

FREE RUSSIA FOUNDATION
based on exclusive field work materials

Global Financial Flows of Putin's Russia



WASHINGTON, DC
JULY 2020

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Editors

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About this Project

In the past decade, Putin's Russia has emerged as a rogue regime seeking to advance its interests domestically and globally by non-traditional means circumventing international norms, institutions and agreements. Events of the past few years, including Russia's invasion of Georgia (2008) and Ukraine (2014), the downing of the MH17 (2014), assassination attempts in the U.K. (2006, 2012, 2013, 2018), coup plots in the Balkans (2016, 2018), and bounty offered to Afghan militants for killing US troops (2019-2020), to name just a few of the most outrageous and widely known cases, have demonstrated the destructive potential of an unrestrained Russia to the interests of the United States and its allies.

In 2018, Free Russia Foundation set off to collect information to develop better understanding of **schemes used by Putin's Russia to finance its global illegal activities**. As part of this unique project, our investigative team has conducted extensive social anthropological field work, recording and analyzing hundreds of expert and in-depth interviews throughout the post-Soviet space, Europe, Central Asia and the Middle East. The field work included over 20 trips to Germany, France, Belgium, Finland, Poland, the Czech Republic, Austria, Spain, the United States, Greece, Bulgaria, Turkey, Ukraine, Georgia, Armenia, Israel, Sweden, and Norway. Interview subjects included current and former "officers" of Putin's System— those individuals who have played functional roles in this informal and dynamic structure.

This report contains key insights developed through these investigative and analytical efforts. We sincerely hope that it will make a meaningful contribution to reducing the threats posed by Putin's regime to international security and curtailing its malign global influence.

Natalia Arno

President, Free Russia Foundation

Key Findings

Putin's System has created a transnational political corporation that supersedes even the Russian state itself. Such a structure has several key strengths:

- It offers a flexible lever of political self-regulation of the System that hinges on the interplay of informal rules;
- Its ideology is characterized by pragmatic amoral cynicism which means that it is unburdened by any moral or legal constraints;
- It generates significant financial flows by mobilizing cash through levying 20-50% kickback rates on all entities in the energy and other resource extraction and infrastructure sectors;
- It supports a responsive, docile and diversified enforcement mechanism not constrained in any way by law or the judiciary;
- It allows the System to continue enjoying the privileges of a legitimate state with its own sovereignty, diplomatic immunity, veto privilege akin to that at the UN Security Council, etc.

All of these benefits explain the very active, indeed aggressive pace at which the System absorbs not only members of post-Soviet business and political elites and raiders on the run, but also prominent officials, bureaucrats, politicians and entrepre-

neurs from the EU and the US, who have for one or another reason been pulled into the System's orbit.

Moscow has the central role in shaping an informal "political market" — a unified socio-political entity that transcends borders and encompasses most of the post-Soviet space. Post-Soviet elites are the key players in this market.

What this means in practical terms is that businessmen and politicians in such countries as Ukraine, Georgia, and Armenia find themselves operating in a common informal jurisdiction where Moscow sets and enforces the rules. The national independence of sovereign states, projects aimed at integration within the European Union, political or economic reforms and even anti-Russian rhetoric and Western efforts to support development of democracy—in reality are all tools in competition for financial flows and management of assets by various groups inside the jurisdiction of Putin's System.

A good illustration is an attempt by Russian oil companies to force (via other countries and allied Georgian politicians and businessmen) the Georgian national parliament to abandon the E4 standard and adopt a new E5 standard for diesel fuel. Another very revealing case is the competition over contracts to supply coal to Ukraine's powerplants. The reality is such that any coal

supplied will be from Russia or from the Russian-controlled Donetsk (including “green energy bids”, including Rotterdam + Rinat Akhmetov project, and even including the “new” scheme concocted by the Ukrainian oligarch Kolomoyskiy).

Many European and US politicians and businessmen have been woven into this System, because it provides them effective levers for solving financial and political problems without having to deal with bureaucratic and legal formalities, due process or the need to face open competition.

This, in turn, helps solidify an international informal network with a unified jurisdiction and distributed (“cloud”) enforcement which is serviced by the Russian intelligence and law enforcement agencies and criminal groups. Inside this community everyone understands their status and position within the hierarchy, their rights and related responsibilities and expectations. And this network is emerging as one of the most influential political players in Ukraine, several other post-Soviet states and even in member nations of the EU.

