state. If you're reading Russian-language commentary on social media, there's a chance you could be reading the words of a troll farm worker. You can certainly hear many of the media's talking points regurgitated by people on the street, but it's typically not as widespread as you might think it is if you were looking at the internet. The fact is that most Russians actually don't care about politics at all. I doubt any were totally unfazed by the destruction of a Russian jet and the killing of one of its pilots, but few get

upset enough to deny themselves one of the few pleasures left to many Russians today.

So when considering the role of the media in Russian society, while it certainly is true that propaganda shapes politics and public opinion, if the regime wants action from anybody it needs to pay. More importantly, one shouldn't assume that Russians actually believe the kind of nonsense their TV puts out. If anything it's the opposite- they don't believe any media at all. Sometimes you'll hear Russian media figures tacitly admit to making propaganda, but then they'll say the "Western media" does it too. Only those Russians who can access that foreign media are able to dispute that. Overall, "you can't really know what's true" isn't a great slogan to mobilize people to action, but it certainly works when you want to keep people confused, cynical, and generally non-trusting towards each other.

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#10

Atlantic Council

July 5, 2016

NATO Should Stand Up Black Sea Command Before It's Too Late

BY ARIEL COHEN

Ariel Cohen is a nonresident senior fellow at the Dinu Patriciu Eurasia Center and the Global Energy Center at the Atlantic Council.

At its summit in Warsaw on July 8 and 9, NATO should take urgent steps to protect its allies and partners on its southeastern flank. Bulgaria, Romania, and Turkey, as well as Ukraine and Georgia, are all under severe pressure from Russia and require NATO assistance.

Stephen Blank has urged NATO to pay more attention to the Black Sea at the Warsaw Summit, and he is correct. But, he doesn't go far enough. The Alliance must focus on a range of actions to address Russia's rapidly escalating offensive posture in the Black Sea and protect its allies-including reinforcing air, naval, and ground assets; improving space capabilities; cyber security; reconnaissance; intelligence; and creating credible deterrence strategies.

Russian forces first destroyed naval units of a Black Sea neighbor-Georgia-during the war in August of 2008. However, Russia's annexation of the Crimean Peninsula and capture of a majority of the Ukrainian navy in the spring of 2014 altered the balance of power in the region. Moscow then embarked on its traditional policy in the Black Sea: build up military power to intimidate neighbors, threaten NATO's southeastern flank, and project power into the Mediterranean.

In 2015, Russia's formerly decrepit Black Sea Fleet was reinforced by thirty ships, including three Varshavianka-class diesel electric submarines, and vessels capable of launching Kaliber-class long-range cruise missiles-the same missiles fired into Syria from the Caspian and the Mediterranean seas.

Today, Russia's Bastion and Kaliber missile deployments, thirty multipurpose naval aviation jets, and long-range bombers capable of carrying nuclear-armed cruise missiles, represent a clear and present danger to NATO members. That arsenal is complemented by naval infantry, air assault, and Special Operations units.

Russia's missile attacks and air deployment and operations in Syria have demonstrated how exposed Turkey-the principal NATO ally in the Black Sea region-has become. After the recent Istanbul airport attack, Turkey appears even more exposed. Bulgaria and Romania, as well as NATO aspirants Georgia and Ukraine, have called for boosting the Alliance's presence and posture there for a long time. Turkey has reached out to Ukraine

and has urged NATO to raise its profile in the Black Sea.

Time to act

NATO possesses economic and technological superiority over Russia. That does not translate into a regional military superiority that is sufficient to deter Russia. NATO lacks an adequate policy, force structure, coordination, and command and control system in the Black Sea region.

The Montreux Convention, signed in 1936, outlines the tonnage of non-Black Sea warships allowed in the sea, limiting their presence in the area to twenty-one days. To date, only small contingents of US and allied NATO ships have visited the Black Sea for even limited exercises and deployments, such as those that occurred in April this year. Russian aircraft buzzed these ships.

While the obsolete navies of Bulgaria and Romania have undertaken some modernization efforts, their naval, missile, and air force systems ultimately remain unprepared. A coherent NATO policy is needed to stand up a joint deterrent force to prevent future Russian aggression. Turkey has to play a pivotal role in this defensive realignment, which aims to protect NATO members and partners from Moscow's adventurism.

The NATO Black Sea command

To achieve the goal of securing the Black Sea arena, NATO needs to accomplish a number of tasks. These include:

Establish a regional command capable of coordinating all defensive activities in the theater. This joint command should include the three NATO members in the area-Bulgaria, Romania, and Turkey-and eventually NATO aspirants Georgia and Ukraine. This command should be reinforced by principal NATO powers, including France, Germany, Italy, the United States, and the United Kingdom;

Protect and defend the proposed command to ensure survivability in wartime, and develop adequate electronic means of reconnaissance and communication, including access to space assets;

Deploy missile defense capabilities to protect allied military bases and high-value assets;

Provide surface-to-surface, surface-to-ship, ship-to-ship, and air defense missile deployments that are able to neutralize the recent Russian buildup; also, boost anti-submarine capabilities and tracking;

Encourage Turkey's redeployment of its naval assets from the Mediterranean to the Black Sea, while increasing NATO allied deployment to the Eastern Mediterranean;

Provide Turkey with Patriot or other anti-air missile deployments to protect it from Russian air incursions;

Reflag some NATO naval assets under the three Black Sea members' flags to boost permanent naval capabilities in the theater;

Speed up training of NATO allies and partners to increase their capacity and interoperability;

Increase intelligence collection in the region, targeting Russian military deployments, intentions, and capabilities;

Increase cyber defense and intelligence deployments.

Action at the Warsaw NATO Summit

In Warsaw, NATO needs to reestablish the Alliance's credibility, capabilities, coordination, and deterrence efforts in the Black Sea. This should all occur prior to the security dialogue that, one hopes, will eventually take place with Moscow-after it comes down from the tree of truculence it climbed in 2014.

The Black Sea is a sensitive, vital, and somewhat neglected region that Russia has attempted to dominate since the last quarter of the eighteenth century, when Catherine the Great and Grigory Potemkin controlled its northern shores and occupied Crimea.

Today, NATO can prevent Russia from dominating the Black Sea, but it must take the necessary steps of building a joint command structure and deploying critical deterrence assets and capabilities. It also has to develop a clear strategy to contain and deter Russia. Only then can NATO protect its allies and keep the Black Sea a sea of tranquility.

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#11

The American Interest

www.the-american-interest.com

July 5, 2016

Old Guard Billionaire to Leave Sinking Russian Ship

By KARINA ORLOVA

Mikhail Prokhorov, 51, one of Russia's wealthiest tycoons (number 14 on Forbes' list of the richest Russians), is selling his business assets in Russia. Prokhorov's Oneksim Group is looking for buyers directly and is not using middlemen, Vedomosti reports, citing several sources inside the group.

Oneksim owns a 17.2 percent stake of the aluminum giant UC Rusal, 27 percent of the Russian fertilizer producer Uralkali, 83.3 percent of the OPIN real estate development company, 75 percent of the Quadra joint-stock company focusing on power generation, 50 percent of Optogan, an LED manufacturer, and 100 percent of Renaissance Capital Bank, Renaissance Credit Bank, Soglasie insurance company, and the Snob and RBC media holding companies. In addition, Oneksim has a 19.7 percent stake in the International Financial Club joint-stock bank (MFK), in which Prokhorov also personally has a 27.7 percent stake.

Prokhorov has been trying to sell parts of his holdings for a while now. Oneksim was going to sell Uralkali a year ago, and Quadra, Soglasie and Renaissance Credit have been looking for buyers for a couple of years. This is different.

On April 14th, while Vladimir Putin was hosting his annual nationwide call-in show, the FSB searched Oneksim's headquarters in Moscow, as well as the offices of all three of the banks the group owns. 200 officers of the FSB and the Federal Tax Service were deployed in the raid. Russian media linked the raids to Putin's displeasure with the reporting that Prokhorov's independent RBC was doing on Putin's daughter's vast wealth and stratospheric rise in academia, as well as to the company's ongoing investigations into the Panama Papers.

The FSB, however, explained that the searches were due to criminal investigations into the troubled Tavrishesky Bank, which had had its operating license revoked by the Russian Central Bank due to capitalization problems. Prokhorov's MFK was chosen as the chief investor in Tavrishesky's resolution proceedings in March of last year. A few months later, in September, two former executives of Tavrishesky were detained under suspicion of illegally withdrawing \$6 million abroad.

It's true that RBC's editorial board was purged less than a month after the searches, and Prokhorov is in fact said to be looking for a buyer for his media companies. But as it turns out, all that was due to a parallel line of pressure coming from the Kremlin. In the case of the raids against Oneksim, the FSB was telling the truth: those raids really had nothing to

do with RBC.

The Tavrichesky criminal investigation was not the only attack on Prokhorov's business interests. In April of this year, MFK's depositors suddenly withdrew 10 billion rubles (\$151 million) from the bank. As Vedomosti reported, both corporate and private clients emptied their accounts according to the bank's records. Renaissance Credit Bank also lost deposits totaling 3 billion rubles (\$46 million) in April. MFK declined to officially comment, and Russian media proceeded to connect the mass deposit outflow from Prokhorov's bank with April's FSB searches. This, however, could not be the real reason for the capital flight, because in April, Renaissance Credit was positioned much higher than MFK in Russia's official bank rankings (Renaissance Credit was ranked 60, compared to MFK's 71, meaning it is significantly larger measured by net assets). Yet it suffered much smaller losses. This suggests MFK's losses were in fact not due to a public panic triggered by the news of the raids (which would have affected both banks proportionately), but rather by something else.

This is not the first time that a large Russian bank has suffered a sudden mass outflow of deposits in recent history. In October of 2015, depositors withdrew 15.6 billion rubles (around 3 percent of all deposits) from Alfa Bank, the 7th largest bank in Russia. The capital flight occurred right after the bank had been compromised by mysterious hackers, who proceeded to send the following text message to its clients: "From pretty reliable sources: Alfa Bank shareholders have withdrawn their assets from the bank-and out of the country." The aftermath of the attack was also odd: The bank's representatives denied that there was any connection between the capital outflows and the hacks, and instead tried to explain away the deposit outflow as being due to currency fluctuations. Reports were filed with law enforcement agencies, but no further action was taken. Alfa Bank's founder and part-owner, Mikhail Fridman, is known to be a ruthless businessman. Had it been a competitor, Fridman would not have hesitated to retaliate.

To understand what is going on, it's important to remember that the FSB's Directorate K-officially known as the "Counterintelligence Department for Securing the Financial-Credit Sector of the Economic Security Service of the FSB"-is responsible for overseeing Russia's financial sector. As such, it has been able to shake down that part of the economy for hundreds of millions of dollars each year. The FSB frequently arrests bankers and businessmen on trumped-up charges and demands its unfair share of their businesses. But it does not necessarily need to go that far. It's quite possible that unanticipated, mysterious bank runs are being used to send a signal to owners: "Come and make a deal with us, and everything will be fine."

Apparently, Fridman managed to come to some sort of working arrangement. Prokhorov, who has always had a reputation as someone with clear exit strategies, appears to have realized that it is time to go.

As we noted last week, there is a huge ongoing fight inside the FSB, between the organization's Directorate K and its 6th Service. The former has made substantial inroads into the latter's bank "regulation" racket, and as Novaya Gazeta describes it, is now signaling that all previous arrangements will need to be renegotiated. The fallout in the business community is already substantial, and will probably get worse. In a kleptocratic, militarized state such as modern Russia, running a business is increasingly becoming impossible. Money doesn't give one power in today's Russia. Rather, as Bill Browder, the vigilante investor behind the Magnitsky Act, explained to us a few weeks ago, "Power goes to the people who have the power to arrest other people."

Putin's regime has started to eat even those who have always been its loyal courtesans. Prokhorov, who came up in Yeltsin's time, dutifully headed the spoiler Just Cause party in the 2011 Duma elections, and even played the role of the officially sanctioned "opposition" by running against Putin in the 2012 presidential elections. None of this has made him

by running against Putin in the 2012 presidential elections. None of this has made him untouchable. Prokhorov is now abandoning his Russian businesses, and probably Russia too.

Outside the country Prokhorov owns 100% of the Brooklyn Nets, which he acquired in 2010.

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#12

Subject: Re: 2016-#123-Johnson's Russia List. (re Breedlove)

Date: Tue, 5 Jul 2016 15:00:17 -0400

From: (b) (6)

Re: 2016-#123-Johnson's Russia List, 4. The Intercept: Hacked Emails Reveal NATO General Plotting Against Obama on Russia Policy. (Breedlove) 5. www.rt.com: Breedlove's war: Emails show ex-NATO general plotting US conflict with Russia.

Here we go again, into the fantasyland of anti-Russian conspiracies. No "plotting" against Russia is shown in these articles, nothing to justify their breathless headlines and tone. Just a perfectly normal practice of General Breedlove asking people - the people he could be expected to ask in DC - how in the world he could get his relatively hardline view on Ukraine through to the Obama Administration.

Breedlove's sincere despair about the Administration's views and attitudes shines through plainly, even in these conspiracy-style accounts. The people he is shown consulting with, written up in a manner that is supposed to strike fear in us readers, are mainstream, and, last I knew of most of them, rather moderate.

There's Harlan Ullman, who is with the old antiwar and pro-disarmament business group BENS as well as being with the Atlantic Council and an adviser to the SACEUR. Are we supposed to believe there is something wrong about the SACEUR consulting one of his advisers on how better to get his views through the White House's viewpoint barriers? (and he didn't get much help or encouragement, from what the article says).

Then there's the Potomac Foundation, which will come as a mystery to most people. I knew it in the 1990-93 period as a small non-profit drawing on defense and defense industry people. Back then, its most active person on Russian affairs seemed to be Phil Petersen. Phil was in DOD for some time and took a warmly welcoming line to Gorbachev, and subsequently Yeltsin. He had been critical of his superiors at the Pentagon, and more broadly of the Bush Administration and of figures in it such as Gates, for thinking solely about playing out the cold war endgame against the Soviet Union and not thinking enough about building a new security order that would include Russia. When he and a colleague went public with their views about how the Pentagon ought to be planning and preparing for budget cuts, he lost his job, was understandably considered a loose cannon. He joined Potomac and went to the Soviet area to conduct fantastic interviews among a wide range of officials and public figures about evolving Russian security perceptions at the end of Gorbachev's time and the beginning of Yeltsin's time. His highly informative write-ups of his interviews showed just how fundamentally Russian security anxieties had shifted from the Western threat to new threats, particularly threats from the Islamic south, in the period of the collapse of the Soviet system and the rise of new actors in the former Soviet space. And how surprisingly much other ex-Soviet Republics shared this concern, rather than overwhelmingly focusing on a threat from Russia as we might expect them quite reasonably to do today.

This reinforced Phil's view that a more active approach should have been pursued to integrate Russia in a new security order. His superior at Potomac was also reasonably pro-

Russia though not as much as Phil; and in turn viewed the Atlantic Council at the time as even more pro-Russia.

That was the reality of these people and institutions that are named in with that kind of tone that suggests we should all become suspicious about eternal hardline plotters against Russia. Nothing of the kind in reality. Normal good people doing their best to respond well to very real changing conditions in the world.

Looking back at that period, a period when so much was possible and so much historic opportunity was lost, it seems to me that it was in no small part thanks to Phil's encouragement (and separately, that of an official in the Russian Embassy) that I and a few colleagues in the Atlanticist NGO sphere felt ourselves justified in setting up a committee to promote planning and discussion for getting Russia into NATO alongside its neighbors.

Today, a quarter century later, that seems like another world. The West did not make anywhere near sufficient effort to think through how Russia could be included in NATO or foster such an integration. Russia on its side made plenty of mistakes and left plenty of gaps in its radical but spasmodic reforms, something for which the West was unreasonably blamed as the supposed cause of it (the honest criticism of the West in the Bush years was that it did far too little and didn't put nearly enough skin in the game; skin meaning obvious money but also, maybe more importantly, initiative and change from the international structures it controlled, first NATO, then EU and OECD; then G7, which did go halfway but used itself mainly for status for Russia, not as a venue for serious diplomatic engagement with Russia). Divisions between Russia and the West reemerged on foreign policy; given the vast legacy of opposing positions and military structures from the Cold War era, and the new opportunities for competing for influence in the "near abroad", this was all too natural, probably inevitable -- inevitable in the absence, that is, of a much more serious effort at working out joint policies and integrating the security and foreign policy efforts of the two sides. That absence was inevitably the fault of both sides, but in that period the Western side seemed especially inadequate in vision and effort. A decisive historical conjuncture was lost.

The consequence was a re-alienation between Russia and the West. Which in turn sent the Western proponents of Russian integration with the West -- including the cautious ones at the Atlantic Council as well as the more enthusiastic ones in the Committee on Eastern Europe and Russia in NATO -- in all directions as to the question of how hard or soft a policy to apply to the evolving Russia, in the course of this detour from the hoped-for integration goal. As the prospect of returning from the detour became more distant, views diverged further. However, few gave up the goal altogether, and here I think I should specify the Atlantic Council as an important institution that has tried hard to keep the goal and vision alive even while dealing with current situations.

There is no conspiracy of eternal hardliners in the circles Breedlove consulted with. Only people of various views, people whom it made sense for him to consult, and many of whom had been viewed as softliners for being Russia-integrators in the early '90s, when it was urgently right to be Russia-integrators. And who now are trying in their various ways to figure out how best to cope with a situation that has flowed in no small part out of the failure to pursue that approach very far.

But, sigh. I get an impression that this utterly insignificant "revelation" from hackers will get churned into another of those widely believed conspiracy theories that we have become accustomed to.

Readers may recall the leaked Paet and Nuland phone calls, and the conspiracy theories spun around them by the means of simple miscategorization of what was said and what

was going on. Nuland discusses who should be the new PM under Yanukovich, under the agreement with him; it gets turned by miscategorization into an American plot to throw out the agreement and carry out a coup against Yanukovich. By dint of angry repetition, this obvious falsehood becomes an important part of the fixed structure of reality in the minds of large numbers of people, not just in Russia. Similarly with the Paet call, although not worth reviewing here; it would take too long, the conspiracy theory is more of a play on multiple ambiguities in the taped conversation, playing to the many circles that like to believe in anti-Russian malfeasance, and the will to believe that a conspiratorial interpretation of the meaning of what Paet and Ashton were saying, no matter how implausible as an interpretation of the tape, is the real meaning.

These myths can all count on being propagated massively by RT on its side -- run partly by Westerners resentful of the West, who love to feel like they are courageous dissidents from the Western power structure and media structure -- and picked up on uncritically by many Western journalists who carry the same basket of sentiments in their heads.

There is a paradox in the criticisms from these circles of the Western media for not paying even more attention to their views and conspiracy theories. A more accurate criticism would be of the number of Western journalists who give an uncritical pass to these conspiracy theories.

There is some overlap here with the mentality shown in today's more frequent brand of "media criticism"; the one in which the Western media are constantly accused -- and accusing themselves -- of propagating a narrative that demonizes Islam and blames Islam for terrorism. Meanwhile the ordinary Western public sees its main journalists and public figures in fact doing the opposite: denying that there is any connection between Islam and terrorism, denouncing the society at large as Islamophobic and as declaring war on all Muslims -- and falsely accusing themselves too of propounding an Islamophobic narrative, even when it's plainly the opposite of what they are in fact doing. It seems they have to make this false accusation against themselves, and so does the government, in order to make their accusation against society seem plausible: How could American society be Islamophobic and unfairly hard on Muslims, when the most powerful structures in it, the government and media, are almost nonstop arguing against any criticisms of Islam and any normally discriminatory and profiling policing practices, reasonable or unreasonable, and branding them Islamophobic, hate, etc.? The only way out is by the paradox of falsely accusing themselves of the same.

I say the overlap is only partial, however, because there is a very big difference: an overall anti-anti-Russia line is very much in a minority in the Western media, while an anti-anti-Islam line is overwhelmingly predominant there. This creates another paradox: in the case of Islam, the routinization of the "Islamophobia" accusation has become a matter of plain denial and obfuscation of facts and logic on urgent security matters; in the case of Russia there would be better reasons for differences in view. How to explain this paradox? Maybe it's that the focus of feeling dissident and antiwar has shifted, from running interference for (Soviet) Russia to running interference for Islam. Or maybe not.

What is widespread in both cases, irrespective of whether dealing with Russia or with Islam, is the attitude of seeking blame to put on Western society and governments, and to attribute extreme hardline attitudes and conspiracy-type behaviors to the security sectors of Western governments. When it comes to discussing policy on Russia, this attitude is usually outweighed by other concerns; when it comes to uncritical propagation of anti-Western conspiracy theories, it often prevails.

Will the Breedlove hackings be another case in point? It seems obvious that RT and related outlets do their best to make it one. Less obvious is how many others in the West will follow, out of the quite separate motivations of liking to feel dissident and present a balance between two sides.