Facilitation of the Nord Stream 2 pipeline construction by European elites despite active and vocal U.S. opposition and despite the many serious concerns it poses in virtually every sphere— e.g., eliminating seasonal flexibility of supply, reducing Russia’s overall gas export capacity to Europe, violating national environmental and anti-trust law— is a

vivid example of this trend.

The System is a global “shadow” leader— it begins at the boundaries of established law and formal rules.

A key function of the Kadyrov Criminal Transnational Corporation is to ignore and as required infringe on the national sovereignty of EU nations and other countries, including through criminal acts against their citizens, residents and protected migrants/refugees. Funding allocated for the support of this network, as well as for construction and renovation of mosques throughout the EU, Israel, Turkey, Ukraine; for special operations to assassinate enemies, etc. — these are all “personal” funds of Kadyrov and his circles as well as charitable donations made through the Akhmad Kadyrov Foundation.

Chechens, even if permanently residing in a foreign nation such as Poland, Germany or Belgium— are first and foremost subject to the rule of Kadyrov and only after that are under the protection of law enforcement of their countries of residence. Many Chechens abroad can be pressured, blackmailed, and forced to perform a task, including a criminal one, at the behest of Kadyrov’s network. The fact that Kadyrov’s network is in constant and very tight collaboration with the Russian intelligence and law enforcement services, involving many “exchanges of favors,” poses a special risk to international security.

Those who carry out assignments on the authority of Ramzan Kadyrov receive con-

stant support and assistance of intelligence and law enforcement agencies (very frequently for a fee). Likewise, those agencies frequently turn to the Chechen leader for financial, organizational and criminal support “on the ground” — i.e., in all of those regions where Chechen diasporas are prominent.

Kadyrov’s corporations, together with the GRU, SVR, Prigozhin’s enterprises and criminal networks, form a very flexible and distributed enforcement entity which is at the disposal of the System. Without question, it is inferior to contemporary state security agencies in its level of professionalism and technical capabilities, but it functions as a marketplace and can be more effective than traditional security and intelligence agencies where blatantly illegal acts are committed so as to allow Russia to maintain a stance of plausible deniability.

Extremism and Local Conflicts are the System’s Key Assets. The System incentivizes creation of flexible financial instruments for the support of marginalized national and religious groups in Ukraine, throughout the EU and other countries. It also uses local “frozen” conflicts to retain political levers where formal rules and institutions do not provide Moscow with a satisfactory level of influence.

The System turns conflicts and radical marginalized groups into political assets and seeks to grow their influence and size. The Ukrainian ultra-right and certain marginalized political fractions in Europe and the US

are financed voluntarily by the System’s entrepreneurs who either draw rent from such assets or from those blackmailed into providing such support.

Such political forces do not necessarily have to be overtly pro-Kremlin, as long as they act in a predictable manner subject to the discipline of the System. In our final monograph we will discuss the political and economic circumstances that have turned Donbass, Georgian territories, Nagorno-Karabakh and even international terrorism into assets and criminal markets where “everyone is opposed, but all get a cut.”

Putin’s System is able to profitably sell shares of such assets to politicians and other political actors within the European Union and the US, involving them as political allies and thereby serving to discredit values and policies proclaimed by Western democratic states.

The impact of Western sanctions can be described as inconsistent and contradictory. On the one hand, sanctions incentivize politicians and entrepreneurs to distance themselves from the System, and they can be effective vis-à-vis individuals. On the other hand, sanctions help consolidate the core of Putin’s elite, cause the transfer of capital to informal “black” markets, and speed up the process of transformation of Russia into a resource extraction colony of the System.

The most interesting and unexpected discoveries of this project involve (1) the role of

the high-tech industry and the communities formed by high-tech professionals and entrepreneurs in the process of transformation of political institutions and (2) the opportunities and risks emerging concomitantly with the new global political market.

Attempts by the System to penetrate the high-tech sector have led to significant institutional shifts throughout the post-Soviet space comparable to the attempts of international organizations to promote democracy.

As part of this project's field work, we have observed ways in which IT centers in California and Berlin, for example, have affected political and social shifts in Lviv, Ukraine. IT communities who had earlier provided financial and other support for the Maidan and ATO later became involved with urban development and educational reforms; with the Pashinyan Revolution in Yere-

van; and with helping organize civil protests in Moscow.