One of the foundations of international diplomatic society is the basing of conversations on fact and honesty, within bounds of not spilling state secrets; coupled with recognizing legitimate differences of interest and of consequent power perspectives that have to be negotiated between. This recognition of legitimacy of different interests is fundamentally different from the relativism and nihilism that were spread by the Nazis and Communists, destroying many people's capacity for perceiving fact and truth, and that have been revived, sadly, by Russia in recent years, most famously by RT but also throughout a much wider space than RT. Since 1991, both sides of the equation for international diplomatic society has been violated: the West, by too frequently failing to recognizing the legitimacy of divergent interests and bargain with them fairly, as one of very foundations for hopefully reconciling interests a commonality of interest down the road; Russia, by reverting to nihilistic falsification of fact and undermining of all common foundations in truth.

The seeing of two legitimate sides in most matters of interest and perspective is often confused with a legitimacy of unreasonable contestation of every fact, or a readiness to attribute two equally valid sides to every matter of fact. They are in fact opposites, not the same thing. Successful diplomacy depends – as the great theorist of international society, Hedley Bull, explained – on both sides accepting this distinction and basing mutual dialogue on a fundament of truthfulness. Otherwise there is no real dialogue, just a jousting dance with words.

It is something that it seems to me Gorbachev understood; he retired most of the old jousting dance and the old demand that peace be made on its basis, which apparently would have meant by everyone agreeing to split the difference between truth and falsehood and tell half-truths in unison; he opted to address real problems and have real dialogues, and he achieved a real end to the Cold War. It is a norm that I have long wished the peace movement would understand, since without it, it cannot in reality work for peace.

Ira Straus
U.S. Coordinator
Committee on Eastern Europe and Russia in NATO

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#13

Kennan Institute

June 29, 2016

We Are Right, You Are Wrong: Russia's Response to Brexit

By Maxim Trudolyubov

Maxim Trudolyubov is a Senior Fellow at the Kennan Institute and the Editor-at-Large of Vedomosti, an independent Russian daily. Mr. Trudolyubov was the editorial page editor of Vedomosti between 2003 and 2015. He has been a contributing opinion writer for The International New York Times since the fall of 2013.

Brexit will have some good consequences and some bad consequences, Russian president Vladimir Putin said in the immediate aftermath of the British vote. The president sounded restrained and impartial, leaving to lesser players the chance to cheer in public.

"The European Union was like a beacon of light: if you were not in the EU it meant something was wrong with you," Konstantin Kosachev, head of the International Relations Committee of the Federation Council said during a Channel One talk-show on Tuesday. "But what can possibly be wrong with Great Britain?" Kosachev posed the rhetorical question to imply that the U.K., integrated in every institution of the West, was an unlikely candidate to undermine the European Union.

"Nothing is wrong with us, something is wrong with you in the West" - this has been the main tune sung by Russia in reaction to Brexit. The single most important consequence of the vote, from Russia's perspective, is the effective ban on any future expansion of the European Union. It would be politically impossible for the EU to expand further East when it is crumbling in the West.

Turkish president Recep Tayyip Erdogan's decision to apologize to Russia for the downing of a Russian fighter-bomber is seen as the first fruit of a larger harvest to come. The British decision to leave the EU is seen as a major blow to the West as a cohesive political player; the beginning of the end of a unified Europe. Many have said that the EU, the West's largest trade bloc and a political entity in itself, has been fatally wounded and U.S. influence in Europe will now diminish. All of these developments would be highly welcome from Moscow's vantage point.

The single most important consequence of the vote, from Russia's perspective, is the effective ban on any future expansion of the European Union. It would be politically impossible for the EU to expand further East when it is crumbling in the West.

While the official Russian reaction to the British decision to leave the European Union was subdued, anchors and guests of state-run media let loose a barrage of gleeful comments. Many joked that Britain was leaving the European Union to join the Eurasian Union, a loose economic bloc lead by Russia. Some said it with complete sincerity: "The most important long-term consequence of Brexit is that it will take Europe away from the anglo-saxons, mainly from the U.S., and as soon as that happens a united Eurasia will appear on the horizon, in about 10 years," Boris Titov, Russia's business ombudsman, wrote on Facebook soon after the news of the British popular decision.

Dmitry Kiselyov, arguably the most venomous pro-Kremlin journalist, led his weekly program on the Russia One channel with the Brexit theme and a sign reading, "The Breakup of the European Union" alight behind him. "This time the Britons voted for a divorce with the EU but we clearly see their desire to be generally independent," said Kiselyov, who also serves as director of the state-owned international news agency Rossiya Segodnya. Transatlantic forces have lost the fight. The British people "resisted a direct order from Barack Obama to stay in the EU," Kiselyov said. "It is a major failure of governability."

Almost every analyst in Russia, regardless of political conviction, noted that with Britain out of the decision making process, European politicians would have harder time keeping the sanctions regime in place. "I would expect some gains for Russia from the sanctions war standpoint, but these won't materialize until next year," said Alexei Gromyko, director of the Institute of Europe of the Russian Academy of Sciences and head of European programs of the Russian World foundation.

Brexit's immediate economic effect on Russia is unclear. It may affect the exchange rate because of increased volatility in commodities markets but only to a limited extent. "Russia has suffered a chain of economic shocks in 2014 to 2016 that gave our a country an immunity shot of sorts," the Russian Finance Minister Anton Siluanov said in an interview, referring to the combined shock of the oil plunge and the post-Crimea Western sanctions.

The crisis caused by the British vote may be analyzed as a case of national politics interfering with supranational designs. It was not an "order" from Obama that the British resisted. They seemed to resist their own and other European politicians' habit of emphasizing European structures and European values over national ones. Brexit also seems to have sent European elites a message about depressed small towns and the troubles of national healthcare systems on the one hand, and multi-million dollar City bonuses and endless Davos-style chatter on the other. That said, it is hard to believe that Britain could solve its problems by leaving the EU.

Britain could solve its problems by leaving the E.U.

Brexit, being a welcome surprise for Russia's political leadership, also reminds the Kremlin of a hidden challenge. If national politics trump supranational agendas everywhere, Russia is in trouble.

During the first two decades after the end of the Cold War, everyone was happy to embrace the newly acquired openness and mobility. Those who won because of the intensified exchange of capital, resources and ideas attracted everyone's attention. Highly mobile, cosmopolitan elites and foreign-language speaking professionals were the heroes of the time. But the general populations of each individual country are neither particularly mobile, nor particularly multi-lingual, and are preoccupied by local rather than global agendas. The disconnect between the globalized elites and the local, regular folk exists everywhere. It is only now attracting significant notice due to the massive amount of attention the British referendum generated.

Brexit, being a welcome surprise for Russia's political leadership, also reminds the Kremlin of a hidden challenge. If national politics trump supranational agendas everywhere, Russia is in trouble. For the past decade, the Kremlin has been making sure the Russian population subsists on news about Russia's engagement with its international enemies, the likes of Britain and the U.S. Just like Britain, Russia has a national healthcare system and numerous depressed small towns. In fact, there are more of them in Russia than in Great Britain. If the Russian public wakes up and decides to prioritize the national agenda over the international one, the consequences for the Kremlin would be much tougher than the consequences of Brexit are for Whitehall. But as of today, this prospect looks as distant as the prospect of Britain joining the Eurasian union. Most Russians identify with the Kremlin and are convinced that they are right and the West is wrong.

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#14

The Washington Post

June 30, 2016

Russia's leaders are happy about Brexit, but it won't help the regime much at home

By J. Paul Goode

J. Paul Goode is senior lecturer in Russian politics at the University of Bath, U.K.

Before last week's "Brexit" vote, British Prime Minister David Cameron claimed that Vladimir Putin (and the Islamic State) "might be happy" if the United Kingdom left the European Union. Putin responded that Russia had no interest in the U.K.'s internal affairs. But he added that Britons clearly were dissatisfied with the government's military policy, which was encouraging migration - apparently referring to the U.K.'s airstrikes and other efforts in Syria.

Nevertheless, Russia's political establishment clearly relished the Brexit victory. Among them, Russia's small business ombudsman Boris Titov exclaimed on Facebook, "it seems it has happened: UK out!!!" He continued that the vote meant "the independence of Europe from the USA."

But was it really a triumph for the Kremlin? Does it help Putin's regime?

Russia sees the E.U. as a political threat

The E.U. has been a thorn in Russia's side - particularly since by reaching out to former Soviet nations, it appeared to challenge Russia's role as the leading regional power. In 2013, Ukraine's Euromaidan protests were perceived by the Kremlin as the direct result of U.S. meddling. After Russia annexed Crimea in March 2014, it perceived the resulting U.S.

and European sanctions as logical extensions of the West's anti-Russian policies.

And so, over the past couple of years, the Kremlin has been making the case diplomatically and in the media that Europe is broken without Russia, and that the E.U. works against its members' interests. Russian politicians and news outlets seized upon the Brexit vote as proof of that narrative that E.U. policies are wrong-headed, punitive and ultimately driven by U.S. interests. Immediately after the Brexit referendum results were released, former U.S. ambassador to Russia Michael McFaul tweeted: "Losers: EU, UK, US, those that believe in a strong, united, democratic Europe. Winners: Putin."

Aleksei Pushkov, chairman of the Duma's Committee for International Affairs, retorted that the West should think about why British voters chose to leave the E.U. after President Obama urged them to remain.

Russia has spent the past few years cultivating support among populist parties in Europe. As those parties try to capitalize on the Brexit vote, Russia can now claim to have its finger on Europe's pulse.

And yet Russia relies on the E.U. as a trading partner

Russia really isn't interested in breaking up the European economic bloc. The E.U. is Russia's single largest trading partner and market for its energy. Russia's embargo on European agricultural imports (imposed in response to Western sanctions) wasn't intended to boost domestic industry; rather, it was trying to remind the E.U. that it needs the Russian market.

Undoubtedly Russia's short-term hope is that Brexit will undermine the already shaky European unity on sanctions against Russia, which the E.U. only recently extended for another six months. The U.K. has backed those sanctions strongly, but Brexit opens a significant wedge for Russian diplomacy. As Moscow's Mayor Sergei Sobyenin tweeted, "Without the U.K., there will be nobody in the E.U. to defend sanctions against Russia so zealously."

Ordinary Russians are less interested

In contrast to "official" Russia, the average Russian is largely ambivalent about or uninterested in Brexit. Foreign policy is a distant priority, far behind the economy, standards of living, unemployment, health care, inflation, social policy, education and pensions. For most Russians, life under sanctions has become the new normal. Many Russians assume that restrictions on European imports are part of the West's sanctions and don't realize that, say, cheese is less available because of the Kremlin's counter-sanctions. Others talk about economic crisis as a global concern rather than as a political consequence of the state's foreign policies.

In interviews and focus groups conducted in two Russian provinces over the past three years, I found Russians have a clear tendency to compare themselves to the West to stress how normal and unexceptional Russian history and politics are. They may interpret Brexit as confirmation that Russia's foreign policy is headed in the right direction, since the U.K. is now - like the Kremlin - also rejecting the European project. They might conclude similarly that E.U. sanctions do not represent its members' interests.

According to Aleksei Gilev, director of the Center for Comparative Historical and Political Studies, Russia's media presents Europe as chaotic, falling apart and rife with problems. For ordinary Russians, a general social approval for "showing up" or disrupting someone's plans dovetails with media narratives about Europe.

Few Russians pay much attention to foreign policy

As crisis conditions become normal, diplomatic victories do not automatically translate into domestic support for Putin's government. In fact, different groups in Russian society respond in different ways.

State employees (or biudzhetniki) tend to believe in foreign policy directions based on personalities like Putin, Foreign Minister Sergei Lavrov or Defense Minister Sergei Shoigu - and not by how well those policies succeed.

Pensioners tend to blame the West for interfering with Russia's foreign policy, but that's separate from how they blame Russia's government for failing to deliver benefits.

Students evaluate foreign policy according to constitutional and international law and by idealistic standards, but they hold the government to similar standards in domestic politics.

Entrepreneurs and small- to medium-business owners do believe that foreign policy affects domestic policy - after all, it influences their markets, competition, and supplies - but they pay little attention to politics.

In other words, Russia's politicians and media may welcome Brexit - most significantly, the expectation that Western sanctions will be relaxed or eliminated. Indirectly, it may facilitate the Kremlin's networking with populist parties in Europe.

But in domestic politics, it is unlikely to pay political dividends in advance of upcoming parliamentary elections. Russians have become accustomed to life under sanctions. The Kremlin has successfully gotten its citizens to ignore how Russia's foreign policy affects economics at home. But as a result, it won't be able to capitalize on an actual crisis in Europe.

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#15

Foreign Policy

www.foreignpolicy.com

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Brexit Is a Russian Victory

BY MARK R. KENNEDY

Mark R. Kennedy, a member of the Council on Foreign Relations, leads George Washington University's Graduate School of Political Management and is Chairman of the Economic Club of Minnesota. He previously served three terms in the U.S. House of Representatives and was Senior Vice President and Treasurer of Federated Department Stores (now Macy's).

Russia is playing chess with the United States. The United States is playing checkers back. Many in America see Britain's recent vote to leave the European Union as a rightful release from the yoke of the Brussels regulatory machine. This single-country, one-dimensional view is the equivalent of checkers. Brexit advances Russia's aim of a divided Europe and is the most recent Russian success in a line that started with its chess moves in Syria. Unless America starts playing chess soon, we may find ourselves in check.

Putin's goals on the European chess board are to retain popular support at home and to avoid outside interference, so that he and his cronies can line their pockets with Russia's wealth. His strategies to that end include convincing his own people that the West is out to get them, fragmenting and distracting Europe, dividing the United States and Europe, and causing enough Middle East turmoil to keep the price of oil high.

Bashar al-Assad's Syria has been a useful pawn, with which Russia has skillfully maneuvered its engagement to achieve all of its aims. It acts knowing that a war-weary America is highly reluctant to aggressively engage in the region again.

At home, Putin sells his support for Assad as an effort to defend against Western domination. By preserving Assad without lessening the threat that the Islamic State poses Europe, heightening the perceived cost of European integration. Russia's support for anti-immigrant parties may have contributed to the Brexit passing by a narrow margin. While independence may benefit Britain, the EU without an anglophone voice is less likely to be aligned with America, reducing the likelihood that a unified West would enforce sanctions against Russia. The EU will be preoccupied with negotiating Britain's departure and addressing other separatist demands within both Britain and the EU, as the continent's economic future darkens and the migration crisis festers. The resulting turmoil has helped bring the price of oil higher.

Russia also benefits from Turkey's drift away from the United States under President Recep Tayyip Erdogan. During a 2004 congressional visit to Syria, Assad asked about our vision for U.S.-Syrian relations. I told Assad, "Syria is a country surrounded by countries America considers friends. Someday I hope Syria is a friend." America's failure to assemble a robust enough coalition to address the Syrian challenge has reversed my logic, giving America's friends that surround Syria less reason to remain friends. The migration crisis has also reduced the EU's leverage to challenge Turkey's tilt towards authoritarianism, as Europe has become dependent on Turkey as a shield to keep back refugees.

The surge of Syrian refugees, on top of ongoing concerns about immigration, has cleaved populist bases away from the more pro-market elements of both the Tory and Labor parties, reducing their effectiveness. German Chancellor Angela Merkel, one of the few leaders strong enough to stand up to Putin, faces reduced support because of her acceptance of refugees.

Three moves are required to reverse Russian gains: the use of the Brexit vote to prod EU reform, the recruitment of ground troop commitments from Sunni-majority nations willing to fight the Islamic State, and a commitment to rid Syria of both Assad and the Islamic State.

Ideally, Brexit could facilitate closer fiscal alignment between those nations sharing the Euro (to avoid future crises like Greece), and another membership tier for countries allowing open trade with lessened regulatory burdens. That approach could solve both the EU's British and Turkish membership dilemmas. Not seeking to duplicate NATO within the EU would also be beneficial. Negotiating trade deals between the United States and both Britain and the EU could aid all parties.

Using Kurdish troops to secure Sunni populations is unrealistic. The existence of friendly Sunni rebels is illusory. Sunni-majority countries like Qatar, Saudi Arabia, Turkey, and the United Arab Emirates must be convinced to commit troops. It is vital for success to avoid alienating these allies.

President Barack Obama has framed U.S. engagement in Syria as a fight against the Islamic State, but as 51 diplomats recently wrote in a letter intended for an internal dissent channel, Assad is the "root cause of the instability." Assad's brutalities created the Islamic State. Russia and Iran are keen to keep their puppet from the small Shia slice of Syria as dictator of its largely Sunni population. The U.S., NATO, and Sunni coalition must be strong enough to overcome this determined resistance. All coalition partners must agree to a sustainable governance framework for a unified Syria before stepping up military action.

The true consequences of Brexit will remain unknown for some time, but it is clear that the

failed U.S. Syria strategy has left us with weaker allies, caused bitter divides both between and within countries, emboldened rivals, created a new terrorist threat in the Islamic State, and dug us into a much deeper hole out of which to climb. The shock to the status quo that voters in Britain delivered last week should be an opportunity for the United States and the rest of its European allies to embrace a more robust strategic approach - to play chess, not checkers.

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#16

CNN.com

July 4, 2016

Putin's Pick: Clinton or Trump?

By Nina Khrushcheva

Nina Khrushcheva is professor of international affairs at The New School and the great-granddaughter of the Soviet Premier Nikita Khrushchev. Her latest book is *The Lost Khrushchev: A Journey into the Gulag of the Russian Mind*. The opinions expressed in this commentary are hers.

(CNN)Russia's Vladimir Putin has been enjoying power for several decades now. From Bill Clinton in 1999 through to Hillary Clinton or Donald Trump in 2016, the Russian president has seen the relationship between two former superpowers transform from post Cold War jamboree to new Cold War acrimony.

In light of recent terror attacks, it is crucial to examine the political alliance the next American president will have to manage with Russia. Notably, one of the Istanbul attackers came from Russia and two others from former Soviet Union satellites, Uzbekistan and Kyrgyzstan. Since Putin plans to stay in power until 2024, the future White House leader will have to engage with him – particularly now in the global war on terrorism. Though Putin has repeatedly promised to "work with any U.S. president," he insists that Russia should be treated like an equal partner, and that the United States should not act from a position of strength and exclusivity – a message the next American president should take to heart.

Clinton vs. Trump

Of the two candidates, Hillary Clinton is most likely to heed this message. Though Trump and Putin share an exhibitionist personality and brash leadership style, neither is one to take orders from anyone but themselves. In stark contrast, Hillary Clinton is measured, pragmatic and much more accustomed to Russian-style diplomacy.

This style of diplomacy was deployed at a mid-June economic summit in St. Petersburg. After a two-year hiatus following Russia's Crimea annexation from Ukraine, the summit regained importance with Putin hosting, among others, Italian Prime Minister Matteo Renzi and European Commission President Jean-Claude Juncker. They both advocated better relations with Russia in fighting extremism and improving economic ties. In turn, Putin warned that as long as the United States "teach all how to live," there would be no progress in the relationship despite some cooperation on "issues of non-proliferation weapons of mass destruction, the fight against terrorism, [and] solutions for Iran's nuclear problem of chemical weapons in Syria."

The Trump Card

Though no American politician attended the summit, it appears that Trump was listening from afar. He already sees the Russian president as a kindred spirit. Trump announced that he "would get along with Putin," and Putin, in return, praised Trump as "a very ... talented man," who wants deeper relations with Russia.

At first glance, they share a "tough guy" persona – manipulating public opinion, violating the laws of decency and boasting strength – akin to Putin's relationship with similar political leaders, most famously the Italian former prime minister, Silvio Berlusconi. With his big mouth and brash deal-making, the U.S. billionaire is considered "frank" and "pragmatic." Yet, others anticipate that Trump's promises to erect a wall against Mexico or to force China to stop its financial "manipulations," and his assurance that his presidency will make the United States both unpredictable and consistent would only turn the remaining superpower into a global laughing stock. Either way, Trump's presidential victory is seen as victory for the Russians.

But I would challenge readers to look beyond the rhetoric. Given the similarities in their personalities, Trump will quickly show the Russian president his place. Putin's nationalist "Russia First" message may not bother candidate Trump as he touts his own "America First" ideology. But Putin's refusal to recognize American superiority would quickly interfere with Trump's essential characteristic – perceiving himself the leader of the free world. If Trump attains control of America's vast resources, both in terms of military and technology, Putin will begin to pose a challenge. And since neither Putin nor Trump are known to back down, a slight dispute may turn their flourishing "bromance" into a global threat on par with the 1962 Cuban Missile Crisis.

The Clinton Advantages

Even though just 10% of Russians say they want Hillary Clinton, the former senator and secretary of state may be their better bet. She proposed the pragmatic "not confrontational" approach to Putin's bullying tactics in Ukraine, even though she viewed the annexation of Crimea as deeply problematic. An architect of the 2009 Reset Policy with Russia, Hillary Clinton understands the need to cooperate more on the Syria crisis and other security threats, including the kind of attacks that shook Turkey last week. Even though she would insist on Putin's honoring the Minsk peace agreement for eastern Ukraine in exchange for lifting sanctions, she may be willing to reward Putin incrementally – for observing a cease-fire, for a timely prisoner exchange or for withdrawing military equipment.

After all, despite the absence of diplomatic relations between North Korea and the United States, in the 1990s her husband's administration partially lifted the embargo in response to North Korea's folding its missile program. And the Kremlin, with its patriarchal view of women, believes that Hillary Clinton would ultimately take cues from Bill Clinton's foreign policy. In fact, on a recent trip to St. Petersburg, Putin almost entirely ignored questions about Hillary Clinton, yet took time to say that he and Bill Clinton had "a very good relationship ... I am grateful to him for some moments during my entry into politics. A few times he showed me signs of respect, to me personally, and to Russia."

Respect between men of power is of paramount importance to Putin. Much of his displeasure with world affairs stems from a feeling that the United States acts a "dictat," directing every other country in how to make decisions. Bill Clinton, however, is an exception. Putin addresses him with an informal "ty" (you), a familiarity enjoyed by Berlusconi, rather than a more formal "vy," reserved for other world leaders. To a certain extent, Putin aspires to be like Bill Clinton – globally successfully and universally respected.

Even if Hillary Clinton is not amenable to immediately bring Putin back into the circle of Western friends (although with Brexit a reality, Putin hopes that the European Union will be less inclined to continue to punish Russia for Ukraine), Bill Clinton can provide unofficial support. In Moscow, many talk of Bill Clinton's capacity for informal negotiations, including his role in North Korea, where he helped to free two American journalists during the late Kim Jong Il rule. Muscovites also remember how in 2010 Putin prophetically invited Bill Clinton to the Arctic expedition to save the polar bears. He didn't go, but his response was

cordial.

Leveraging Power over Putin

Realistically, the former president may not be able to help his wife to mend relations with Russia. But future American leaders cannot simply wait Putin out -- they need a nuanced policy of incremental rewards that goes hand-in-hand with principled punishment, an approach that existed even in the Cold War chill.

Since Putin will not stand to be ignored, the United States may have some leverage over the Kremlin. While the West should not be quick to lift its sanctions, harnessing Russia's desire to be recognized as a global power is a sound strategy. If Putin can create some goodwill by cooperating in Ukraine, the United States should consider making a few concessions. Russia's participation in the battle against the Islamic State, and its return to the rule-abiding ranks of the international community, is certainly worth the price.

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Putin's Puppet

If the Russian president could design a candidate to undermine American interests-and advance his own-he'd look a lot like Donald Trump.

By Franklin Foer

Franklin Foer is a Slate contributing editor.

Vladimir Putin has a plan for destroying the West-and that plan looks a lot like Donald Trump. Over the past decade, Russia has boosted right-wing populists across Europe. It loaned money to Marine Le Pen in France, well-documented transfusions of cash to keep her presidential campaign alive. Such largesse also wended its way to the former Italian premier Silvio Berlusconi, who profited "personally and handsomely" from Russian energy deals, as an American ambassador to Rome once put it. (Berlusconi also shared a 240-year-old bottle of Crimean wine with Putin and apparently makes ample use of a bed gifted to him by the Russian president.)

There's a clear pattern: Putin runs stealth efforts on behalf of politicians who rail against the European Union and want to push away from NATO. He's been a patron of Golden Dawn in Greece, Ataka in Bulgaria, and Jobbik in Hungary. Joe Biden warned about this effort last year in a speech at the Brookings Institution: "President Putin sees such political forces as useful tools to be manipulated, to create cracks in the European body politic which he can then exploit." Ruptures that will likely multiply after Brexit-a campaign Russia's many propaganda organs bombastically promoted.

The destruction of Europe is a grandiose objective; so is the weakening of the United States. Until recently, Putin has only focused glancing attention on American elections. Then along came the presumptive Republican nominee.

Donald Trump is like the Kremlin's favored candidates, only more so. He celebrated the United Kingdom's exit from the EU. He denounces NATO with feeling. He is also a great admirer of Vladimir Putin. Trump's devotion to the Russian president has been portrayed as buffoonish enthusiasm for a fellow macho strongman. But Trump's statements of praise amount to something closer to slavish devotion. In 2007, he praised Putin for "rebuilding Russia." A year later he added, "He does his work well. Much better than our Bush." When Putin ripped American exceptionalism in a New York Times op-ed in 2013, Trump called it "a masterpiece." Despite ample evidence, Trump denies that Putin has

assassinated his opponents: "In all fairness to Putin, you're saying he killed people. I haven't seen that." In the event that such killings have transpired, they can be forgiven: "At least he's a leader." And not just any old head of state: "I will tell you that, in terms of leadership, he's getting an A."

That's a highly abridged sampling of Trump's odes to Putin. Why wouldn't the Russians offer him the same furtive assistance they've lavished on Le Pen, Berlusconi, and the rest? Indeed, according to Politico's Michael Crowley, Russian propaganda has gone full throttle for Trump, using its Russia Today apparatus to thrash Hillary Clinton and hail the courage of Trump's foreign policy. (Sample headline: "Trump Sparks NATO Debate: 'Obsolete' or 'Tripwire That Could Lead to World War III.' ") Russian intelligence services hacked the Democratic National Committee's servers, purloining its opposition research files on Trump and just about everything else it could find. They also wormed their way into the computers of the Clinton Foundation, a breach reported by Bloomberg. And though it may be a mere coincidence, Trump's inner circle is populated with advisers and operatives who have long careers advancing the interests of the Kremlin.

We shouldn't overstate Putin's efforts, which will hardly determine the outcome of the election. Still, we should think of the Trump campaign as the moral equivalent of Henry Wallace's communist-infiltrated campaign for president in 1948, albeit less sincere and idealistic than that. A foreign power that wishes ill upon the United States has attached itself to a major presidential campaign.

Donald Trump's interest in Russia dates back to Soviet times. In fact, there's extraordinary footage of him shaking hands with Mikhail Gorbachev. It comes from 1988, the peak of perestroika and Gorbachev's efforts to charm the American public. On his legendary trip to Washington and New York, the Soviet in chief left the confines of his limousine and security cordon to glad-hand with the American people. Donald Trump suggested to reporters that the Soviet leader would be making his way to Trump Tower, a crucial station on his journey to capitalism. This was, in fact, a self-aggrandizing fabrication that Trump himself planted in the tabloids, but it was a convincing lie. A year earlier, Trump had traveled to Russia at the invitation of the Soviets. They wanted Trump to develop luxury hotels in Moscow and Leningrad to feed the regime's new appetite for Western business. "The idea of building two monuments in the U.S.S.R. has captured his imagination," Newsweek reported.

Trump likely reveled in the newspaper stories that reported Gorbachev's forthcoming visit to his HQ as fact. But surely even he never expected his fake story to become reality. He must have been gobsmacked when he received word that Gorbachev wanted to pay a spontaneous visit to Trump Tower. The skyscraper's namesake rushed down from his penthouse office to pay obeisance. From the video, we can see the blotched head of Gorbachev emerge from his car. Trump and his retinue push through the crowd. "Great, great honor," the mogul says as he pumps the hand of the Soviet supremo.

One of Trump's vulnerabilities is that he doesn't always vet his people, whether it's business partners, the dubious characters he retweets, or the foreign leaders who show up at his door. As it turns out, this Gorbachev wasn't really the Soviet leader but an impersonator called Ronald Knapp. Trump was lavishing praise on the winner of a look-alike contest.

It was merely the first instance of Trump carelessly sucking up to Russian power in the hopes of securing business. Those Soviet hotel projects never went anywhere. But over the years, Trump has returned to the idea of building in Russia again and again. Effective real estate developers are genuine seers; they can conjure mental images of glorious structures and vibrant neighborhoods where other mortals see mere blight. Trump had the brashness to imagine developing hotels in Moscow when that was a fatal enterprise. In 1996, a Kalashnikov sprayed the American hotelier Paul Tatum, who had the temerity to

1990, a Russian oligarch sprayed the American hotelier with cash, who had the temerity to complain about the Chechen mafia and the less-than-scrupulous business culture he endured. Yet it wasn't hard to see the appeal of Russia, to both the bottom line and the ego. An article in the Moscow Times described Trump as the city's first grand builder since Stalin. Indeed, he later planned a development on the site where Stalin once hoped to construct the Palace of Soviet Congresses.

Five separate times Trump attempted Russian projects, hotels, apartments, and retail on the grandest scale. In one iteration, he promised an ice rink, a "members club," and a spa, for "the finest residences in Moscow." Another project he described as "the largest hotel in the world." His gaudy style appealed to Russian nouveau riche, and he knew it. "The Russian market is attracted to me," he once boasted. He registered his name as a trademark in Moscow and even licensed it to a liquor company, which sold Trump Super Premium Vodka. Government officials claimed that they wanted to do business with Trump because they also considered him super premium. In the mid-'90s, the general-turned-politician Alexander Lebed told him, "If Trump goes to Moscow, I think America will follow."

Trump never could quite simultaneously align all the elements-investment, approval-to-actually break ground. Yet his foray into Russia should be considered a smashing success; Trump set himself up for triumph even as he failed. With each doomed real estate project, he lavished praise on the key constituency that blesses deals, namely Russian politicians. (In front of a pack of reporters he told Lebed, "We've been reading a lot of great things about this gentleman and his country.") The praise encouraged Russian officials to keep inviting Trump back for big potential deals. Each time he traveled to Moscow for a high profile visit, he attracted press attention and his stature increased. (After one trip, he bragged about a meeting where "almost all of the oligarchs were in the room.") This elevated profile ultimately attracted investors. Russians helped finance his projects in Toronto and SoHo; they snapped up units in his buildings around the world-so much so that he came to target them, hosting cocktail parties in Moscow to recruit buyers. (His tenants included a Russian mobster, who ran an illegal poker ring in the Trump Tower and accompanied Trump to the staging of the Miss Universe contest in Moscow.) Even when he built a tower in Panama, he narrowcast his sales efforts to draw Russians, as the Washington Post has reported. "Russians make up a pretty disproportionate cross-section of a lot of our assets," Trump's son, Donald Jr., bragged. "We see a lot of money pouring in from Russia."

The nature of the Donald Trump campaign is its fundamental blurring of his political and business interests-on display just recently in Scotland, when he praised the Brexit vote as a boon for his golf courses. As one campaign finance expert told the New York Times, "Historically, candidates would separate themselves from their business interests when running for office. Trump has done the opposite by promoting his businesses while running for office." Such mercantilist motives likely undergird Trump's ornate praise of Putin, too. Having a friend in the Kremlin would help Trump fulfill his longtime dream of planting his name in the Moscow skyline-a dream that he pursued even as he organized his presidential campaign. "Russia is one of the hottest places in the world for investment," he once said. "We will be in Moscow at some point."

One of the important facts about Trump is his lack of creditworthiness. After his 2004 bankruptcy and his long streak of lawsuits, the big banks decided he wasn't worth the effort. They'd rather not touch the self-proclaimed "king of debt." This sent him chasing less conventional sources of cash. BuzzFeed has shown, for instance, his efforts to woo Muammar Qaddafi as an investor. Libyan money never did materialize. It was Russian capital that fueled many of his signature projects-that helped him preserve his image as a great builder as he recovered from bankruptcy.

The money didn't come directly. Hunting for partners with cash, he turned to a small upstart called the Bayrock Group, which would pull together massive real estate deals

using the Trump name. Its chairman was a former Soviet official named Tefvik Arif, who made a small fortune running luxe hotels in Turkey. To run Bayrock's operation, Arif hired Felix Satter, a Soviet-born, Brighton Beach-bred college dropout. Satter changed his name to Sater, likely to distance himself from the criminal activity that a name-check would easily turn up. As a young man, Sater served time for slashing a man's face with a broken margarita glass in a barroom brawl. The Feds also busted him for working in a stock brokerage tied to four different Mafia families, which made \$40 million off fraudulent trades. One lawsuit would later describe "Satter's proven history of using mob-like tactics to achieve his goals." Another would note that he threatened a Trump investor with the prospect of the electrocution of his testicles, the amputation of his leg, and his corpse residing in the trunk of Sater's car.

What was Trump thinking entering into business with partners like these? It's a question he has tried to banish by downplaying his ties to Bayrock and minimizing Sater's sins. ("He got into trouble because he got into a barroom fight which a lot of people do," Trump once said in a deposition.) But he didn't just partner with Bayrock; the company embedded with him. Sater worked in Trump Tower; his business card described him as a "Senior Advisor to Donald Trump." Bayrock put together deals for mammoth Trump-named, Trump-managed projects-two in Fort Lauderdale, Florida, a resort in Phoenix, the Trump SoHo in New York. Several of those projects broke ground, but they were a mere prelude. "Mr. Trump was particularly taken with Mr. Arif's overseas connections," the Times reported (after buyers of units in the Trump SoHo sued him for fraud). "In a deposition, Mr. Trump said that the two had discussed 'numerous deals all over the world' and that Mr. Arif had brought potential Russian investors to Mr. Trump's office to meet him." Trump described the scope of their ambitions: "[T]his was going to be Trump International Hotel and Tower Moscow, Kiev, Istanbul, etc., Poland, Warsaw."

Based on its cast of characters, Bayrock itself was an enterprise bound to end in a torrent of litigation. The company's finance chief Jody Kriss has sued it for fraud. In the course of the litigation, which is ongoing, Kriss alleged a primary source of funding for Trump's big projects: "Month after month for two years, in fact whenever Bayrock ran out of cash, Bayrock Holdings would magically show up with a wire from 'somewhere' just large enough to keep the company going." According to Kriss, these large payments would come from sources in Russia and Kazakhstan that hoped to hide their cash. Another source of Bayrock funding was a now-defunct Icelandic investment fund called the FL Group, a magnet for Russian investors "in favor with" Putin, as a lawsuit puts it. (The Daily Telegraph has reported that Bayrock mislabeled FL's investment as a loan, in order to avoid at least \$20 million in taxes.)

These projects are simply too ambitious, too central to his prospects, for Trump to have ignored the underlying source of financing. And it was at just the moment he came to depend heavily on shadowy investment from Russia that his praise for Putin kicked into high gear. In 2007, he told Larry King, "Look at Putin-what he's doing with Russia-I mean, you know, what's going on over there. I mean this guy has done-whether you like him or don't like him-he's doing a great job."

While Putin hasn't dirtied his hands in American elections, the Russians have cultivated Washington-hiring fancy firms to craft strategy, donating money to think tanks, building a small coterie of wonks sympathetic to their leader's view of the world. The Trump campaign is the unlikely culmination of this effort. It has been a magnet for like-minded fans of Putin. Fans might not be quite the right term, since so many of these advisers have profited from proxies of the Russian state.

Let's begin at the top. Trump's campaign manager is a wizened operative named Paul Manafort. It's true that Manafort is a mercenary by trade. His old Washington consulting firm pioneered the practice of representing the dictators of the world, no matter their grim record. (I profiled his authoritarian ambit earlier this year.) Late in his career, however

record. (I promised his additional ambition earlier this year.) Late in his career, however, Manafort dedicated himself to working on behalf of clients close to the Kremlin. His grand achievement was reviving the doomed career of the anti-charismatic politician Viktor Yanukovich. Manafort's image-crafting and shrewd strategy culminated in Yanukovich's election to Ukraine's presidency in 2010. Thanks to Manafort's handiwork, Ukraine pulled into Putin's sphere of influence. Unlike other American consultants who flitted in and out of Kiev, Manafort set up camp there. He became an essential adviser to the president-his tennis partner even.

If Manafort were the only Kremlin connection in the Trump campaign, his presence might signify nothing. But he's hardly isolated. Many pundits have scoffed at the idea that Trump has a circle of foreign policy advisers given that his initial list of gurus emerged abruptly in March and included names unknown to most experts. Yet the list suggests certain tendencies. One of the supposed Trump whisperers was an investment banker named Carter Page. During a stint in Moscow in the 2000s, he advised the state-controlled natural gas giant, Gazprom and helped it attract Western investors. (In March, Page told Bloomberg that he continues to own shares in the company.) Page has defended Russia with relish. He wrote a column explicitly comparing the Obama administration's Russia policy to chattel slavery in the American South. His reasoning: "Numerous quotes from the February 2015 National Security Strategy closely parallel an 1850 publication that offered guidance to slaveholders on how to produce the 'ideal slave.' "

Also on the list of advisers is Lt. Gen. Michael Flynn, the former head of the Defense Intelligence Agency. Eighteen months after he departed government, he journeyed to Moscow and sat two chairs away from Putin at the 10th anniversary gala celebrating Russia Today. In Politico, an anonymous Obama official harshly criticized Flynn: "It's not usually to America's benefit when our intelligence officers-current or former-seek refuge in Moscow."

More recently, Richard Burt, a Reagan administration official, has begun advising Trump on foreign policy. His criticisms of NATO and pleas for greater cooperation with Putin grow from a deeply felt realism. Yet his ideological positions jibe with his financial interests. Burt is on the boards of Alfa-Bank, the largest commercial bank in Russia, and an investment fund with a large position in Gazprom.

Trump's advisers have stakes in businesses where the health of the Russian state is the health of the firm-where, in fact, the state and the firm are deeply entangled. The campaign isn't just one man with an aesthetic affinity for Putin and commercial interests in Russia; his sentiments are reinforced and amplified by an organization rife with financial ties to the Kremlin.

Is Putin already meddling in this campaign? In his chilly way, he has signaled his rooting interest. He praised Trump as "very talented." His mouthpieces are more effusive. Vladimir Yakunin, the former chairman of Russian Railways, has said of Trump, "He is addressing some internal failings of the American people." The Kremlin doesn't seem much bothered to disguise its help. Soon after the discovery of Russian intelligence hacking into Clinton servers, documents suddenly materialized on the web: a PDF of the DNC's opposition research file and a trove of spreadsheets, including a list of donors to the Clinton Foundation.

Foreign intelligence agencies often go fishing for information on American political campaigns. Chinese hackers tapped Mitt Romney's servers in search of useful nuggets. But the Russians have made an art of publicizing the material they have filched to injure their adversaries. The locus classicus of this method was a recording of a blunt call between State Department official Toria Nuland and the American ambassador to Kiev, Geoffrey Pyatt. The Russians allegedly planted the recording on YouTube and then tweeted a link to it-and from there it became international news. Though they never

claimed credit for the leak, few doubted the White House's contention that Russia was the source.

We can only speculate about the documents the Russians have in their possession and how they might use them. The material they have released thus far is relatively innocuous, but it may just be a hint of leaks to come—as they experiment with unfurling their material and gauging the reactions to leaks. The Clinton Foundation is, after all, a pretty juicy target to have hit—a place with an ethically borderline approach to fundraising and already a primary object of Trump campaign fusillades. One of the sites that has posted purloined material is called Guccifer 2.0, which strenuously protests that it is the work of a lone hacker. The site features a warning that it has released only a small smattering of documents from the "many thousands I extracted." He is not the only one sitting on a pile of damaging material. Julian Assange, who hosted a show on Russia Today, warned, "We have emails relating to Hillary Clinton which are pending publication."

Donald Trump's ego compounds his naiveté. He's vulnerable to flattery; his confidence in himself exceeds his intellectual capacities. All of this makes him particularly susceptible to exploitation, an easy mark. For this reason, dubious figures have always gravitated to him. (Please read David Cay Johnston's persuasive account of Trump's long ties to organized crime.) It seems the Russian president has noticed this, too. To quote Trump on Putin, "A guy calls me a genius and they want me to renounce him? I'm not going to renounce him."

In the end, we only have circumstantial evidence about the Russian efforts to shape this election—a series of disparate data points and a history of past interference in similar contests. But the pattern is troubling, and so is the premise. If Putin wanted to concoct the ideal candidate to serve his purposes, his laboratory creation would look like Donald Trump. The Republican nominee wants to shatter our military alliances in Europe; he cheers the destruction of the European Union; he favors ratcheting down tensions with Russia over Ukraine and Syria, both as a matter of foreign policy and in service of his own pecuniary interests. A Trump presidency would weaken Putin's greatest geo-strategic competitor. By stoking racial hatred, Trump will shred the fabric of American society. He advertises his willingness to dismantle constitutional limits on executive power. In his desire to renegotiate debt payments, he would ruin the full faith and credit of the United States. One pro-Kremlin blogger summed up his government's interest in this election with clarifying bluntness: "Trump will smash America as we know it, we've got nothing to lose."

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#18

Putin's Apparent Cancellation of Three Domestic Trips This Week Sparks Speculation
Paul Goble

Staunton, July 7 - Vladimir Putin reportedly has cancelled three domestic trips that he had been scheduled to make this week - to the Altay, Sakha and Nizhny Novgorod - and has not appeared in public since returning from Finland, a pattern that is already leading to speculation about his health physical or political.

Three sources "close to the Kremlin" told RBC that the Kremlin leader had cancelled the three trips, but Putin's press secretary, Dmitry Peshkov, said there were no cancellations and that these "trips" were simply among "the dozens" people have proposed but that had not been agreed to by the president
(rbc.ru/politics/06/07/2016/577ced289a7947214102dae3).

But the news agency's sources provided the kind of detail which suggests that the trips in

But the news agency's sources provided the kind of detail which suggests that the trips in fact had been planned and then cancelled. According to them, Putin was supposed to take part in a session of the State Council on tourism on July 5. Then on July 6, he was to go to Sakha to take part in a regional conference of the Popular Front and the opening of a sports competition.