Russia as a state is unable to compete successfully in the high-tech markets. Moreover, the practice of virtual international contracting of workforce so prevalent among the European and US IT businesses is prompting significant transformations of Russian society.

The second generation of the System's residents engaged as investors in high-tech entrepreneurship chose to exit the System en masse, forcing it to recruit new participants (especially bandits from the Donbass war and Kadyrov's thugs, as opposed to high-tech professionals)

The development of high technologies and new communications technologies creates a new alternative political forum where the System is quite active.



Introduction: The Power and Weakness of Putin's Illicit System

Putin's regime has rebranded Russia as a "civilizational state" – an intolerant and threatening orientation within the current international security environment in which Russia embarks on a new post-Cold War phase of vicious Great Power competition. This phase is more precarious than the Cold War itself, because the old rules of political and military engagement no longer apply, and the new ones remain unclear. The risks are further exacerbated by the fact that the current international environment is increas-

ingly multipolar whereas the Cold War of course was waged between two competing camps.

The chaos, uncertainty and volatility of the new era, however, are precisely the characteristics appreciated and purposefully cultivated by the Kremlin in the international arena. In the past decade, Putin's Russia has emerged as a rogue regime seeking to advance its interests domestically and globally by non-traditional means circumventing international norms, institutions and agree-

ments. Events of the past few years, including Russia's invasion of Georgia (2008) and Ukraine (2014), the downing of the MH17 (2014), assassination attempts in the U.K. (2006, 2012, 2013, 2018), coup plots in the Balkans (2016, 2018), and bounty payments reportedly offered to Afghan militants for killing US troops (2019-2020), to name just a few of the most outrageous and widely known cases, have demonstrated the destructive potential of an unrestrained Russia to the interests of the United States and its allies.

While the links to the Russian government of such operations have now been established and publicized, the mechanisms by which the Kremlin resources them are still not well-understood. With this study Free Russia Foundation has set out to expand the current understanding of the global influence mechanisms created by Putin.

As part of this project, our team has conducted extensive social anthropological field work, recording and analyzing hundreds of expert and in-depth interviews throughout the post-Soviet space, Europe, Central Asia and the Middle East. Interview subjects included current and former "officers" of Putin's System—those individuals who have played functional roles in this informal and dynamic structure.

We have collected unique primary-source materials to reconstruct and describe the key structures and instruments used by Russia to fund its global illicit campaigns.

Most of the stories shared by our interview subjects hail back to St. Petersburg (previously Leningrad) of the 1990s, the city where Vladimir Putin earlier started his career as a young KGB operative. The city featured a peculiar distribution of power. There were 'daytime mayors'— the outspoken and charismatic elected mayor, the democrat Anatoly Sobchak, and the apparatchik Vladimir Yakovlev, who oversaw legitimate political and economic activities; and there was a night-shift mayor'— Vladimir Kumarin, Putin's business partner who was also known as the "commanding general of criminal St Petersburg" and as such ruled over the criminal underworld.

Over the course of his 20-year tenure in power, Vladimir Putin has managed to consolidate these two worlds. Today he is both, the mayor by night and the mayor by day, with full control over all Russian sectors and activities — legitimate and criminal.

This seeming omnipotence, ironically, is also the source of Putin's great vulnerability. A blow against the daytime Putin (such as the 2020 crash in global energy prices) severely undermines the position of the clandestine Putin, unsettling his criminal networks and increasing

the chances that he could be deposed by his own junta.

Russian military escapades in Georgia, Ukraine and Syria were initiated as desperate attempts to re-balance Putin’s positions in these two domains in order for him to remain in power. Putin’s secretive web of operatives featuring formidable and diverse capabilities has allowed him to project influence throughout the post-Soviet space, Europe, Africa, and even inside the U.S. (though to a much lesser extent). And, indeed, these campaigns have achieved their intended objective, strengthening the position of the public Putin, making him the most influential political figure in the tradition of Joseph Stalin and Ivan the Terrible.

Ideological Underpinnings

To lend credence to Russia’s military adventures and cement Putin’s position in power, the regime has attempted to develop a new ideology, with dubiously effective results.

In 1976, Edward Keenan, a Harvard scholar of Russia’s medieval history, penned his legendary paper for the State Depart-

ment entitled “The Muscovite Political Folkways” (initially, “Russian Political Culture”), highlighting the parallels between the Muscovy of Ivan the Terrible and the Politburo of Leonid Brezhnev.¹

Today, the archaic quality of the Russian political culture is even more pronounced. Putin’s regime has spun a narrative of one continuous imperial Russia – a unique mystical civilization evolving according to its own set of rules, values, and territorial requirements. Russia, according to Putin’s ideologues, has developed along one uninterrupted historic path, with the ideology of Moscow as the Third Rome that emerged after the fall of Constantinople organically morphing into the idea of the Russian World articulated under Putin to explain Russia’s post-Soviet position in the world.² The highest contemporary civilian award of Putin’s Russia—Hero of Labor, a gold pin in the shape of a communist star embossed with the Czarist-era double headed-eagle—is an appropriate allegory for this chimera of an ideology.

The 2020 amendments to the Constitution, forced on the Russian people by fraud and in violation of all legal norms, now serve as an official compilation of its countless disjointed schizophrenic ramblings. One of the amendments states that Russia has a

1 Edward, Keenan, “Muscovite Political Folkways,” *Russian Review* 45, no. 2 (1986), 115-181.

2 Marlène Laruelle, *The “Russian World:” Russia’s Soft Power and Geopolitical Imagination*. Washington: Center on Global Interests, 2015.

thousand-year-old history – a thesis that one would think is up to a healthy discussion among historians, not for a categorical statement in the constitution. Another amendment prohibits the belittling of the heroism of the Russian people in defense of their motherland. The question is who determines which war was defensive, and which was offensive. For example, Vladimir Putin claims that the Winter-War 1939-1940, that was waged by the Soviet Union against Finland was justified.³ Even the post-Stalin Soviet government were embarrassed of this war, barely mentioning it in history textbooks. Now, perhaps, every war that Russia fought will be presented as defensive. George Kennan was so right, when he wrote that Russia's "conceptions of offense and defense are inextricably confused."⁴

The Gravitational Pull of Putin's System

Establishing and strengthening a multi-layered influence infrastructure is at the core of Putin's approach to foreign policy

throughout most of the post-Soviet space.

During the field work portion of this project, Free Russia Foundation investigators uncovered powerful criminal and business networks and entities operating in Ukraine, Georgia, and Armenia but headquartered in Moscow. Georgia and Armenia are dominated by Russian energy, industrial, railway and infrastructure development companies. In Ukraine, we came across prominent members of the business elite and industry leaders with strong political ties to Russia. This report includes case studies of the energy empire of Babakov-Giner and the Odessa infrastructure businesses of London resident Vladimir Galanternik⁵ as an illustration of how such relationships and structures function.

Throughout what it considers its sphere of influence, Putin's System seeks to establish a monopoly over business and violence. The System protects its people, assets and interests through an elaborate network of functionaries, or officers, that come from various walks of life, including politicians, law enforcement agents, business owners, criminals, and even high-level government officials. The inner circle of Putin is invariably involved in making

3 "Putin: SSSR v voine s Finliandiei khotel ispravil oshibki 1917 goda," Ria Novosti, posted March 14, 2013, <https://ria.ru/society/20130314/927341148.html>

4 Kennan, George F. "The Chargé in the Soviet Union (Kennan) to the Secretary of State." In *Foreign Relations of the United States 1946*. Volume VI: Eastern Europe, The Soviet Union, 696-709. Washington: United States Government Printing Office, 1969, p. 700.

5 Khoziain Odessy Vladimir Galanternik," Antikor, https://antikor.com.ua/articles/254304-hozjain_odessy_vladimir_galanternik

the key decisions on important matters.

In some countries, launching or expanding large business projects requires Moscow's blessing and continued protection. This requirement erects steep market entry barriers, keeping away international entities, as well as local entrepreneurs whose allegiance lies with their own nation and not the Kremlin.

In Ukraine, Armenia, and Georgia, Russians linked to the Kremlin command sizeable assets which endow them with the ability to exercise direct political influence over the countries' leadership.

Mergers between Russian and local business entities go beyond synchronization of corporate culture and frequently imply expansion of Russia's judicial and political (unofficial yet strictly enforced) jurisdiction, as is the case with Georgia and Ukraine. Courts in these states often cannot solve disputes. They simply relay decisions made behind closed doors with the "help" of the System's officers.