And on July 7, Putin reportedly was expected in Nizhny Novgorod to open a new factory; but according to the news agency's sources, this event was not only organized at the last minute but cancelled shortly thereafter. It reported that the factory owners hope to have it rescheduled later this month or in August.

RBC reports today that "the last time Putin took part in public activities to which the press was invited was at the end of last week" when he flew to Finland. The presidential Internet page lists subsequent meetings with regional heads, but at least one of them took place earlier than the Kremlin reported.

The last time Putin was out of public view this long was in March 2015 when he did not appear in public for eleven days. At that time, Western news agencies like Reuters reported that the Kremlin leader was ill, something his press spokesman denied.

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Johnson's Russia List, 6368 Circle Drive, Chincoteague, VA 23336

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Nellie Ohr

From: Nellie Ohr
Sent: Wednesday, June 29, 2016 9:56 AM
To: Ohr, Bruce (ODAG); Holtyn, Lisa (OCDETF); Wheatley, Joe; Nizich, Ivana
Subject: Spain arrests Russians with ties to United Russia and Colombian cartels

Russian report: <https://slon.ru/posts/70066> summarizing

Spanish report: <http://www.elmundo.es/espana/2016/06/28/57721759e5fdeac9268b4677.html>

In Tarragon

At least 6 Russians plus 1 Ukrainian and his Spanish lawyer
money laundering

Operation "Usury" (*Usura*)

Suspects are tied with Tambov and Taganka crime groups

They had "excellent relations with well-known Moscow politicians" including members of United Russia, who used to visit the region.

Also had contacts with Colombian drug cartels

(My attempt at reading the Spanish: Their money laundering seems to involve creating credit accounts to launder the money through the supposed sale of real estate. The two Russian ringleaders often visit Tarragon.)

Al menos 7 detenidos en un nuevo golpe a la mafia rusa en Tarragona

Se ha ordenado el embargo de 192 inmuebles en Reus, Salou y Cambrils

Se les atribuye blanqueo para las mafias Tambovskaya y Taganskaya

- **ÁNGELES ESCRIVÁ**
- *Madrid*

28/06/2016 08:46

Mafia rusa, blanqueo de dinero, excelentes relaciones con destacados políticos moscovitas y testaferros de experiencia internacional empleados en sus menesteres por los cárteles de droga colombianos.

En la *operación Usura* desarrollada por la Guardia Civil en las primeras horas de este martes se mezclan todos estos ingredientes en dosis suficientes como para que se hayan producido al menos siete detenidos y 19 registros - que se están llevando a cabo en este momento-, y se haya ordenado el embargo de 192 inmuebles en **Reus, Salou y Cambrils**.

El dispositivo de la Guardia Civil se ha iniciado a las seis de la mañana, dirigido por la Fiscalía Anticorrupción, y participan en él 180 agentes.

Según las fuentes consultadas, a los detenidos -seis rusos, un ucraniano y su abogado español- se les atribuye un delito de blanqueo de dinero para, entre otros beneficiarios, las mafias **Tambovskaya** y **Taganskaya**, dos de las organizaciones criminales más potentes del panorama delincuencia.

Se dedicaban, presuntamente, a crear empresas crediticias para blanquear dinero con la compra de inmuebles. Los responsables de la red son dos ciudadanos rusos que habían establecido la infraestructura para la comisión de los delitos y que se desplazaban frecuentemente a Tarragona para controlar el funcionamiento de sus subordinados.

En sus estancias en España demostraban sus excelentes contactos con los políticos de su país de origen. Hay constancia de que, en varias ocasiones, importantes cargos representativos moscovitas del partido gobernante,

Rusia Unida, han sido sus huéspedes durante los fines de semana. Cargos cuyos nombres se han visto

vinculados pública y judicialmente, a llamativos casos de corrupción. Los testareros empleados por esta red también tenían vocación internacional.

Los investigadores han detectado los contactos con testareros profesionales vinculados a los cárteles colombianos de droga **Cali** y **Medellín**. La operación continúa abierta.

Nellie Ohr

From: Nellie Ohr
Sent: Friday, June 03, 2016 4:38 PM
To: (b) (6) Nellie Email; Holtyn, Lisa (OCDETF); Ohr, Bruce (ODAG)
Subject: Re: The Criminal Front In The Hybrid War

Sorry, one more thing: the main argument he gives for Russian involvement is that vory who were crowned in Russia are increasingly active in Ukraine and that ergo they must be under the influence of Russian special services, who must be using them to "collect information and destabilize the crime situation in Ukraine."

-----Original Message-----

From: Nellie Ohr (b) (6)
To: (b) (6) Lisa Holtyn; bruce.g.ohr <bruce.g.ohr@usdoj.gov>
Sent: Fri, Jun 3, 2016 4:28 pm
Subject: The Criminal Front In The Hybrid War

"The Criminal Front In The Hybrid War"

In a piece published on zn.ua, Vadim Troyan, the first deputy head of Ukraine's National Police, [accuses Moscow of opening "a criminal front"](#) in Ukraine by deploying gangsters to destabilize the country. Troyan's warning came after the Ukrainian parliament [failed to pass a law](#) making it easier to prosecute top organized-crime figures" (<http://www.interpretermag.com/the-morning-vertical-may-31-2016/>)

My notes: most of this article is about the problem of OC in general and the failure of the legislative changes. The changes he favors would 1) restore the criminal status of the concept "thief-in-law" (which he defines—see bolded and italicized bit below), 2) introduce criminal punishment for illegally crossing the Ukrainian border, and 3) makes penalties harsher and bail payments higher.

In terms of Russia encouraging criminals: he states it but does not give concrete examples or prove it. The most concrete thing he says is that after Ukraine deported 4 vory and 1 avoritet in the past 2 months, they have obtained new false passports and are trying to get back in, which he sees as evidence that "the criminal intent of their sponsors (those overseeing them —купаторов) —to give them leverage to monitor and influence the criminal situation in our country—is systemic and sustained."

http://gazeta.zn.ua/internal/ugolovnyy-front-gibridnoy-voyny-protiv-ukrainy-_.html

Уголовный фронт гибридной войны против Украины

Вадим Троян 27 мая,

Считаю необходимым подробно рассказать об одном из определяющих элементов гибридной войны, который применяет против нас страна-агрессор — Российская Федерация. Элемент этот имеет сугубо уголовную основу.

Используя военные действия на Востоке нашего государства, влияя извне и изнутри на экономический и социальный кризис в нашем обществе, усиливая информационную агрессию через СМИ, враг, кроме этого, значительно усиливает свое влияние на уголовный мир, а через него — и на ухудшение криминогенной ситуации на территории нашего государства. Следует отметить, что в Украине прослеживается насыщение и активизация деятельности *организаторов и руководителей преступных группировок, получивших гражданство и статус "вора в законе" на территории Российской Федерации. В связи с этим они находятся под влиянием спецслужб РФ и используются последними для сбора информации и дестабилизации криминогенной обстановки в регионах Украины.*

Анализ состояния оперативной обстановки свидетельствует, что на территории Украины действует устойчивая

Анализ состояния оперативной обстановки свидетельствует, что на территории Украины действует устойчивое иерархическое объединение лиц, которое содержит признаки преступной организации, создано для совершения тяжких и особо тяжких уголовных правонарушений, а управляется и координируется лидерами организованных групп (структурных частей преступной организации). Руководят преступной организацией лица, наделенные в уголовном мире самым высоким статусом "воров в законе", которые для усиления преступной деятельности спланируют бандитский элемент, непосредственно планируют, организуют и руководят совершением уголовных правонарушений его участниками.

Во время расследования мы арестовываем больше мелких воров или отдельные группы преступников. Нередко, имея вещественные доказательства, видео, официально предоставленные свидетельства, формирующие доказательную базу против этих лиц, Нацполиция лишена возможности закрепить доказательства преступных действий основных заказчиков тяжких уголовных правонарушений. Они всегда находятся в тени, а деньги, добытые незаконным путем, попадают к ним в виде "черного нал".

Известно, что средства из общего воровского финансового центра, т.н. "общака", "воры в законе" используют для совершения преступлений, решения бытовых и личных вопросов руководителей и участников преступной организации, подкупа коррумпированных представителей власти, легализации на территории Украины, учреждения и ведения бизнеса, в т.ч. незаконного. А еще — с целью лоббирования своих представителей к самым высоким органам власти для обеспечения *крыши* преступной организации, защиты ее интересов и уже созданного бизнеса путем *создания собственного положительного имиджа* и поддержания *культы "воровской романтики"*, в частности с использованием интернет-ресурсов и социальных сетей; для учреждения разного рода *псевдоправозащитных организаций и благотворительных фондов*, которые через медиаресурсы могут, при необходимости, создавать негативные настроения в обществе, настраивать его против правоохранительных, судебных органов, а также органов власти; для обеспечения всего необходимого (в т.ч. приобретения техники, оружия, другого имущества, создания субъектов хозяйствования, банков) и т.п.

В состав преступной организации входят и другие участники организованных групп и представители криминалитета, которые активно поддерживают "воровское движение" и установленные правила поведения, платят средства в "воровской общак", обеспечивают поддержку, т.н. *подогрев*, своим приспешникам, отбывающим сроки в учреждениях исполнения наказаний, а также принимают непосредственное участие в совершении тяжких и особо тяжких преступлений на территории Украины.

Все преступные формирования пытаются расширить свои экономические основы, стремясь увеличить долю легальной экономической деятельности. Это может представлять особую общественную опасность. На почве сложной социально-политической и экономической ситуации указанная тенденция может со временем заостриться.

Все чаще поступает информация о создании лидерами уголовной среды собственной *контрразведки*, в состав которой входят настоящие профессионалы — бывшие работники правоохранительных органов, заблаговременно нейтрализующие активность специальных служб и подразделений. Кроме того, почти у каждого более или менее влиятельного "вора в законе" есть высокопоставленный *покровитель*, а иногда — и связи с представителями медиа, которые по заказу организуют размещение нужных публикаций, в том числе таких, которые *дискредитируют то или иное должностное лицо*.

Пытаясь всячески избежать уголовной ответственности, вышеупомянутые лица используют услуги высокооплачиваемых адвокатов. В ход идут юридические ухищрения, фальсификации. Известны также случаи запугивания правоохранителей, привлечение частных охранительных структур и материальный интерес (взятки) представителей судебной ветви власти.

Нередко среди участников преступных организаций на почве перераспределения сфер уголовного влияния возникают конфликты, которые приводят к совершению заказных убийств, нанесению тяжких телесных повреждений, незаконному лишению свободы или похищению человека, намеренному повреждению имущества и т.п. Эти конфликты могут носить продолжительный характер, что, в свою очередь, приводит к обострению криминальной обстановки.

Особенностью деятельности участников преступной организации в Украине, которая приобрела ключевое значение в течение последнего года, стала ее *политизация*, интеграция с террористической деятельностью, ориентация на достижение экономических целей путем установления территориального контроля. Указанная тенденция обусловлена агрессией РФ против Украины и активным использованием *Российской Федерацией именно криминалитета для достижения политических целей в Украине*.

Отдельные преступные группировки созданы для обеспечения экономических интересов олигархично-монополистического капитала [which oligarchs does he have in mind? Akhmetov?] и финансируются с неподконтрольной государственной власти части Украины. Противоправная деятельность участников преступной организации направлена прежде всего на получение прибыли от незаконного использования

преступной организации нацелена чаще всего на получение прибыли от незаконного использования легальной экономики и коррупционных схем, т.е. имеет целью системное разворовывание национального богатства.

Один из специфических признаков незаконной деятельности участников преступной организации — использование международных финансовых систем для вывода средств, полученных противоправным путем, в другие страны. Реципиентом этих средств чаще всего являются экономики стран ЕС и аффилированные с ними офшорные зоны.

Преступления, совершенные участниками преступной организации экономически-коррупционной направленности, имеют высокий уровень латентности и, даже когда обнаруживаются, как правило, не квалифицируются как содеянные в составе организованной преступной группировки. Преимущественно они учитываются в сфере общеуголовной преступности относительно лиц низового уровня.

Указанная ситуация вызывает критические последствия в борьбе с организованной преступностью, содействует недоверию населения к власти в целом и негативному имиджу страны на международной арене.

Т.н. *воровское движение* в Украине носит транснациональный и международный характер. На сегодняшний день установлены связи и в других странах, в частности Российской Федерации, странах СНГ, Европейского Союза и Объединенных Арабских Эмиратах. *[highlights ties with UAE criminals]*

В Верховную Раду Украины был представлен законопроект №1188 "О внесении изменений в некоторые законодательные акты Украины (относительно ответственности для "воров в законе" и преступлений, совершенных преступными группировками). Принятие этого закона могло иметь историческое значение как внутри нашего государства, так и на международном уровне. Но 17.05.2016 г. закон отклонили. Не голосовали (возможно, из личных или политических убеждений) депутаты, которые не поняли или не хотели понять важности такого решения. Это "Оппозиционный блок", "Відродження" (один голос — "за"), "Воля народа", фракция РПЛ.

Именно тогда в Праге (Чехия) проходила международная конференция Интерпола. Обсуждался на ней один из самых острых вопросов для международного сообщества: борьба с организованной преступностью. В национальном центральном бюро Интерпола создан проект *Millenium*, определяющий одной из своих задач именно борьбу с организованной преступностью в мире. Национальная полиция Украины пошлет туда двух опытных сотрудников департамента уголовного розыска. Наша цель — объединить с мировым сообществом усилия в борьбе с организованной преступностью.

Мы рассчитываем, что законодатели обязательно снова представят новый законопроект в парламент. Мы не отступим от своих убеждений, которые состоят в том, что за организацию и руководство криминалом несут ответственность т.н. *воры в законе* и *уголовные авторитеты*. А значит, наказание их должно быть суровым и неизбежным. Основой этих изменений вновь станет норма, согласно которой "вор в законе" приобретет свой соответствующий уголовный статус и в правовом смысле, с четким юридическим определением: **[the main change is to restore the criminal status of the concept of thief-in-law, defined as] "вор в законе" — лицо, являющееся организатором и руководителем преступного сообщества, которое базируется на достаточном авторитете в уголовной и тюремной среде, является активным сторонником уголовного образа жизни и морали, связано обязанностью преступного кодекса поведения и традициями уголовного мира, относительно которого формально выполнена процедура т.н. коронования, и которое руководит другими руководящими лицами преступных группировок согласно установленной в преступном сообществе иерархии".**

Среди "воров в законе" и "уголовных авторитетов" есть граждане не только Украины, но также Грузии, Азербайджана, Армении, и больше всего — Российской Федерации. Необходимо совершенствовать наши законы в направлении лишения этих лиц гражданства, если те имеют такие преступные статусы и негативно влияют на криминогенную ситуацию. Следует отметить, что (даже без специального законодательства) Национальная полиция ведет сокрушительную борьбу против предводителей организованных преступных группировок: за последние два месяца соответствующими законными решениями Государственной миграционной службы мы уже депортировали с территории нашего государства четверых "воров в законе" и одного "уголовного авторитета", имевших иностранное гражданство нарушавших миграционное законодательство. Но они, *изменяя паспортные данные, вновь пытаются попасть на территорию нашего государства*. Это еще одно свидетельство того, что **преступные намерения их кураторов — дать им рычаги для контроля и влияния на криминогенную ситуацию в нашей стране — являются системными и последовательными**. Для дальнейшего недопущения таких случаев мы считаем необходимым внести законодательные изменения о *возвращении в Уголовный кодекс Украины статьи "Незаконное пересечение государственной границы Украины"*. А еще считаем необходимым провести такие законодательные изменения: усилить ответственность за совершение тяжких и особо тяжких преступлений, увеличить суммы штрафа во время избрания меры пресечения, не связанной с содержанием

преступлении, увеличить суммы залога во время избрания меры пресечения, не связанной с содержанием под стражей, или полностью лишать их такой возможности. Мы инициируем создание рабочей группы из представителей МВД, НП, ВРУ, ГПУ и международных организаций для доработки нового законопроекта перед регистрацией его в парламенте. Убеждены, что большинство наших граждан хотят жить без той заразы, которую несут в общество организованные преступные группы и их предводители. Для меня вся эта работа — внутренний фронт. Молчать об этом мы не имеем права. У нас тяжелые времена в государстве. Мы победили, но пока что не наказали *"вора в законе"* В.Януковича. Но нам надо еще победить всех тех, кто тоже сейчас действует, как бывшая власть, и пытается извне и изнутри уничтожить наше государство.

Nellie Ohr

From: Nellie Ohr
Sent: Monday, May 30, 2016 9:56 AM
To: Ohr, Bruce (ODAG); Holtyn, Lisa (OCDETF); (b) (6) - Ivana Nizich - per Crim; Wheatley, Joe
Subject: Reported Trove of documents on Ukrainian Party of Regions' "Black Cashbox"

<http://www.odessatalk.com/2016/05/party-regions-chyornaya-kassa/>

The Party of Regions “Chyornaya Kassa”

May 29, 2016 by [Nikolai Holmov](#) [Leave a Comment](#)

One of the enduring intrigues for Soviet, post-Soviet and KGB/Security Services watchers with regard to Russia remains that of the “Chyornaya Kassa” (Black Cashbox) run by ex-KGB/secret service officers that has its origins in the late Soviet period.

The purpose of this considerable fund, which has long been reported to have been in existence, is to bribe officials, launder cash and sponsor projects of interest. For example, Zhirinovskii’s LDPR, like Barkashov’s RNYe and Sterligov’s Russkoye Narodnoye Sobor (Russian National Assembly) were all reported to have been recipients of funding via the so-called ‘chyornaya kassa’ when the KGB were creating the facade of a “democratic” Russia prior to, and immediately following, the collapse of the USSR.

It should therefore come as little surprise that the Party of Regions apparently also had a “Chyornaya Kassa” with the same purpose of bribing officials, laundering cash and sponsoring projects of interest, etc.

Documentation regarding that Party of Regions “chyornaya kasse” has now seemingly found its way to NABU, the Ukrainian National Anti-Corruption Bureau.

<https://t.co/KhDHk97zmG> #Ukraine – Well this would be an interesting read – though not as interesting as the (in)famous KGB “черной кассы”
— Nikolai Holmov (@OdessaBlogger) [May 28, 2016](#)

Of course there will be much speculation as to the contents of what appears to be records of thousands of transactions, signatures, stamps and seals relating to hundreds of officials past and present.

Former Chief of the “K” Department of the Ukrainian SBU General Victor Trepakov, (quietly relieved from his post by Presidential Decree on the same day the new Cabinet was anointed) who handed these documents to the Director of NABU Artem Sitnic, stated “*Much of this material – a “ledger” of corrupt payments that are systematically carried out at the expense of a “common fund”, “black cash” by the Party of Regions.*

For the first time in the field of law enforcement there is an array of materials on not one or more crimes, but long-term systemic corruption activities of an organized structure which operated on the basis of a certain political party and was aimed at the unlawful seizure of power and its misuse. And most importantly – has reached this goal! We are talking about corruption activities of the most dangerous kind – political corruption with hundreds, I emphasize hundreds of subjects, including dozens of officials of the highest level. In most cases the materials contain substantive information about who, when and how the crime was committed. Besides that all are unique incidents, they allow a holistic view of the big picture of criminal activity – with its organizers, executors, intermediaries, means of implementation, the results.”

Undoubtedly those names will not simply be limited ex-Party of Regions names, nor their implanted functionaries in State institutions. They will also include the members of the judiciary, prosecutors, political “grey cardinals”, leaders of State institutions (like election commissions), a sprinkling of foreign officials, and many “Old Guard” personalities across political party lines – regardless of their party.

Apparently the fund was about \$2 billion – in cash – notwithstanding any business property “flipping” documentation, share transfers etc.

All potentially dangerous and inflammatory stuff.

Thus whilst the contents of these documents will be subject to much speculation – notwithstanding months and

probably years of NABU investigation (depending upon the ease of investigating any particular incident) – there are equally interesting questions about the collection, collation and delivery of this chyornaya kassa to the Director of the NABU.

Leaving aside the authenticity of the documents which cover thousands of transactions over a period of years (requiring some dedication to fake – but doable nonetheless), there can be only a very few select number of people that were trusted to keep the books of the Party of Regions illicit Chyornaya Kassa.

Who then collected and collated this information and acted as the PoR Chyornaya Kassa “accountant” or “accountants”?

Are they still in Ukraine, have they fled, have they since died and if so under what circumstances? (There have been a number of “suicides” of Yanukovich functionaries in the immediate aftermath of his fleeing – particularly among those ever connected with the State Property Fund.)

If the possessor of this Chyornaya Kassa is one of the perhaps only a few “accountants”, there is enormous personal risk in passing on this original documentation – as there is for Mr Trepakov having seen it and passed it to NABU.

If not an “accountant” for the Chyornaya Kassa, how were these documents obtained? Were they left behind in panic by a fleeing Yanukovich regime functionary, subsequently seized and deliberately kept from an evidence chain in a search and seizure register? If so by who – and why?

Did this individual copy these documents prior to handing them to Victor Trepakov? Has Victor Trepakov copied them prior to handing them to the Director of NABU? Are there other copies circulating among the former PoR members? Who else may have a copy?

What was the purpose of making copies? As a guarantee/personal insurance policy that should anything happen to these relevant individuals the documents would make their way to the media? If so where are the copies lodged? Who to trust, and equally burden (for it is a burden), with such a role?

Have copies of these documents made their way to other, perhaps foreign security services? To what end? To create a back-up of sealed indictments in case of inaction or ineffective investigation by NABU against certain individuals to prevent certain future actions on their part?

If there are foreign personalities involved, are those relevant documents to be shared with those nations – and when?

Why was Mr Trepakov chosen as the intermediary between possessor/owner/keeper of the PoR Chyornaya Kassa and NABU? Is there a personal relationship between informer and intermediary? Let us be frank, a former Chief of the “K” Department with the Ukrainian SBU is not without significant connections and previous informant handler and informant controller history/experience.

Why did Mr Trepakov agree to become the intermediary having been so recently removed from the SBU institutional structure – quietly?

Is he really the intermediary or the original finder/keeper of these documents from searches past?

In short, what are the motivations of both the individual that passed the information and that of the intermediary? It is a question that any and every investigator would ask – for they are questions asked when registering and dealing with any informant and the information they subsequently provide. Not all informants are informants for cash reward – there are other (and perhaps more dangerous) motivators.

It may very well be that both parties are acting out of a sense of patriotism and a dedication to force change in the system via the prevalence of the rule of law. It may very well be that no aspersions should be cast upon their characters. Nevertheless, such very basic questions should be asked by investigators – and those who have taken part in supplying this information to the authorities undoubtedly expect those questions to be asked.

There are questions to be asked over timing. Clearly the PoR Chyornaya Kassa (if genuine) has not just appeared from nowhere. Somebody has kept it, knowing it to be what it is, for quite some time. Thus why now has it come to light and been given to the authorities?

Is it that previously there was doubt as to the ability of NABU to stay clear of political interference?

Is it that previously there simply was no NABU?

Is it that Yuri Lutsenko is seen as the first Prosecutor General who is not able to strong-arm the NABU or radically change its structure? Were previous PGs deemed too strong *vis a vis* NABU? Is it that the previous PGs are all named in the PoR Chyornaya Kassa and that the current PG isn't? Perhaps it is felt that Mr Lutsenko is far more “controllable” or “influenced” by the West than previous incumbents and therefore that NABU will be able to work unhindered? That all seems rather doubtful considering that political names across party lines and within State institutions are certain to be sullied by illicit deals within any genuine PoR Chyornaya Kassa.

If that be so, the reason for such timing now is what?

Is it to effect a challenge to the existing system that has far more potential to up end it than that of the Panama Papers or media chatter. The feeling of those involved in producing such documentation therefore being that this has to be done now before the “bad old ways” become solidly set once again?

Had the document “keeper” has suddenly become “under pressure” or be slighted in some way, and this is a method of repulsion or revenge?

Wisely no names nor specifics have been placed within the public domain with regard to contents – for now. To do

so would firstly invalidate the "insurance" any copies would have for those promoting the existence of this chyornaya kassa, and secondly could very well impede subsequent investigations by NABU. However, on the presumption that such "insurance" exists by way of copies taken by those that have had possession of the PoR Chyornaya Kassa documentation, it is perhaps also only a matter of time before things (almost inevitably) leak.

Whatever is to come, on the presumption that the PoR Chyornaya Kassa is genuine and is investigated thoroughly, then it will make the Panama Papers and almost all previous scandals (perhaps less Lazarenko) seem like a non-event (which generally it has proven to be in Ukraine).

How to investigate such a large and incriminating document both holistically and by way of individual illicit acts will be a matter for NABU – but there must surely be some cases that can be properly and responsibly investigated and brought to trial before the year end – whilst others will quite literally take years to complete.

It will be interesting to watch this story develop!

Nellie Ohr

From: Nellie Ohr
Sent: Tuesday, May 10, 2016 3:29 PM
To: (b) (6) Nellie Email; Ohr, Bruce (ODAG); Holtyn, Lisa (OCDETF); Wheatley, Joe; Nizich, Ivana
Subject: Galeotti sums it up

Putinism won't end with a bang, but a warrant

[Mark Galeotti](#) 10 May 2016

<https://opendemocracy.net/od-russia/mark-galeotti/putinism-won-t-end-with-bang-but-criminal-warrant>

New charges concerning several leading Russian officials reveal the greatest threat to the Kremlin's hold on power — elite corruption.

Will Putinism end not with a bang but a warrant? Hot on the heels of the [Panama Papers' revelations about multi-billion dollar slush funds](#), a Spanish court's decision to [issue arrest orders for 12 Russian citizens](#), including senior law enforcement officials and a Duma deputy, demonstrates the new pressures faced by Russia's elite, otherwise used to juggling the freedom to steal at home with the freedom to spend and save abroad. In the process, the elite's social contract with the Putin regime is increasingly impossible for both sides to sustain.

An antisocial contract

The Spanish case has illustrated the way that the interconnection of crime, politics and business in Russia means that — at some remove — almost everyone of substance within the system is linked with out-and-out mobsters. Even figures generally regarded as "clean" by Russian standards, such as Deputy Prime Minister Dmitry Kozak, feature in the phone-tapped conversations and extensively mapped business connections painstakingly collected by the investigators.

The *sistema* is one in which [everyone does and requires favours](#), tribute is demanded and offered as much as anything else as a symbolic representation of relative power, and no one is expected to live off their salary alone. The *sistema*, not Islamic radicals or freethinking liberals, is the greatest security challenge to today's Russia. The tsarist model of *kormlenie* ("feeding"), whereby officials were paid a relative pittance on the expectation that they would use their positions to enrich themselves, was eventually abandoned as backward and corrupt. Depressingly enough, the "trough" emerged as a survival mechanism under Yeltsin. It has become a central feature of Putin's mechanisms to manage the elite.

A still from a 2012 fake video showing Vladimir Putin facing charges of financial machinations and abuse of power. Source: [YouTube](#). Everyone is corrupt to some extent or another, and the question becomes that difficult and subjective one of distinguishing degrees of dirtiness. This is morally corrosive and, as has become increasingly evident, buys political control at the expense of managerial effectiveness.

Mercifully, there are still efficient technocrats still doing their jobs well, whether because they benefit personally or simply out of patriotism or professionalism. In general, though, the result is systemic corruption and inefficiency.

With money getting tight, inefficiency begins to look like luxury

With money getting tight, that inefficiency begins to look like luxury. However, the Spanish case has also highlighted another problem for the Kremlin.

The Soviet elite were corrupt, even to the extent of enjoying western luxuries denied the masses. However, in Soviet times almost all connections with the outside world, licit or not, were managed by the state. External economic relations were the province of Vneshtorg, Vneshekonombank, and similar bureaucratic monoliths. Party members bought western goods at state-owned Party commissaries or hard-currency stores. Even smuggling exclusive goodies for the upper elite was largely handled by the KGB. In other words, Soviet citizens, even members of the elite, had few connections with the outside world.

Cosmopolitan vices

Cosmopolitan Vices

In today's Russia, things are very different. Those who live by globalisation are finding that they can die by it, too. The modern Russian elite delight in their cosmopolitanism. They travel widely, send their children to study in the west, and are enthusiastic consumers of global products and experiences.

Understanding that, to be rich in Russia is merely to hold assets in trust until the state or someone with better connections or sharper fangs decides otherwise, the elite uses the west as their savings account, their place to stash their often-ill-gotten gains protected by the rule of law.

Those who live by globalisation are finding that they can die by it, too

Until very recently, Russia's elite have been able to enjoy this privilege because western governments, by no means to their credit, were largely willing to turn a blind eye to Russian kleptocracy so long as the money rolled into and through their financial systems, profited their bankers and lawyers and generally meant business. There is still a resistance to any measures which would impede this flow of easy money, but the Spanish case may help tip the balance.

The other reason the elite could get away with this duality, kleptocrat at home, high-rolling investor in the west, is that the Kremlin allowed it. In recent years the government has become concerned about the outflow of money and campaigned for a repatriation of assets to the welcoming bosom of the Motherland.

However, at the same time nothing has been done to curb the continuing interbreeding of crime, politics, and business. Indeed, many of what Putin would presumably count as his triumphs actually depended on toxic mixture. The Olympic facilities at Sochi were to a degree built by trafficked labour. The seizure of Crimea was facilitated by a strategic alliance with local gangsters that saw their representative elevated as the peninsula's premier. The war in the Donbas was partly fought by co-opted crime gangs.

The Kremlin depends on the elite to manage the country. The social contract that emerged is that in return for loyalty, they are allowed, within elastic limits, to steal and enjoy the fruits of that corruption and embezzlement.

They operate in a world of backhanders, sweetheart deals, favours and tribute that inevitably connects them to "proper" gangsters, whose services the Kremlin itself sometimes also finds useful.

Everything, to quote Lenin, connects to everything else.

What is to be done?

But this *sistema* is under serious, growing, perhaps even lethal pressure. Domestically, there is less money to subsidise a system based on graft and clientelism. Keeping some allies happy and plump is leaving others disgruntled and hungry.

In response, the government has to consider increasingly short-term measures. The next round of privatisations, for example, are not to maximise state income or bring better management to structures such as Bashneft and Alrosa. Rather, they will become vehicles to transfer assets into the hands of favoured cronies.

This may help maintain support (or at least the appearance of support) for the moment, but each time the Kremlin hands out more of the family silver, there is that much less left in the drawer.

Each time the Kremlin hands out more family silver, there is that much less left in the drawer

Likewise, how far can the Kremlin continue to turn a blind eye to the corruption and inefficiencies of the system?

The recent decision to subordinate the anti-narcotics service (FSKN) to the Ministry of Internal Affairs (MVD) was done for many reasons, but in part its notorious corruption.

To many, the FSKN was more interested in facilitating and "taxing" the drug trade than fighting it, and the MVD – no beacon of purity – now has the unenviable task of trying to cleanse it. Likewise, there appear to be new attempts to clean up embezzlement and corruption within defence procurement. If Putin wants an army able to bully NATO and cow his neighbours, he needs to get the most bang out of his shrinking bucks.

But Putin has built his whole *sistema* around this pervasive, sometimes almost invisible webwork of relationships that seamlessly connect the mainly-honest, the wholly-dirty, and everyone in between. That webbing, not fear or propaganda, is what he used to "gather the Russian lands" after the centrifugal Yeltsin years.

Unpicking this system would be a Herculean task, and there is no evidence that Putin has the will or the capacity. Instead, Putin confines himself to specific institutional examples, even if — whether he is willing to admit it or not — this is more to give the impression of action than a realistic attempt at change.

Yet the *sistema*, not Islamic radicals or freethinking liberals, is the greatest security challenge to today's Russia. The *sistema* drains the economy, shackles the technocrats, enervates the masses, angers the marginalised, and subverts the message of a resurgent nation. It also creates vulnerabilities with which the Soviets never had to contend. This cosmopolitan elite can be affected by western laws and law enforcement — we have already had the Magnitsky Law and the post-Crimea personal sanctions.

Disruption

Digging in

The Panama Papers and now the Spanish warrants open up a potential new form of political pressure. After all, the Spanish evidence demonstrates how far Tambovskaya "godfather" Gennady Petrov was connected first-, second- or third-hand to a cast of Russian luminaries who now can be considered potential witnesses at best, accessories at worst.

More and more Russians are finding their opportunities for foreign travel constrained, their overseas assets frozen, their companies flagged as potential investment risks. And why are western governments more willing to provide their magistrates and investigators the resources for such major operations and back them with political muscle? Because of the new geopolitical confrontation, the responsibility for which can be laid squarely at Putin's feet. Having established himself as the architect and builder of the new Russia, Putin can hardly escape responsibility for the outcomes of his policies

An elite that was co-opted and contented by the freedom to steal and the scope to use that wealth abroad is, thanks to Putin, finding itself less able to steal and increasingly barred from the west. Putin wants the elite "repatriated" in loyalties and well as lucre, but his capacity to offer them comparable opportunities at home is ever more limited.

And, when it comes down to it, having established himself as the architect and builder of the new Russia, Putin can hardly escape responsibility for the outcomes of his policies.

To be sure, he is not at imminent risk. Putin is digging in behind his Kremlin walls and the newly-created National Guard. But it would be an irony if the west's most powerful instrument of regime change in Russia was not sanctions or propaganda, but simple arrest warrants.

From: Holtyn, Lisa (OCDETF)
Sent: Wednesday, May 4, 2016 1:44 PM
To: Nellie Ohr
Subject: RE: Making sure you saw this: Spain issues warrants for Zubkov and other top officials

This message has been archived.

Thanks, Nellie. If you come across any references to an arrest warrant on him, could you please let me know? Thanks again for keeping me posted!

From: Nellie Ohr [mailto:(b) (6)]
Sent: Wednesday, May 04, 2016 12:21 PM
To: Holtyn, Lisa (OCDETF)
Subject: Re: Making sure you saw this: Spain issues warrants for Zubkov and other top officials

Yeah, I may have jumped to conclusions after seeing his name in the RFERL article.

The El Mundo report mentions Zubkov at the very end but doesn't specifically seem to say there was an arrest warrant

"Entre las personas más importantes con las que se relacionaba Petrov estaba Anatoli Serdiukov, ministro de Defensa entre 2007 y 2012 y yerno del ex primer ministro Viktor Zubkov. El propio Zubkov habría favorecido a la organización de Petrov con algunas decisiones políticas, según apunta la investigación. "
<http://www.elmundo.es/espana/2016/05/03/57279e9e468aeb2a568b4589.html>
<<http://www.elmundo.es/espana/2016/05/03/57279e9e468aeb2a568b4589.html>>

The term "reclamados" seems to be used for the ones for whom they issued arrest warrants, and the term doesn't seem to be specifically applied to him.

-----Original Message-----

From: Holtyn, Lisa (OCDETF) (OCDETF) <(b) (6)>
To: Nellie Ohr (b) (6) >
Sent: Wed, May 4, 2016 12:00 pm
Subject: RE: Making sure you saw this: Spain issues warrants for Zubkov and other top officials

Hi Nellie,

Did you actually see something indicating that an arrest warrant was issued for Zubkov? When I read the below article, I only saw reference to him being connected to the gang, not actually the subject of an

arrest warrant. I've been looking on line but can't find anything to corroborate it.

Thanks!

Lisa

From: Nellie Ohr (b) (6)
Sent: Wednesday, May 04, 2016 8:46 AM
To: Holtyn, Lisa (OCDETF); Wheatley, Joe; Nizich, Ivana; Ohr, Bruce (ODAG)
Subject: Making sure you saw this: Spain issues warrants for Zubkov and other top officials

Spain Issues Warrants For Top Russian Officials, Putin Insiders

Last Updated: May 03, 2016 <http://www.rferl.mobi/a/russia-spain-warrant-top-officials-putin-insiders/27713179.html>

* RFE/RL

Those named include Vladislav Reznik (pictured), a lawmaker from the ruling United Russia party and first deputy chairman of the Finance Committee in the lower house of parliament, and Nikolai Aulov, the head of the Interior Ministry's directorate-general.

A Spanish judge has issued international arrest warrants for several current and former Russian government officials and other political figures closely linked to President Vladimir Putin.

The named Russians include a former prime minister and an ex-defense minister, as well as a current deputy prime minister and the current head of the lower house of parliament's finance committee.

The Spanish documents target alleged members of two of Russia's largest and best-known criminal organizations -- the Tambov and Malyshev gangs -- in connection with crimes committed in Spain, including murder, weapons and drug trafficking, extortion, and money laundering.

Russians with alleged ties to the crime groups include a former prime minister and an ex-defense minister, as well as a current deputy prime minister and the current head of the lower house of parliament's finance committee.

Spanish police also conclude that one of the gangs was able to penetrate Russian ministries, security forces, and other key government institutions and businesses with the help of an influential senior legislator.

Judge Jose de la Mata issued 12 arrest warrants in January but the action was not announced to the press until May 2.

Russian President Vladimir Putin (right) listens to Deputy Prime Minister Dmitry Kozak

Spanish authorities are seeking the arrest of Vladislav Reznik, a lawmaker from the ruling United Russia

party and first deputy chairman of the Finance Committee in the lower house of parliament, the State Duma.

Those alleged to be tied to the gangs include Deputy Prime Minister Dmitry Kozak, a former public prosecutor in Putin's native St. Petersburg who joined Putin's Kremlin administration as chief of staff at its inception in 1999-2000.

Another is Viktor Zubkov, who served as Russian prime minister from September 2007 until May 2008. He then served as Putin's first deputy prime minister from May 2008 until May 2012, during Dmitry Medvedev's presidency.

Also named as alleged members are Nikolai Nikolaevich Aulov, the head of the Interior Ministry's directorate-general; former Defense Minister Anatoly Serdyukov; former Deputy Prime Minister Igor Sobolevsky; and former Information Technology Minister Leonid Reiman.

The arrest warrants follow an investigation by Spanish police into the Russian gangs' activities in Spain from 2008 to 2011. A copy of the Spanish prosecutor's resulting 400-page report that reached the media in June indicated that ties between the Tambov gang's activities in Spain and the Kremlin insiders was established largely through recordings of phone calls.

The investigation particularly highlights the role of Gennady Petrov, who is believed to be the head of the Tambov group. He was arrested during a raid on his Majorca villa in 2008 in a sweep that also netted 20 other suspected members of the Spanish branch of the Tambov gang. However, Petrov was later allowed to travel to Russia and has been living in St. Petersburg ever since.

"The criminal organization headed by Petrov managed to achieve a clear penetration of the state structures of his country, not only with the lawmaker [Vladislav] Reznik but with several ministers," the prosecutor's report said.

Spanish police allege that Petrov managed to penetrate Russian institutions including municipalities, ministries, security forces, ports authorities, and private organizations such as banks and corporations through Reznik's influence.

Petrov became co-owner of the Bank Rossia in 1998 to 1999, together with three of Putin's close friends: Nikolai Shamalov, Viktor Myachin, and Yury Kovalchuk. The three Putin friends were founding members of the Ozero Collective.

The Ozero ("Lake") Collective is a residential housing cooperative that Putin and close acquaintances formed in 1996 to purchase lakeside property and build vacation homes for themselves near St. Petersburg. The homes form a gated community and the members of the cooperative have since gone on to prominent positions in Russian government and business and become very wealthy.

The Tambov and Malyshev gangs both originated as protection rackets in St. Petersburg in the late 1980s. Rivals in the past, the two fought a bloody battle for supremacy in 1989 and are believed to control scores of industrial enterprises and engage in drug trafficking, prostitution, protection rackets, and money laundering.

A criminal investigation into a 1 billion-euro money-laundering operation in Bulgaria in 2008 by the Tambov gang provided one recent measure of its scale of operations.

The question now is whether Moscow will react to Spain's issuance of arrest warrants and whether it would extradite any of those named. Almost all are believed to be currently residing in Russia.

"Today the main figures in the Spanish [prosecutor's] report are living in Russia without any problems, and they are doing fine," Andrei Zykov, a retired senior investigator who specialized in corruption and serious economic crimes in areas including St. Petersburg, told RFE/RL in December.

With reporting by El Mundo and Republica

*This article has been amended to clarify that Vladislav Reznik was named in a Spanish arrest warrant.

Nellie Ohr

From: Nellie Ohr
Sent: Wednesday, May 04, 2016 12:53 PM
To: Wheatley, Joe; Nizich, Ivana; Ohr, Bruce (ODAG)
Subject: Maybe I misspoke on Zubkov and the arrest warrants

Correction: Lisa asked whether Zubkov really has an arrest warrant out for him. I doublechecked El Mundo, and it is not so clear.

Duplicative Records



From: Holtyn, Lisa (OCDETF)
Sent: Wednesday, May 4, 2016 11:15 AM
To: Nellie Ohr;Wheatley, Joe;Nizich, Ivana;Ohr, Bruce (ODAG)
Subject: RE: Making sure you saw this: Spain issues warrants for Zubkov and other top officials

This message has been archived.

OMG! Just noted my old pal Zubkov is listed!!!

From: Nellie Ohr (b) (6)
Sent: Wednesday, May 04, 2016 8:46 AM
To: Holtyn, Lisa (OCDETF); Wheatley, Joe; Nizich, Ivana; Ohr, Bruce (ODAG)
Subject: Making sure you saw this: Spain issues warrants for Zubkov and other top officials

Duplicative Records



From: Wheatley, Joe
Sent: Wednesday, May 4, 2016 9:02 AM
To: 'Nellie Ohr';Holtyn, Lisa (OCDETF);Nizich, Ivana (CRM);Ohr, Bruce (ODAG)
Subject: RE: Making sure you saw this: Spain issues warrants for Zubkov and other top officials

This message has been archived.

Thanks so much, Nellie. I'm back in the country and will touch base soon on the email you sent us yesterday.

All the best,

Joe

Joseph Wheatley

Trial Attorney, Organized Crime and Gang Section

U.S. Department of Justice

(b) (6)

From: Nellie Ohr (b) (6)
Sent: Wednesday, May 04, 2016 8:46 AM
To: Holtyn, Lisa (OCDETF); Wheatley, Joe; Nizich, Ivana; Ohr, Bruce (ODAG)
Subject: Making sure you saw this: Spain issues warrants for Zubkov and other top officials

Duplicative Material



From: Holtyn, Lisa (OCDETF)
Sent: Wednesday, May 4, 2016 11:06 AM
To: Nellie Ohr
Subject: RE: More on the Spanish arrests and VVP's Tambov group history--27 high officials said to be involved

This message has been archived.