To protect their interests, Russia's stakeholders in Ukraine, Georgia, and Armenia use their extensive connections inside the local criminal network, security services, and political groups. Usually, this network works faster and more efficiently and with higher precision than Russia's criminal syndicates.

The post-Soviet elites dominating the Ukrainian energy sector consistently oppose substantial long-term investments by foreign interests out of fear this may weaken their position and reduce control of assets. This de-

creases the attractiveness of Ukrainian markets to foreign investors, driving them away, as was the case with major U.S. players attempting to enter the Ukrainian energy sector.

Conscious of optics, the Kremlin carefully conceals its influence networks and interests, to the extent possible. In Ukraine, for example, a Slovakian company was used as a front to hide the involvement of silent partners from VS Energy who turned out to be Russian citizens.

Ensuring the continued dependence on Russian nuclear fuel is one of the most important objectives of the Russian mega-company Rosatom. In support of this objective, the System's officers from among local regulators, state-owned businesses, and influential contractors work in a coordinated fashion to block foreign investments in Ukrainian nuclear energy – a sector which accounts for a hefty 45-50% of electric energy in Ukraine.

Clearly, not all activities of the Kremlin-linked businessmen abroad are guided by a political agenda— they do seek to protect and advance their business interests as well. However, such interests align when markets remain closed and opaque and competition is kept out. Reforms suggested by the EU and US are given lip service at the official level, yet not implemented for years, as they directly threaten business interests of the oligarchs. Likewise, efforts to promote democracy and human rights face substantial resistance both on the national and regional levels. Elites

express enthusiasm for democratic values “by day,” but engage in illicit schemes “by night.” Such ethical and political bipolarity of states infiltrated by Putin’s System is worth a separate study.

There is also a split “geographic” identity that is characteristic of most members of Putin’s transnational system. To survive and generate wealth in the near-term, they actively build connections and collaborate with Putin’s inner circle and have to retain geographic proximity to it. Even for the most successful of them, this life is extremely high-risk and unpredictable, where wealth, power and even life can be taken away at any moment.

In parallel, they work to establish legal structures and identities in Europe and the U.S., transferring their wealth to foreign accounts, buying properties, making investments and applying for immigration status. It is there that they hope to find safety and security in their later years, a peaceful life where the rule of law protects their wealth and guarantees physical security for them and their children.

It is conceivable to envision that a rise of new elites in Ukraine, Georgia and Armenia, loyal to their homeland and intending to remain there, can serve as a serious disruptor to the ability of Putin’s System to exercise influence in those countries. Conversely, it is possible that curtailing

the reach of Putin’s clandestine influence network would end the double-game and facilitate economic development and political reforms in its neighboring states.

Beyond the scope of this study, but definitely a matter of grave concern, is the intensification of Beijing’s political attention to the region and China’s attempts to buy off Putin’s inner circle, transforming them into agents of the PRC agenda on the turf traditionally controlled by Russia. This theme has emerged repeatedly throughout our field work, in interviews and examination of records.

Key Figures and Sources of Funds

Several vignettes that have emerged from our field work show that informal networks and innovative schemes of Putin’s System allow Russian companies implicated in illicit activities to skirt international sanctions and avoid penalties.

One such case study is centered on the involvement of stakeholders in the Ukrainian power company VS Energy in the construction of a thermal power station in Iran in cooperation with Sergey Chemezov, one of the most influential figures of the Russian defense and high-tech sectors.

“Unexpected partnerships”— is an appropriate way to describe the professional

and business associations of the Russian billionaire Aleksandr Babakov, a Member of the Russian State Duma who owns substantial holdings in the energy sector and hospitality business in Ukraine. Babakov's Ukrainian business interests have not precluded him from becoming one of the major benefactors of Zakhar Prilepin, a contemporary Russian writer infamous for his abrasive nationalist rhetoric and active involvement in the Russian military aggression in Donbas, Ukraine. Russia's territorial expansion, according to Prilepin – whether “diplomatic, cultural, political, linguistic, or even military – is a norm.”⁶

We also document in our study the case of the Irkutsk Oil Company, partially owned by US and Japanese investors, purchasing equipment for Russia's Rosneft that has long been under U.S. sanctions.