Thanks, Nellie! I have been following this story with quite a bit of interest, so I appreciate the latest, more detailed info!

From: Nellie Ohr (b) (6)
Sent: Wednesday, May 04, 2016 10:26 AM
To: (b) (6) Nellie Ohr; Holtyn, Lisa (OCDETF); Wheatley, Joe; Nizich, Ivana; Ohr, Bruce (ODAG)
Subject: More on the Spanish arrests and VVP's Tambov group history--27 high officials said to be involved

[This report seems to go even further than earlier reports on Putin's ties with his judo instructor. It also identifies Aulov as a Drug Control Service (FSKN) deputy chief, which I think is correct--the RFERL report said Aulov was in the MVD (which may eventually absorb the FSKN but hasn't yet). It is unclear whether there are arrest warrants against all of the 27 people named as being involved in the case -- NHO]

Spanish Judge Issues Warrants for Russian Mafia Close to Putin; Was Judo Instructor Involved?

17:28 (GMT) <<http://www.interpretermag.com/russia-update-may-3-2016/#13681>>

<<https://www.facebook.com/sharer/sharer.php?u=http%3A%2F%2Fwww.interpretermag.com%2Frussia-update-may-3-2016%2F%3FpressId%3D13681>> The Spanish newspaper El Mundo reported today, May 3, that a Spanish judge has issued an order for the arrest of high-ranking Russian officials said to be <<https://www.facebook.com/sharer/sharer.php?u=http%3A%2F%2Fwww.interpretermag.com%2Frussia-update-may-3-2016%2F%3FpressId%3D13681>> close to Russian President Vladimir Putin and involved in organized crime <<http://www.elmundo.es/espana/2016/05/03/57279e9e468aeb2a568b4589.html>> .

While the full list has not yet been published, Nikolai Aulov, deputy director of the Federal Narcotics Control Agency (FSKN), and Vladislav Reznik, a United Russia deputy in the State Duma, are among them.

Prosecutors Juan Carrau and Jose Grinda had delivered a petition to the Central Court on May 29, 2015 and it seems it has taken a year to respond with international arrest warrants.

The warrants do not necessarily mean a trial can be expected soon because Spain does not try people in absentia and it will be hard to arrest the defendants. To be sure, at one point Reznik, who has denied the charges said he would be happy to clear his name by coming to Spain to take part in the trial.

This indictment follows past arrests from two Spanish police operations, code-named Avispa (2005-07) and Troika (2008-09), in which four Russian mafia lords said to be related to the Tambov <https://en.wikipedia.org/wiki/Tambov_Gang> organized crime gang were arrested: Gennady Petrov, Alexander Malyshev (Petrov's deputy), Vitaly Izguilov (a key lieutenant of the mafia group) and Zakhar Kalashov, said to be the most senior mafia figure to be jailed outside of Russia, the Guardian said in 2010.

Petrov was released and able to flee Spain, and now lives again in Russia <<http://www.businessinsider.com/prosecutors-putins-cronies-helped-the-russian-mafia-work-in-spain-for-more-than-a-decade-2015-6>> where he continues his business activities. Petrov was co-owner of Bank Rossiya from 1998-1999 along with Nikolai Shamalov, Viktor Myachin and Yury Kovalchuk, who is currently on Western sanctions list as "Putin's banker" in connection with the annexation of Crimea. All three of Petrov's business partners along with Putin were founding members of the Ozero Collective, a dacha ownership company.

In June 2015, based on a copy of the prosecutors' May 29 petition to the court, Bloomberg reported <<http://www.bloomberg.com/news/articles/2015-06-29/putin-allies-aided-russian-mafia-in-spain-prosecutors-say>> on the connections alleged between the Tambov crime syndicate in St. Petersburg and Reznik, who is also deputy head of the parliament's finance committee. They said the Tambov members moved to Spain in 1996, when Putin was deputy mayor of St. Petersburg, to continue criminal activities:

The 488-page complaint, the product of a decade of investigations into the spread of Russian organized crime during the Putin era, portrays links between the criminal enterprise and top law-enforcement officials and policy makers in Moscow. The petition, based on thousands of wiretaps, bank transfers and property transactions, is a formal request to charge 27 people with money laundering, fraud and other crimes. Approval by a judge would clear the way for a trial, but Spain doesn't try people in absentia.

The only Russian official facing possible charges is Vladislav Reznik, a member of Putin's ruling United Russia party and the deputy head of the finance committee in the lower house of parliament. The complaint, earlier reported by Spain's El Mundo and ABC newspapers, says Reznik helped the alleged leader of the enterprise, Gennady Petrov, get his associates appointed to key posts in Russia in exchange for assets in Spain. Prosecutors are seeking to confiscate a property they say Reznik owns on the resort island of Majorca.

Assistance to Spanish prosecutors in such mafia prosecutions was a possible motive for the murder of former intelligence officer Alexander Litvinenko <<http://www.theguardian.com/world/2016/jan/12/alexander-litvinenko-russia-murder>> , which was "probably" ordered by Putin himself, according to the British High Court.

The mafia ring's activities from the time Putin was deputy mayor of St. Petersburg under Mayor Anatoly Sobchak seemed to be beyond the reach of the Spanish prosecutors.

But today's announcement shows the prosecutors have gathered enough evidence to issue other arrest warrants, following their "Operation Troika" in which 20 were arrested in 2008. Judge Jose de la Mata, who investigates organized crime groups, says there are "very serious facts" against them.

According to El Mundo, Reznik was said to perform "all necessary activities, legal or illegal (trafficking in influence, privileged information, etc.) involving the highest levels of the Russian government in favor of Petrov."

"The relationship between Petrov and Reznik is also economic in nature, both in Spain and Russia," said the judge. A warrant has also been issued for Reznik's wife, Diana Gindin.

The prosecutors said Aulov, the Russian narcotics agency official, "uses his power" to "carry out acts of intimidation or threats to certain people who try to harm Petrov." From wiretaps, the prosecutors learned that Aulov obtained "secret information relation to the investigation" itself which he informed his boss. Another warrant was issued for Leonid Khristoforov, who acted as a liaison for Aulov.

Yet another is Igor Sobolevsky, deputy prime minister for "maintaining communication and exchange of favors with Petrov."

The prosecutors said they had obtained 78 telephone conversations between Aulov, a former KGB colleague of Putin's in St. Petersburg, with the gang leader Petrov.

The Spanish prosecutors have made the claim that Petrov has helped put people into high-ranking positions

The prosecutors say their case, which has been under investigation for 8 years, will be completed soon and will ultimately involve 27 high-ranking Russian officials, and "all ties lead directly to Putin," although it is not known if Putin himself will be named.

Could Putin know more than he lets on from the gangsters' leaks from the investigation or his own espionage?

Last weekend, Putin undertook a massive reorganization of law-enforcement <<http://www.reuters.com/article/us-russia-putin-reshuffle-lawenforcement-idUSKCN0XR0P2>> which included among other changes, subordinating the Federal Narcotics Control Service, which had been a separate agency, under the National Guard. Over the weekend, Putin fired a number of high-ranking officials including Sergei Dmitriyev, public prosecutor, Igor Klimenov, head of the Federal Penitentiary Service in Moscow, and Dmitry Neklyudov, deputy interior ministry for occupied Crimea. He also dismissed Yury Nyrkov and Vasily Piskarev, two deputies of the Investigative Committee, and promoted Lev Gura, a special cases investigator to senior investigator.

Maj.Gen. Igor Krasnov, who has prosecuted violent Russian ultranationalists, was the first prosecutor put on the case of the murder of opposition leader Boris Nemtsov, has now been appointed deputy to Aleksandr Bastrykin, head of the Investigative Committee. Spanish prosecutors have referenced Bastrykin's name in the past but it is not clear whether he will be indicted.

No reason was given for these dismissals or appointments and those directly related to the Spanish prosecution don't appear to be involved, but could Putin be taking precautions? The Kremlin position on the Spanish claims, however, has always been that the allegations are "utter nonsense."

The issue of the Tambov Gang fixing official seats for various people becomes relevant when Putin's own early biography is probed -- and an implication made that Putin himself owed his own university placement and hence his subsequent career to this mafia.

Alexei Sobchenko, writing recently for Eurasianet.org <<http://www.eurasianet.org/node/76726>> , describes an unsigned piece at the popular blog putinism.wordpress.com (see under "Soratniki po bor'be <<http://bit.ly/22orZcT>> ") that makes the connection between the Tambov gang and Putin via his old judo instructor Leonid Usvyatsov, who twice served 10-year stretches in labor camp, the first on charges

of group rape and the second on charges of illegal foreign currency dealings. The blogger says Usvyatsov was "a prominent member of the so-called Tambov Gang." In between his terms in labor camp (1968-1982), in the 1960s, Usvyatsov became Putin's trainer in the art of sambo <javascript:void(0)> , a martial art developed by the Soviet Army.

Putin mentions Leonid Ionovich, but only by his first name and uncommon patronymic, in his book *First Person*

<<https://putinism.wordpress.com/2015/12/21/%25u0441%25u043E%25u0440%25u0430%25u0442%25u043D%25u0438%25u043A%25u0438-%25u043F%25u043E-%25u0431%25u043E%25u0440%25u044C%25u0431%25u0435-2/>> . The blogger describes this as a

"fond" memory. Here is the passage, in which Putin explains why he was in the Trud [Labor] judo club, but not in the karate class, because those lessons cost money and he was too poor.

Once we went to the gym with Leonid Ionovich, the senior coach from Trud. The karate students were working out on the mat, though it was our turn. Leonid went up to their trainer and told them it was time for our class. The karate trainer didn't even look his way - as if to say, get lost. Then Leonid, without saying a word, flipped him, squeezed him lightly and dragged him off the mat. He had lost consciousness. Then Leonid turned to us and said, "Go in and take your places." This was our attitude toward karate.

The young Putin then emulates this behavior as he describes later, judo-flipping a guy at a bus stop who asked him for a cigarette. As an athlete, he didn't smoke.

This blogger claims it was Usvyatsov who got Putin into law school in 1970 under the athletic quota, although we note that in his book, Putin himself claims it was due to his diligent studies, even though he was not a member of the Komsomol (Young Communist League).

If anything, Putin takes pains in his book to claim that another coach wanted to get him into the Academy of Civil Aviation as an athlete, but Putin didn't want to go into aviation. By that time, he had already decided in the 9th grade that he wanted to be a spy, and a recruiter had told him he would need a higher degree for this purpose, and suggested law school. This set Putin on the path to a legal degree.

Later in his book, Putin portrays Leonid Ionovich as angry at that career choice -- given the role that lawyers played in Soviet society, which was essentially as accomplices to prosecutors, not defenders (Ionovich was an ex-con). In fact, most people with "law degrees" served not in the bar, but in the police or prosecutors' offices.

Putin writes:

Then another coach of mine from the Trud Club, Leonid Ionovich, came to visit. He was a clever guy. "Well," he said to me. "Where are you going?" Of course he already knew. He was just acting sly. I said, "To university." "Oh, that's great, good for you," he said, "in what department?" "The law school," I answered. Then he roared: "What?! To catch people? What are you doing? You'll be a cop. Do you understand?!" I was insulted. "I'm not going to be a copy!" I yelled back.

"For a year, they put pressure on me every day. That only increased my desire to go to law school," says Putin, adding that both his coaches and parents threatened that he would end up in the army if he didn't chose the aviation school -- but he said that he in fact the army "suited me just fine."

Interestingly, contrary to what the blogger claims, Putin then goes even further to tell a story that would supposedly prove that he wasn't placed by Ionovich or anyone else at all. It is so elaborate, that the reader -- once familiar with the context of the Tambov Gang provided by the blogger and the Spanish prosecutors -- begins to wonder if it was deliberately fabricated to cover up the truth.

In a book otherwise fairly sparse on biographical detail, Putin takes great pains to explain that when he came to the law faculty of Leningrad State University, he ostensibly discovered that another athletic club, Burevestnik [Storm Petrel], was demanding that he join them because they had supposedly helped him to get a place in the law school.

Putin says that he was indignant at such supposed "fixing," and went to the dean and told him he was being "forced" to transfer into Burevestnik and that he didn't think he should. The kindly dean asked why, and Putin replied, "Because they supposedly helped me, as an athlete, to get into the university, and now I must pay them back by joining Burevestnik."

The dean checks his list of those who were to be placed in the university on the strength of their athletic ability and tells Putin that he isn't on the list. "So you can safely tell everybody to get lost," he concluded. "Which I did," Putin recounted.

Putin illustrates his loyalty to this sports club later explaining why he wouldn't accept the proposals of other clubs:

I told them a hundred times I would not leave Trud--all my friends were there, and my first coach. I said I would never join another club. I would play for the one I wanted.

Interestingly, the same unknown blogger digs up a section in the biography of another figure from those years Nikolai Vashchilin, a prominent Soviet stuntman and wrestler who knew Putin, Usvyatsov, and Rotenberg in the 1960s as he was in the same athletic organizations. He writes that Rotenberg worked as an assistant to Usvyatsov at Trud for a time and later was almost blown away himself during a gunfight at a mafia funeral. The bloggers summarizes what Vashchilin writes:

Vova [Vladimir] Putin was placed by L.I. Usvyatsov himself at LGU [Leningrad State University] through the athletic selection and personally through V.E. Solovyov (a sambo trainer) and M.M. Bobrov (deputy director of the physical education department)... By the way, L.I. Usvyatsov landed himself a second round [of imprisonment] in 1982, but now under Art. 88 [of the criminal code] and languished until 1992. When he got out, Leonid Ionovich Usvyatsov organized athletes into a unit of bodyguards (with the permission of Smolny [the St. Petersburg government]) and was murdered by competitors in 1994, and his place in the organization was taken by Vladimir Kumarin.

But if we go back to the source of Vashchilin himself, <<http://www.proza.ru/2011/12/31/637>> we find some intriguing detail where the [...] indicated text that was cut (see emphasis in quoted text):

Vashchilin first says "I know Vova Putin not by hearsay and for rather a long time" as they were in sambo together at Trud on No. 21 Decembrists' street. He describes other trainers that Putin also had, but notes in particular Usvyatsov, under whom Putin and the Rotenberg brothers trained, "who greatly helped place them in jobs and institutes." Then he writes:

Yes, Vova Putin, too was placed at LGU through the sports selection and personally V.E. Solovyov (sambo

trainer) and M.M. Bobrov (deputy of the physical education department), and then refused to transfer him into Burevestnik, blackmailing the dean with the fact that he would expose their machinations with the athletic selection of students at LGU.

Thus according to this other memoirist, there is an alternative narrative than the one Putin tells in his book: it wasn't that Putin was mysteriously being pressured to join Burevestnik although he "wasn't on the list"; in fact, the officials at the university with whom his trainer Usvyatsov was able to place him insisted on putting Putin in Burevestnik (perhaps because it was not associated with an ex-con) -- and then Usvyatsov, furious, threatened blackmail to keep his prized pupil out of Burevestnik. Putin remained loyal to Trud.

Usvyatsov was jailed again in 1982 when Putin was still a junior KGB officer in charge of monitoring foreigners and consular officials and likely could not at his level have found a way to intervene to save his coach from jail.

But ultimately, his fellow judo students in the Trud club were to become part of Putin's inner circle -- Arkady and Boris Rotenberg, oligarchs who have a vast business empire now who received contracts in the Sochi Olympics, and Vasily Shestakov, a State Duma legislator. An old picture shows them together -- and from that time, it seems Putin never did join another "club" and "played for the one he wanted."

<http://d26xdkmgy4hem4.cloudfront.net/interpreter_mag/the_three_1462298833800_1462298860.jpg>
>

(L-R) Arkady Rotenberg, Vladimir Putin and Vasily Shestakov in a judo match together in an undated photo.

As the blogger relates,

<<https://putinism.wordpress.com/2015/12/21/%25u0441%25u043E%25u0440%25u0430%25u0442%25u043D%25u0438%25u043A%25u0438-%25u043F%25u043E-%25u0431%25u043E%25u0440%25u044C%25u0431%25u0435-2/>> and another source <<https://leprosorium.dirty.ru/leonid-ionovich-usviatsov-787720/>> also mentions, Rotenberg had also worked with Usvyatsov as a stuntman in Lenfilm movies, as judo wrestlers were in demand; Usvyatsov was said to use his connections to get himself and his students into the films. Some photos of them together have survived.

<http://d26xdkmgy4hem4.cloudfront.net/interpreter_mag/stuntmen_1462310574979_1462310601.jpg>

Stuntmen in a Soviet WWII movie: Leonid Usvyatov (3rd from L) and Arkady Rotenberg (3rd from R)

By the time Usvyatsov was released after his second labor camp term in 1992, Putin was now in the St. Petersburg mayor's office. The blogger says Usvyatsov was "a prominent member of the so-called Tambov Gang" but it is not known if there is evidence of contact between Usvyatsov and Putin in any capacity after he got out of prison. Ultimately, Usvyatsov was killed in gang warfare in 1994.

In 2008, Spanish authorities also arrested Aleksandr Malyshev <<http://rumafia.com/en/dosje/62>> , said to be another mafia leader who competed with Tambov but then joined them who had moved to Spain to flee gangland assassination attempts and continue his money-laundering activities. Both Petrov and Malyshev had "a great level of influence and control," say the prosecutors with "contacts among ministers, judges and high-ranking military, and many of them relations of intense friendship." The prosecutors claim that this network was involved in commissioned threats and beatings, murder, arms trafficking, extortion, fraud, forgery, influence-peddling, bribery, smuggling, drug-trafficking, crimes against the state treasury, fraudulent capitalization of companies.

The prosecutors say the most important names that surfaced was that of Anatoly Serdyukov, minister of defense from 2007-2012, who was also a graduate of the St. Petersburg University Law School, and Viktor Zubkov, a financial crimes investigator and former prime minister from 2007-2009, who then served as Putin's first deputy prime minister when Putin himself was prime minister during Dmitry Medvedev's presidency.

Serdyukov was prosecuted in Russia for "negligence" for using the army to build a road to his private country residence, and served some time in prison but was then amnestied in 2014; his mistress, who was implicated in various corrupt housing schemes at the Defense Ministry was also prosecuted and served a light sentence and was released "for good behavior." Serdyukov now serves as a director of the state Rostec company which builds helicopters and airplane engines.

Some of the information about Tambov came out via WikiLeaks' publication of State Department cables. <<http://www.theguardian.com/world/2010/dec/01/wikileaks-cable-spain-russian-mafia>>

Other names indicated by El Mundo are Dmitry Kozak, head of the ministry of regional development, who joined Putin's administration in 1999-2000, RFE/RL reports <<http://www.rferl.mobi/a/russia-spain-warrant-top-officials-putin-insiders/27713179.html>> , and Leonid Reiman, former minister of information technology and communications, who is a partner of Petrov's in a company.

Where will all this go? Likely the Spanish prosecutors will never get to the people they've indicted who are all safe in Russia and won't travel abroad to risk arrest. As RFE/RL reported:

"Today the main figures in the Spanish [prosecutor's] report are living in Russia without any problems, and they are doing fine," Andrei Zykov, a retired senior investigator who specialized in corruption and serious economic crimes in areas including St. Petersburg.

Will Putin himself remove or even prosecute some of the obvious corrupt individuals to avoid any further risk to himself? That remains to be seen, and the Serdyukov case indicates that whatever punishment may be in store could be light.

-- Catherine A. Fitzpatrick

Published in Press-Stream Russia Update: May 3, 2016

<https://pressimus.com/Interpreter_Mag/stream/2712> in Publication Russia Update

<https://pressimus.com/Interpreter_Mag/publication/324> <http://www.interpretermag.com/russia-update-may-3-2016/>

-----Original Message-----

From: Nellie Ohr (b) (6)

To: (b) (6) Lisa Holtyn ; (b) (6), (b) (7)(C) - Joe Wheatley ; (b) (6), (b) (7)(C)

- Ivana Nizich ; bruce.g.ohr <bruce.g.ohr@usdoj.gov>

Sent: Wed, May 4, 2016 8:45 am

Subject: Making sure you saw this: Spain issues warrants for Zubkov and other top officials

Spain Issues Warrants For Top Russian Officials, Putin Insiders

Last Updated: May 03, 2016 <http://www.rferl.mobi/a/russia-spain-warrant-top-officials-putin-insiders/27713179.html>

* RFE/RL

Those named include Vladislav Reznik (pictured), a lawmaker from the ruling United Russia party and first deputy chairman of the Finance Committee in the lower house of parliament, and Nikolai Aulov, the head of the Interior Ministry's directorate-general.

A Spanish judge has issued international arrest warrants for several current and former Russian government officials and other political figures closely linked to President Vladimir Putin.

The named Russians include a former prime minister and an ex-defense minister, as well as a current deputy prime minister and the current head of the lower house of parliament's finance committee.

The Spanish documents target <http://en.news-4-u.ru/spain-announced-the-deputy-of-the-country-on-the-international-wanted-list-on-the-case-of-the-russian-mafia.html> alleged members of two of Russia's largest and best-known criminal organizations -- the Tambov and Malyshev gangs -- in connection with crimes committed in Spain, including murder, weapons and drug trafficking, extortion, and money laundering.

Russians with alleged ties to the crime groups include a former prime minister and an ex-defense minister, as well as a current deputy prime minister and the current head of the lower house of parliament's finance committee.

Spanish police also conclude that one of the gangs was able to penetrate Russian ministries, security forces, and other key government institutions and businesses with the help of an influential senior legislator.

Judge Jose de la Mata issued 12 arrest warrants in January but the action was not announced to the press until May 2.

Russian President Vladimir Putin (right) listens to Deputy Prime Minister Dmitry Kozak http://gdb.rferl.org/F7C1AC70-315B-410A-AE51-5477F4F55907_w250_r0_s.jpg

Russian President Vladimir Putin (right) listens to Deputy Prime Minister Dmitry Kozak

Spanish authorities are seeking the arrest of Vladislav Reznik, a lawmaker from the ruling United Russia party and first deputy chairman of the Finance Committee in the lower house of parliament, the State Duma.

Those alleged to be tied to the gangs include Deputy Prime Minister Dmitry Kozak, a former public prosecutor in Putin's native St. Petersburg who joined Putin's Kremlin administration as chief of staff at its inception in 1999-2000.

Another is Viktor Zubkov, who served as Russian prime minister from September 2007 until May 2008. He then served as Putin's first deputy prime minister from May 2008 until May 2012, during Dmitry Medvedev's presidency.

Also named as alleged members are Nikolai Nikolaevich Aulov, the head of the Interior Ministry's directorate-general; former Defense Minister Anatoly Serdyukov; former Deputy Prime Minister Igor Sobolevsky; and former Information Technology Minister Leonid Reiman.

The arrest warrants follow an investigation by Spanish police into the Russian gangs' activities in Spain from 2008 to 2011. A copy of the Spanish prosecutor's resulting 400-page report that reached the media in June indicated that ties <http://www.rferl.mobi/a/27433558.html> between the Tambov gang's activities in Spain and the Kremlin insiders was established largely through recordings of phone calls.

The investigation particularly highlights the role of Gennady Petrov, who is believed to be the head of the Tambov group. He was arrested during a raid on his Majorca villa in 2008 in a sweep that also netted 20

other suspected members of the Spanish branch of the Tambov gang. However, Petrov was later allowed to travel to Russia and has been living in St. Petersburg ever since.

"The criminal organization headed by Petrov managed to achieve a clear penetration of the state structures of his country, not only with the lawmaker [Vladislav] Reznik but with several ministers," the prosecutor's report said.

Spanish police allege that Petrov managed to penetrate Russian institutions including municipalities, ministries, security forces, ports authorities, and private organizations such as banks and corporations through Reznik's influence.

Petrov became co-owner of the Bank Rossia in 1998 to 1999, together with three of Putin's close friends: Nikolai Shamalov, Viktor Myachin, and Yury Kovalchuk. The three Putin friends were founding members of the Ozero Collective.

The Ozero ("Lake") Collective is a residential housing cooperative that Putin and close acquaintances formed in 1996 to purchase lakeside property and build vacation homes for themselves near St. Petersburg. The homes form a gated community and the members of the cooperative have since gone on <http://navalny-en.livejournal.com/116947.html> to prominent positions in Russian government and business and become very wealthy.

The Tambov and Malyshev gangs both originated as protection rackets in St. Petersburg in the late 1980s. Rivals in the past, the two fought a bloody battle for supremacy in 1989 and are believed to control scores of industrial enterprises and engage in drug trafficking, prostitution, protection rackets, and money laundering.

A criminal investigation into a 1 billion-euro money-laundering operation <http://www.europarl.europa.eu/document/activities/cont/201207/20120730ATT49511/20120730ATT49511EN.pdf> in Bulgaria in 2008 by the Tambov gang provided one recent measure of its scale of operations.

The question now is whether Moscow will react to Spain's issuance of arrest warrants and whether it would extradite any of those named. Almost all are believed to be currently residing in Russia.

"Today the main figures in the Spanish [prosecutor's] report are living in Russia without any problems, and they are doing fine," Andrei Zykov, a retired senior investigator who specialized in corruption and serious economic crimes in areas including St. Petersburg, told RFE/RL in December.

With reporting by El Mundo and Republica


*This article has been amended to clarify that Vladislav Reznik was named in a Spanish arrest warrant.

Nellie Ohr

From: Nellie Ohr
Sent: Wednesday, May 04, 2016 9:57 AM
To: Ohr, Bruce (ODAG)
Subject: Night Wolves met with bread and salt in Brno/ judge says Bout sentence is too harsh?

Saw these on Kommersant, which I usually think is a reliable publication

As for the bread and salt--the Night Wolves got around the Poland ban by going through Slovakia and Moravia. They visited a WWII monument in Brno, supposedly, and got the bread and salt. The report comes from a Prague based periodical--don't know where that periodical is coming from, but here's a picture.

 Noční vlky přivítali v Brně chlebem a solí

Noční vlky přivítali v Brně chlebem a solí.

FOTO: Miroslav Homola, [Právo](#)

<http://www.novinky.cz/domaci/402386-nocni-vlky-privitali-v-brne-chlebem-a-soli.html>

As for **Bout**--the Kommersant headline was misleading. It wasn't an acting judge but a retired judge-- Shira Scheindlen, in fact -- who retired on 27 April and is now speaking out. She's saying she gave the minimum sentence she could within the guidelines.

<http://www.kommersant.ru/doc/2979054>.

It links to this NYT item--which I didn't see in the paper version.

http://www.nytimes.com/2016/05/02/nyregion/departing-judge-offers-blunt-defense-of-ruling-that-ended-stop-and-frisk.html?_r=0

p.s. DOJ will probably soon be hearing from Russian diplomats about the case of a Russian fellow, **Igor Zyazin**, detained by Immigration when trying to cross into the US from Mexico. (He'd tried to do it in 2009 too). He died of unknown causes while in custody. US medics said they tried to revive him but failed.

<http://www.kommersant.ru/doc/2979049>

Another thing I didn't see in our paper newspapers: The FT supposedly published an item entitled "**Magnitsky fraud cash laundered through Britain, MPs hear,**"

Browder was speaking to the House of Commons Home Affairs Committee, saying documents received from "a certain Russian source" helped prove that Magnitsky money came into the UK via Lithuanian and Cyprus accounts of offshore firms. <https://next.ft.com/content/fd11b9e4-1127-11e6-91da-096d89bd2173#axzz47fLQxC4c>

The Russian-language summary based on the FT article doesn't name the companies

<http://www.rbc.ru/politics/04/05/2016/57299e499a79471f668be599?from=newsfeed>

Nellie Ohr

From: Nellie Ohr
Sent: Tuesday, May 3, 2016 10:19 AM
To: Ohr, Bruce (ODAG); Holtyn, Lisa (OCDETF); Wheatley, Joe; Nizich, Ivana
Subject: Magisterial roundup of obshchak-like money laundering "pool" held by Russia's elite, compromat war etc.
Attachments: IN2May16.docx

Wayne Allensworth has outdone himself in these latest notes. (His analysis is the bolded text). This touches on all kinds of scandals—Lesin's death, Shumkov's, Magnitsky etc. etc. A bit overwhelming, actually. —Nellie

-----Original Message-----

From: Wayne Allensworth (b) (6)
To: Wayne and Stacy Allensworth (b) (6)
Sent: Mon, May 2, 2016 6:32 pm
Subject: Internet Notes 2 May 2016

Internet Notes 2 May 2016

Note on notes (Zolotov and the Security Council)

Latynina circles back to the Independent Oil Company, VTB, Sechin, Khudaiynatov (Another "violinist"?; Shumkov/Lesin and "the pool")

Solovey on the intended audience for the "information attacks"

Stanovaya on kompromat about Putin (Putin is more vulnerable than he seems...but Western mass media is not the threat; Open Russia has more on Putin's ties to organized crime; Spain puts Deputy FSKN Director Aulov on a wanted list)

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First we read that with the creation of the National Guard, Zolotov was to be elevated to the status of permanent Security Council member. Gryzlov was to be taken off the council. Then we read that Putin had issued an order reversing the earlier decision, with Zolotov designated an ordinary SovBez member (See the 12 April notes). But he's still listed as a permanent member:

<http://www.kremlin.ru/structure/security-council/members>

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From the 22 February notes:

[On Sechin, Khudaiynatov, and a \$4 billion credit, Latynina refers to a post by Maksim Blant:

<http://mblant.livejournal.com/669.html>

Eduard Khudaiynatov was general director of Rosneft when Sechin was vice premier. Khudaiynatov was Sechin's shadow. When Sechin came back to Rosneft, Khudaiynatov created the Independent Oil and Gas Company (NNK) and NNK began to

accumulate assets and licenses, many of them rather small assets. The main asset acquisition was Musa Bazhayev's Alliance group. The transaction was made in 2014, when Russia was already under sanctions, and the assumed value of the deal was \$4 billion. But where did Khudaiynatov, who had always been a hired manager, not a business owner, get the money? And Sechin had been consolidating oil assets in Rosneft—then his own former right hand makes such an acquisition.

Blant tells the story: Rosneft deposited \$4 billion in VTB, while simultaneously NNK was given a \$4 billion credit. Making a bank deposit that instantly becomes a credit is a common money-laundering method in Russia. Where did Rosneft get the \$4 billion? Latynina thinks it was sales to China. Latynina also believes the sale price was jacked up—and part of the transaction was Khudaiynatov getting a kickback for making the deal on Rosneft's behalf. **Comment: I'm not sure I follow all this—is the deposit to credit transaction illegal? How is it money laundering? Anyway, Latynina says that with all Rosneft's financial troubles, Sechin wanted VTB to give its money back and VTB is not playing along. I don't understand that bit of the story at all—hadn't NNK acquired the company on Rosneft's behalf? That's what Latynina is claiming here. Blant referred to protocols from a Rosneft board meeting showing that the transaction was at a loss for Rosneft (Comment: OK, so the price was too high—to account for the kickback—Latynina also says that the terms of the deposit-to-loan deal were a loser for Rosneft. So when she said Rosneft wanted its money back, maybe it wanted back the loss on the deposit-to-loan transaction).** Latynina goes on to imply that she thinks Sechin has been using NNK to go after oil assets for a while—like Bashneft. NNK made Sistema an offer, not Rosneft, on the asset. And Sistema's Yevtushenkov wound up under house arrest (See, for instance, the 30 October 2014 notes)...So, regarding the NNK purchase of Alliance group, Rosneft was financing the purchase (at a loss) while demanding money from the National Welfare Fund...]

Comment: So it appeared that a Rosneft that was under sanctions was using NNK, not under sanctions, as a vehicle for making acquisitions—but there was that money laundering part that I wondered about. In her program last week, Latynina asked whether NNK was the equivalent of Roldugin's offshore—another “violinist” being used to launder money acquired by dubious means. The acquisition, claimed Latynina, whose terms were not good for Rosneft, was really a put up deal designed to funnel and legalize shady money. The transaction fee—a kickback—was paid to Khudaiynatov as part of the laundering deal:

<http://echo.msk.ru/programs/code/1752700-echo/> Latynina says the deposit-to-credit transaction is a common cover for money laundering... She adds that she thinks the approval for the deal (NNK purchasing Bazhayev's Alliance group) went all the way up to Putin—at the time, everyone figured oil prices would go up, but they didn't... But there's something else—there's a connection between the deal and the late Dmitriy Shumkov (See the notes from 8 and 10 December 2015 and 5 and 11 January). Latynina says that's why she came back to the story, though there was also Khudaiynatov's purchase of a villa in Porotfino (for 25 Million Euro) in 2015, after Putin told everybody not to buy any property abroad. The Roldugin offshore was shut down in 2014—after Crimea. By 2012, it became clear that the Americans were taking a negative attitude to such offshores—so they were no longer safe and Putin gave the order on no foreign property. But Khudaiynatov bought his villa in 2015.

She gets back to Shumkov—he was close to Bazhayev, and was a sometime business partner of his. He was making big investments, was involved in big deals in Moscow when he reportedly committed suicide. Where did he get the money for those deals? Latynina thinks he got the money from the “strange” NNK/Bazhayev deal. Later, he supposedly committed suicide—was he desperate because he had been caught siphoning money off from the deal? Was he killed because he was stealing? **(Comment: She doesn't tell us why she believes Shumkov stole money from the NNS/Bazhayev deal).** Latynina says the Shumkov story reminds her of Lesin—also found dead, but in Washington, a death she says was most likely an unfortunate incident related to Lesin's extravagant habits. But Lesin lost his post after a deal that was similar to the deal Khudaiynatov made. In the Lesin case, there was Kovalchuk's Gazprom Media. Prof Media was purchased for Gazprom Media at a price of \$600 million. The word was that the sale price was above market value. Lesin had been loudly bragging about that. And the “violinist” affair let us know that 20% of Video International belonged to that violinist with a Stradivarius. So maybe the Lesin story wasn't about the Kovalchuks **(Comment: One versiya explaining Lesin's death was that he was killed partly because he owed Kovalchuk money. One of the Panama Papers offshores was connected to Lesin).**

Latynina again circles back to Shumkov—she goes on about “the pool” (“basseiyn”). The pool is a second, informal budget, a personal part of the treasury. It existed semi-unofficially and they say that it provides the

salaries for highly-placed officials. But it was mainly for emergency expenditures, like Crimea. Latynina says she thinks that it became apparent that the pool did not have as much money in it as was thought, and those that had their hands on the taps that fed the pool had their own streams. If the pool was leaking like a sieve, well, that could lead to some interesting re-distributions of authority in the elite. We already have the well-known story of Yakunin's resignation, after it came to light that his son had acquired citizenship in the UK. There was the interesting story of VEB's bankruptcy—how much did VEB hand over for the purchase of Sibuglement in 2014? \$1.8 billion? Wasn't that a lot for that company? Uralvagonzavod bought the Zarechniy mine, the Russian Coal Holding—together, that was 45 billion. Did that reflect their real value? Latynina ends by saying she thinks there will be more stories of the “leaky pool” and that Shumkov will not be the only victim...

Comment: “The pool,” as Latynina casts this story, may also be something like an “obshak,” a mafia organization's slush fund. She's implying here that both Lesin and Shumkov abused the pool and that others have as well, leading to some shakeups and maybe some murders. She is also saying that the NNK transaction and some others were money laundering operations held, apparently, on behalf of the pool and some who had access to it, such as Roldugin.

Let's backup and see what dots we can connect...In the 8 December 2015 notes, we read that there was a kompromat war underway and that Shumkov's death might be associated with it. One of Shumkov's patrons was an assistant of Chayka's, Aleksandr Zvyagintsev, who was dismissed following the scandal over kompromat on Chayka's son (See the 11 January notes). Recently, there have been numerous kompromat dumps on elites, a number of them involving foreign property. In December, around the same time as the kompromat attacks on Chayka, there were stories in the notes on Putin's links to organized crime (See the 29 and 31 December 2015 notes). In November and December, we saw stories on “Tikhonova” and her alleged husband, Shamalov (See, for instance, the 10 and 11 November 2015 notes and the notes from 21 December). There was an item in the 8 February notes linking Chayka's son to Shumkov.

Recall that Navalniy was behind a call for a check up on Yakunin and his operations at Russian Railways and that Millennium Bank was linked to RR. RR and Artyom Chayka owned shares in the bank, which had its license revoked (See the 8 February notes). Chayka claimed Browder and Navalniy were behind the dumps against him (See the 14 December 2015 notes; back in the 21 December 2015 notes, Yabloko's Sergey Mitrokhin said that Navalniy's attacks on Chayka were “ordered”; This spring, Browder and Navalniy were attacked by Rossiya TV as foreign agents. See the 11 April notes)—so we circled back to the Magnitskiy affair. Then Roldugin and the Panama Papers came along (4 April)—and Roldugin's offshore was subsequently tied to the Magnitskiy affair as a money laundering platform for the cash stolen in that case (27 and 28 April). The Nekrasov film appeared to be another reply to the kompromat dumps that related back to the Magnitskiy affair (27 April).

In the 4 April notes, I suggested that the attacks on Kasyanov were connected to the previous kompromat on Russian elites, especially the Panama Papers. My comments:

[Looks like the Kremlin anticipated the media reaction to the Panama papers and sought to soften the impact by showing that the opposition was dirty, too. And, as I wrote last week, I think Khodorkovskiy, some elites in Russia, and people associated with them are probably a major source—or at least a major distributor—of dirt like the Baevskiy material we saw last week (See the 31 April and 1 March notes), so there's a bit of retaliation going on. The Kremlin is showing that it can play that game as well. I doubt the illicit liaison in the Kasyanov video will shock anybody, nor will the corruption mentioned by Kasyanov, but that's not the point.]

Baevskiy was an associate of the Rotenbergs who had handled apartment purchases for “Putin's women,” including Tikhonova and Kabayeva (See the notes from 31 March and 1 April).

Solovey commented on these “information attacks” on Russian vlast and their likely intended

audience in the 1 April notes:

[*Solovey on the intended audience for the "information attacks"*
http://vk.com/id244477574?w=wall244477574_16316%2Fall

... The talk about "information attacks" follows classic theory—"vaccinate" the public, that is, warn them that enemies intend slander. The question is, just who is being vaccinated? The Russian public? They'll brush off foreign exposés. They won't surprise anyone, or open anyone's eyes, or, and this is the main thing, change anyone's attitude to *vlast*. These exposés are aimed primarily at the Western elite. They are indifferent to the warnings of Russian officials...

Comment: I think he's right about the target audience for the kompromat dumps, which don't really tell us anything new. I think Khodorkovskiy and some Russian elites who would like it if there was not another Putin term are intending to help prevent any talk of lifting sanctions at this time, hoping for increased pressure on Putin. Maybe some of the elite are willing to endure more pain now for the prospect of Putin's leaving the Kremlin in 2018. Belkovskiy, who I think has been working for Khodorkovskiy, has been seeming to (sometimes) say that an exit that would not put him in danger is still possible for Putin. Pavlovskiy said that earlier this week (See the 30 March notes). Khodorkovskiy has been a little different, saying that those not implicated in crimes have no reason to fear a change in regime. When kompromat wars are going on, though, it can get a little blurry—maybe others might toss out some dirt on rivals, too. There may be more than one source for the material and more than one motivation.]

But Stanovaya thought that the cumulative impact of the kompromat might be relevant in the long run—and could turn Putin's base against him. From the 31 March notes:

[*Stanovaya on kompromat about Putin (Putin is more vulnerable than he seems...but Western mass media is not the threat; Open Russia has more on Putin's ties to organized crime; Spain puts Deputy FSKN Director Aulov on a wanted list)*
See yesterday's notes...

<https://slon.ru/posts/66002>

Stanovaya wonders whether Putin should be worried about the "information attacks" Peskov has mentioned...Right now, all the criticisms aimed at Putin are coming from channels that have an axe to grind—the non-systemic opposition and the West. But when the criticism comes from, say, the protesting long-haul truckers, then that changes the picture quite a bit. When the "fifth column" in the eyes of *vlast* becomes the *narod*, then a revolution is underway...Putin less and less seems to believe that his rating could fall as a consequence of his own mistakes. It's not hard to see that Putin isn't just satisfied with the results of his rule, he is proud of them. And it will be hard for him to believe in the reality of popular disappointment when it manifests itself...*Vlast* also does not understand that "Krym nash" in the eyes of the general public means what it says—NASH—not Krym Putina or Krym Rotenberga, but Krym nash, that is, Putin is seen only as the instrument of re-establishing historical justice. Crimea should have been Russian with or without Putin.

Putin is more vulnerable than it seems. But the main sources of a threat are not Navalniy or Western mass media. The threat to Putin will appear when the accusations are coming from his own electorate...Anti-Putin information will be replenished, expecting consumers and it is they who will raise the question of justice, unless GKChP-2 intervenes...]

To recap and formulate a picture of what's going on...With elections approaching and an economic crisis underway, Putin's enemies (Khodorkovskiy, and perhaps people in the Russian elite discontented with the way things have gone) are stepping up the kompromat attacks. The Magnitskiy affair and the Panama papers point to massive money laundering and asset transfer operations done on the behalf of high level players, with trusted figures like Roldugin acting as operators of the mechanisms involved. The money launderers may both try and create "clean" money for "the pool" and legitimize funds that have wound up there from operations like the tax rebate schemes connected to the Magnitskiy affair. Putin is not involved in this directly or in any hands-on way. The launderers/acquisition operatives may try and clean up money for lower level players like the MVD and Tax Service people involved in the Magnitskiy affair. They are rewarded for their efforts with kickbacks or shares in companies like Video International or Rosneft. "The pool" could operate, at least partly, like a mafia obshak—key players kick in funds that are available for major asset acquisitions and use "the pool" as a deposit for money that needs to be laundered.

Some of the players have abused their access to "the pool"—maybe Lesin, maybe Yakunin. Perhaps Shumkov was mixed up in operations that cost the pool too much and angered key pool members. At the time of Yakunin's ouster—and especially after his warning to other elites—I thought that we were seeing signs of friction in the inner elite at a time of diminishing resources, a smaller corruption pie, and tensions over the results of sanctions (See the 13 January notes, for instance). So I repeat

that there may be more than one ultimate source of kompromat on Putin and other players—I could see an angry Yakunin maybe retaliating with dirt he surely knows about.

Navalnyy and Browder are players in their own right, as well as channels for transmitting kompromat. I think Navalnyy is still with us and not in prison because he gets at least “situational” cover from whichever Kremlin “tower” might be using him at a given moment. He is associated with anti-Putin forces, but he probably gets some help from people in the elite—maybe Alfa Group people—who are also thinking that it’s time for a change (See the notes from 11 January; 17 May 2015; 29 December 2014; and 6 November 2014).

Another way to think of the pool is a place where players lower down the corruption food chain may kick in a piece of the action for their superiors. Questions: How does all this operate in practice? Who all is a part of what must be an intricate network of interlocking channels for money laundering and asset transactions in a system that has access to the pool? Who accounts for the money in the pool and where it may end up? I doubt that every pool-connected transaction is coordinated with other players—there is probably a high degree of independent operation within the network, with not all of those involved aware of all the others. The network that has access to the pool and includes elaborate money laundering channels and avenues for asset transactions probably arose spontaneously out of a few deals and grew from there, working out its own mode of activity and ground rules. The people who pulled off the scam in the Magnitskiy case were operating on their own, though they were connected to people higher up the food chain in various ways, and then they tapped into the channels that were linked to Roldugin and the pool. But how are the details worked out and who does the planning and organization? We are only hearing about a very small part of what goes on in the guts of what must be an elaborate informal machine that no one player probably knows inside and out.

Russia’s overlapping money laundering channels are vast and involve lots of games—apart from the Magnitskiy affair, recall the lengthy GUEBiPK scandal, which pointed to a clash between the MVD economic security department (probably allied with elements in the Prosecutor’s office) and the FSB and its allies in the Investigative Committee. The battle was said to be over controlling money laundering channels—see the 31 March notes.

To wind this up, Putin sees the Khodorkovskiy-Kasyanov-Navalnyy-Browder types as a united front in the West’s war against him. He is aware of frictions in the elite and of the possibility of protests that could play into the hands of his enemies or dissatisfied Russian elites who might be looking for an alternative. One such alternative could be Sergey Shoygu (See the 8 April notes, for instance). So VVP creates the National Guard under trusted bodyguard Zolotov as his personal palace guard.

Latynina carried on in this past weekend’s program: <http://echo.msk.ru/programs/code/1756772-echo/>

Why couldn’t Russian vlast uncover the people responsible for the scam in the Magnitskiy affair? It wasn’t because they were so highly placed. It was because they were using the same money laundering “washing machine” that some completely different people were also using—including Roldugin. It wasn’t that Roldugin was involved in the Magnitskiy affair—it’s that he and the others used the same “washing machine” ...

Latynina also takes some time to discredit Oleg Lure, who testified in an American court in the case involving Denis Katsyv and a money laundering case linked to the Magnitskiy affair—she has Lure basically repeating a lot of the claims made by Nekrasov in his film about Magnitskiy (cited above). Lure claims Browder hired Navalnyy. She points out that Lure was in jail for defrauding Senator Slutsker—and she also notes that Lure has claimed that he saw documents indicating that Navalnyy was a spy (the same documents shown on NTV’s attack piece against Navalnyy and Browder).

Strelkov: No murder charges?

From the 25 April notes:

[Strelkov’s post on the murder charges: http://m.vk.com/wall347260249_2127

Strelkov says that two men who identified themselves as police officers had visited his mother’s residence and told her that he was being charged for two murders in St. Petersburg—they wanted to know whether she had seen her son around the time of the killings. So what were they up to? What are they trying to show me? asks Strelkov. Sukov and company should not

of the killings... so what were they up to? What are they trying to show me?, asks Sakov. Sakov and company should not bother—organizing these kinds of vile actions won't work with me. They won't stop me from doing what I have to do—I'm ready for anything they can throw at me...]

http://m.vk.com/wall347260249_3529

About the criminal charges supposedly made against me—maybe there is a case and maybe not. So far I have no official word on that. There's supposed to be a public meeting on Suvorov Square on 2 May, but nobody will be there—how many people will think a meeting in honor of fallen countrymen is more important than shashlik on a holiday?

Land to be given away in the Far East

<http://www.themoscowtimes.com/news/article/russians-given-free-land-in-countrys-far-east/567729.html>

President Vladimir Putin has approved a law giving Russian citizens free plots of land in the country's Far East, the Interfax news agency reported Monday.

All citizens will be entitled to apply for up to hectare of land in the Kamchatka, Primorye, Khabarovsk, Amur, Magadan and Sakhalin regions, the republic of Sakha, or the Jewish and Chukotka autonomous districts.

The land can be used for any lawful purpose but can only be rented, sold, or given away after an initial five-year waiting period, according to the bill.

The program is one of a number of initiatives aimed at boosting the economy in Russia's Far East, including the construction of the new Vostochny cosmodrome. A recent deal also saw a number of Chinese companies set on relocating to the area.

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a loser for Rosneft. So when she said Rosneft wanted its money back, maybe it wanted back the loss on the deposit-to-loan transaction). Latynina goes on to imply that she thinks Sechin has been using NNK to go after oil assets for a while like Bashneft. NNK made Sistema an offer, not Rosneft, on the asset. And Sistema's Yevtushenkov wound up under house arrest (See, for instance, the 30 October 2014 notes)...So, regarding the NNK purchase of Alliance group, Rosneft was financing the purchase (at a loss) while demanding money from the National Welfare Fund...]

Comment: So it appeared that a Rosneft that was under sanctions was using NNK, not under sanctions, as a vehicle for making acquisitions—but there was that money laundering part that I wondered about. In her program last week, Latynina asked whether NNK was the equivalent of Roldugin's offshore—another “violinist” being used to launder money acquired by dubious means. The acquisition, claimed Latynina, whose terms were not good for Rosneft, was really a put up deal designed to funnel and legalize shady money. The transaction fee—a kickback—was paid to Khudaiynatov as part of the laundering deal:

<http://echo.msk.ru/programs/code/1752700-echo/> Latynina says the deposit-to-credit transaction is a common cover for money laundering...She adds that she thinks the approval for the deal (NNK purchasing Bazhayev's Alliance group) went all the way up to Putin at the time, everyone figured oil prices would go up, but they didn't...But there's something else there's a connection between the deal and the late Dmitriy Shumkov (See the notes from 8 and 10 December 2015 and 5 and 11 January). Latynina says that's why she came back to the story, though there was also Khudaiynatov's purchase of a villa in Porotfino (for 25 Million Euro) in 2015, after Putin told everybody not to buy any property abroad. The Roldugin offshore was shut down in 2014 after Crimea. By 2012, it became clear that the Americans were taking a negative attitude to such offshores so they were no longer safe and Putin gave the order on no foreign property. But Khudaiynatov bought his villa in 2015.

She gets back to Shumkov he was close to Bazhayev, and was a sometime business partner of his. He was making big investments, was involved in big deals in Moscow when he reportedly committed suicide. Where did he get the money for those deals? Latynina thinks he got the money from the “strange” NNK/Bazhayev deal. Later, he supposedly committed suicide was he desperate because he had been caught siphoning money off from the deal? Was he killed because he was stealing? **(Comment: She doesn't tell us why she believes Shumkov stole money from the NNS/Bazhayev deal).** Latynina says the Shumkov story reminds her of Lesin also found dead, but in Washington, a death she says was most likely an unfortunate incident related to Lesin's extravagant habits. But Lesin lost his post after a deal that was similar to the deal Khudaiynatov made. In the Lesin case, there was Kovalchuk's Gazprom Media. Prof Media was purchased for Gazprom Media at a price of \$600 million. The word was that the sale price was above market value. Lesin had been loudly bragging about that. And the “violinist” affair let us know that 20% of Video International belonged to that violinist with a Stradivarius. So maybe the Lesin story wasn't about the Kovalchuks **(Comment: One versiya explaining Lesin's death was that he was killed partly because he owed Kovalchuk money. One of the Panama Papers offshores was connected to Lesin).**

Latynina again circles back to Shumkov she goes on about “the pool” (“basseiyn”). The pool is a second, informal budget, a personal part of the treasury. It existed semi-unofficially and they say that it provides the salaries for highly-placed officials. But it was mainly for emergency

expenditures, like Crimea. Latynina says she thinks that it became apparent that the pool did not have as much money in it as was thought, and those that had their hands on the taps that fed the pool had their own streams. If the pool was leaking like a sieve, well, that could lead to some interesting re-distributions of authority in the elite. We already have the well-known story of Yakunin's resignation, after it came to light that his son had acquired citizenship in the UK. There was the interesting story of VEB's bankruptcy—how much did VEB hand over for the purchase of Sibuglement in 2014? \$1.8 billion? Wasn't that a lot for that company? Uralvagonzavod bought the Zarechniy mine, the Russian Coal Holding—together, that was 45 billion. Did that reflect their real value? Latynina ends by saying she thinks there will be more stories of the "leaky pool" and that Shumkov will not be the only victim...

Comment: "The pool," as Latynina casts this story, may also be something like an "obshak," a mafia organization's slush fund. She's implying here that both Lesin and Shumkov abused the pool and that others have as well, leading to some shakeups and maybe some murders. She is also saying that the NNK transaction and some others were money laundering operations held, apparently, on behalf of the pool and some who had access to it, such as Roldugin.

Let's backup and see what dots we can connect...In the 8 December 2015 notes, we read that there was a kompromat war underway and that Shumkov's death might be associated with it. One of Shumkov's patrons was an assistant of Chayka's, Aleksandr Zvyagintsev, who was dismissed following the scandal over kompromat on Chayka's son (See the 11 January notes). Recently, there have been numerous kompromat dumps on elites, a number of them involving foreign property. In December, around the same time as the kompromat attacks on Chayka, there were stories in the notes on Putin's links to organized crime (See the 29 and 31 December 2015 notes). In November and December, we saw stories on "Tikhonova" and her alleged husband, Shamalov (See, for instance, the 10 and 11 November 2015 notes and the notes from 21 December). There was an item in the 8 February notes linking Chayka's son to Shumkov.

Recall that Navalniy was behind a call for a check up on Yakunin and his operations at Russian Railways and that Millennium Bank was linked to RR. RR and Artyom Chayka owned shares in the bank, which had its license revoked (See the 8 February notes). Chayka claimed Browder and Navalniy were behind the dumps against him (See the 14 December 2015 notes; back in the 21 December 2015 notes, Yabloko's Sergey Mitrokhin said that Navalniy's attacks on Chayka were "ordered"; This spring, Browder and Navalniy were attacked by Rossiya TV as foreign agents. See the 11 April notes)—so we circled back to the Magnitskiy affair. Then Roldugin and the Panama Papers came along (4 April)—and Roldugin's offshore was subsequently tied to the Magnitskiy affair as a money laundering platform for the cash stolen in that case (27 and 28 April). The Nekrasov film appeared to be another reply to the kompromat dumps that related back to the Magnitskiy affair (27 April).

In the 4 April notes, I suggested that the attacks on Kasyanov were connected to the previous kompromat on Russian elites, especially the Panama Papers. My comments:

[Looks like the Kremlin anticipated the media reaction to the Panama papers and sought to soften the impact by showing that the opposition was dirty, too. And, as I wrote last week, I think Khodorkovskiy, some elites in Russia, and people associated with them are probably a major source or at least a major distributor of dirt like the Baevskiy material we saw last week (See the 31 April and 1 March notes), so there's a bit of retaliation going on. The Kremlin is showing that it can play that game as well. I doubt the illicit liaison in the Kasyanov video will shock anybody, nor will the corruption mentioned by Kasyanov, but that's not the point.]

Baevskiy was an associate of the Rotenbergs who had handled apartment purchases for “Putin’s women,” including Tikhonova and Kabayeva (See the notes from 31 March and 1 April).

Solovey commented on these “information attacks” on Russian vlast and their likely intended audience in the 1 April notes:

[Solovey on the intended audience for the “information attacks”
http://vk.com/id244477574?w=wall244477574_16316%2Fall

...The talk about “information attacks” follows classic theory “vaccinate” the public, that is, warn them that enemies intend slander. The question is, just who is being vaccinated? The Russian public? They'll brush off foreign exposés. They won't surprise anyone, or open anyone's eyes, or, and this is the main thing, change anyone's attitude to vlast. These exposés are aimed primarily at the Western elite. They are indifferent to the warnings of Russian officials...

Comment: I think he's right about the target audience for the kompromat dumps, which don't really tell us anything new. I think Khodorkovskiy and some Russian elites who would like it if there was not another Putin term are intending to help prevent any talk of lifting sanctions at this time, hoping for increased pressure on Putin. Maybe some of the elite are willing to endure more pain now for the prospect of Putin's leaving the Kremlin in 2018. Belkovskiy, who I think has been working for Khodorkovskiy, has been seeming to (sometimes) say that an exit that would not put him in danger is still possible for Putin. Pavlovskiy said that earlier this week (See the 30 March notes). Khodorkovskiy has been a little different, saying that those not implicated in crimes have no reason to fear a change in regime. When kompromat wars are going on, though, it can get a little blurry maybe others might toss out some dirt on rivals, too. There may be more than one source for the material and more than one motivation.]

But Stanovaya thought that the cumulative impact of the kompromat might be relevant in the long run—and could turn Putin's base against him. From the 31 March notes:

[Stanovaya on kompromat about Putin (Putin is more vulnerable than he seems...but Western mass media is not the threat; Open Russia has more on Putin's ties to organized crime; Spain puts Deputy FSKN Director Aulov on a wanted list)

See yesterday's notes...

<https://slon.ru/posts/66002>

Stanovaya wonders whether Putin should be worried about the “information attacks” Peskov has mentioned...Right now, all the criticisms aimed at Putin are coming from channels that have an axe to grind the non systemic opposition and the West. But when the criticism comes from, say, the protesting long haul truckers, then that changes the picture quite a bit. When the “fifth column” in the eyes of vlast becomes the narod, then a revolution is underway...Putin less and less seems to believe that his rating could fall as a consequence of his own mistakes. It's not hard to see that Putin isn't just satisfied with the results of his rule, he is proud of them. And it will be hard for him to believe in the reality of popular disappointment when it manifests itself...Vlast also does not understand that

“Krym nash” in the eyes of the general public means what it says NASH not Krym Putina or Krym Rotenberga, but Krym nash, that is, Putin is seen only as the instrument of re-establishing historical justice. Crimea should have been Russian with or without Putin.

Putin is more vulnerable than it seems. But the main sources of a threat are not Navalniy or Western mass media. The threat to Putin will appear when the accusations are coming from his own electorate...Anti Putin information will be replenished, expecting consumers and it is they who will raise the question of justice, unless GKChP 2 intervenes...]

To recap and formulate a picture of what’s going on...With elections approaching and an economic crisis underway, Putin’s enemies (Khodorkovskiy, and perhaps people in the Russian elite discontented with the way things have gone) are stepping up the kompromat attacks. The Magnitskiy affair and the Panama papers point to massive money laundering and asset transfer operations done on the behalf of high level players, with trusted figures like Roldugin acting as operators of the mechanisms involved. The money launderers may both try and create “clean” money for “the pool” and legitimize funds that have wound up there from operations like the tax rebate schemes connected to the Magnitskiy affair. Putin is not involved in this directly or in any hands-on way. The launderers/acquisition operatives may try and clean up money for lower level players like the MVD and Tax Service people involved in the Magnitskiy affair. They are rewarded for their efforts with kickbacks or shares in companies like Video International or Rosneft. “The pool” could operate, at least partly, like a mafia obshak—key players kick in funds that are available for major asset acquisitions and use “the pool” as a deposit for money that needs to be laundered.

Some of the players have abused their access to “the pool”—maybe Lesin, maybe Yakunin. Perhaps Shumkov was mixed up in operations that cost the pool too much and angered key pool members. At the time of Yakunin’s ouster—and especially after his warning to other elites—I thought that we were seeing signs of friction in the inner elite at a time of diminishing resources, a smaller corruption pie, and tensions over the results of sanctions (See the 13 January notes, for instance). So I repeat that there may be more than one ultimate source of kompromat on Putin and other players—I could see an angry Yakunin maybe retaliating with dirt he surely knows about.

Navalniy and Browder are players in their own right, as well as channels for transmitting kompromat. I think Navalniy is still with us and not in prison because he gets at least “situational” cover from whichever Kremlin “tower” might be using him at a given moment. He is associated with anti-Putin forces, but he probably gets some help from people in the elite—maybe Alfa Group people—who are also thinking that it’s time for a change (See the notes from 11 January; 17 May 2015; 29 December 2014; and 6 November 2014).

Another way to think of the pool is a place where players lower down the corruption food chain may kick in a piece of the action for their superiors. Questions: How does all this operate in practice? Who all is a part of what must be an intricate network of interlocking channels for money laundering and asset transactions in a system that has access to the

pool? Who accounts for the money in the pool and where it may end up? I doubt that every pool-connected transaction is coordinated with other players—there is probably a high degree of independent operation within the network, with not all of those involved aware of all the others. The network that has access to the pool and includes elaborate money laundering channels and avenues for asset transactions probably arose spontaneously out of a few deals and grew from there, working out its own mode of activity and ground rules. The people who pulled off the scam in the Magnitskiy case were operating on their own, though they were connected to people higher up the food chain in various ways, and then they tapped into the channels that were linked to Roldugin and the pool. But how are the details worked out and who does the planning and organization? We are only hearing about a very small part of what goes on in the guts of what must be an elaborate informal machine that no one player probably knows inside and out.

Russia’s overlapping money laundering channels are vast and involve lots of games—apart from the Magnitskiy affair, recall the lengthy GUEBiPK scandal, which pointed to a clash between the MVD economic security department (probably allied with elements in the Prosecutor’s office) and the FSB and its allies in the Investigative Committee. The battle was said to be over controlling money laundering channels—see the 31 March notes.

To wind this up, Putin sees the Khodorkovskiy-Kasyanov-Navalnyi-Browder types as a united front in the West’s war against him. He is aware of frictions in the elite and of the possibility of protests that could play into the hands of his enemies or dissatisfied Russian elites who might be looking for an alternative. One such alternative could be Sergey Shoygu (See the 8 April notes, for instance). So VVP creates the National Guard under trusted bodyguard Zolotov as his personal palace guard.

Latynina carried on in this past weekend’s program: <http://echo.msk.ru/programs/code/1756772-echo/>

Why couldn’t Russian vlast uncover the people responsible for the scam in the Magnitskiy affair? It wasn’t because they were so highly placed. It was because they were using the same money laundering “washing machine” that some completely different people were also using including Roldugin. It wasn’t that Roldugin was involved in the Magnitskiy affair—it’s that he and the others used the same “washing machine” ...

Latynina also takes some time to discredit Oleg Lure, who testified in an American court in the case involving Denis Katsyv and a money laundering case linked to the Magnitskiy affair—she has Lure basically repeating a lot of the claims made by Nekrasov in his film about Magnitskiy (cited above). Lure claims Browder hired Navalnyi. She points out that Lure was in jail for defrauding Senator Slutsker—and she also notes that Lure has claimed that he saw documents indicating that Navalnyi was a spy (the same documents shown on NTV’s attack piece against Navalnyi and Browder).

Strelkov: No murder charges?

From the 25 April notes:

[Strelkov's post on the murder charges: http://m.vk.com/wall347260249_2127

Strelkov says that two men who identified themselves as police officers had visited his mother's residence and told her that he was being charged for two murders in St. Petersburg they wanted to know whether she had seen her son around the time of the killings... So what were they up to? What are they trying to show me?, asks Strelkov. Surkov and company should not bother organizing these kinds of vile actions won't work with me. They won't stop me from doing what I have to do I'm ready for anything they can throw at me...]

http://m.vk.com/wall347260249_3529

About the criminal charges supposedly made against me maybe there is a case and maybe not. So far I have no official word on that. There's supposed to be a public meeting on Suvorov Square on 2 May, but nobody will be there how many people will think a meeting in honor of fallen countrymen is more important than shashlik on a holiday?

Land to be given away in the Far East

<http://www.themoscowtimes.com/news/article/russians-given-free-land-in-countrys-far-east/567729.html>

President Vladimir Putin has approved a law giving Russian citizens free plots of land in the country's Far East, the Interfax news agency reported Monday.

All citizens will be entitled to apply for up to hectare of land in the Kamchatka, Primorye, Khabarovsk, Amur, Magadan and Sakhalin regions, the republic of Sakha, or the Jewish and Chukotka autonomous districts.

The land can be used for any lawful purpose but can only be rented, sold, or given away after an initial five-year waiting period, according to the bill.

The program is one of a number of initiatives aimed at boosting the economy in Russia's Far East, including the construction of the new Vostochny cosmodrome. A recent deal also saw a number of Chinese companies set on relocating to the area.