Clearly, cooperation with Putin's System and its agents yields significant benefits. Western entrepreneurs look for opportunities to earn money, while politicians want both money and power. We have already discussed how the Russian elite establish foreign residences and identities to escape the brutality and uncertainty of Putin's System at the end of their careers once they have maximized their wealth. In an inverse fashion from this process, politicians from former Soviet states and even certain West European countries advance the Kremlin's agenda

destructive to their own countries and get sucked into the gravitational pull of Putin's System in order to convert their perishable political sway into cash for a comfortable post-retirement lifestyle. Best examples are ex-Chancellor of Germany, Gerhard Schroeder who upon retirement received a lucrative post on the board of directors of Gazprom, and ex-Italian Prime-Minister Silvio Berlusconi, who was accused of corruption in his own Italy.

While economic interests and circumvention of sanctions are important to its individual members, the System as a whole prioritizes political projects, as a tool for reshaping the international political and security landscape as the only hope for the regime to survive in the long-term. And the Kremlin has no fixed political or ideological principles with respect to whom it finances: it has shown that it will support both the radical right and the radical left. Its recent track record suggests that the Kremlin will finance anyone who can foment violence, sow chaos and disorder, and weaken institutions of other states.

The System's most overtly criminal and violent segment is headed by Ramzan Kadyrov, the President of Russia's Chechen Republic. Kadyrov's people have been implicated in numerous brutal assassinations, including those of journalist Anna Politkovskaya (killed on October 7, 2006, most likely for her in-

⁶ Andrei Vinokurov and Pavel Pavlovskii, “Vzapravdu partiia,” *Kommersant*, February 3, 2020, <https://www.kommersant.ru/gallery/4241515#id1854806>

investigation into war crimes and human rights abused in Chechnya), and statesman Boris Nemtsov (killed February 7, 2015, most likely for his opposition to Putin's government, and investigation into the war in Donbass).

Kadyrov's special units have an international reach, both through local diasporas and mafia proxies, as well as through direct deployment (this is especially true for the Middle East and Central Europe), and pose a serious threat to persons throughout the world.

Kadyrov's operatives number in the thousands, hold no allegiance to the Russian state (and in many cases are actually hostile to both the Russian state and its people) and are ready to wage war against Moscow at any moment should the word be given by Grozny. Their current willingness to cooperate with the System is bought with cash and arms, and is not underpinned by ideological, cultural compatibility or shared objectives for the long-term. Many of Kadyrov's men hold deep grievances hailing as far back as the Caucasus War that Russia fought with their ancestors in the 19th century, as well as to the Soviet genocide and repression, and more

recently to the Chechen Wars of the 1990s.

Putin and Kadyrov have made public statements extolling the extremely close nature of their relationship with each other. Putin recently awarded Kadyrov the rank of major general. However, if this father-and-son style of relationship is fractured as the result of a rift, this will undoubtedly unleash large-scale armed violence throughout the Northern Caucasus and beyond.

Relying on information collected through insider and expert interviews, Free Russia Foundation has attempted to assess the current structure of Putin's system with the focus on sources and mechanisms for financing of the Kremlin's political, military, and other illicit projects outside of Russia. The study considers the implications of these activities for international security and offers recommendations for addressing these risks at the government level.

We sincerely hope that this project contributes to a higher level of understanding of Putin's system among key Western decision-makers and informs sustainable policy for a future Russia that is free, democratic, peaceful and prosperous.



Chapter 1: The System

Russia's political class consists of several hierarchically positioned informal networks. Putin's inner circle is at the top of the hierarchy, controlling Russia's major assets. We call this Putin-headed functional network "the System."

Structuring the System and Controlling the Profits

The System has several hundred people, directly associated with Putin. The scale of the System is contingent upon its economy, state institutions, land, and unofficial businesses and political communities. Putin's networks are not formalized. For the implementation of its economic and political interests, they rely on the infrastructure of administrative institutes, law enforcement agencies, religious organizations, ethno-linguistic communities, and criminal groups. The key players of the System seek profit from the state budget and corporations, as well as from their political positions. They try to control law enforcement, courts, govern-

ment and corporate cash flows, cadre nominations, and profit-generating businesses – either in natural resources, infrastructure, retail, or agriculture. **The aims of the System are in direct contradiction with the norms of political competition and law.** This is the main reason for the profound corrosion of state institutions throughout Vladimir Putin’s tenure.

In 2000-2004, the president’s inner circle restructured state institutions with the purpose of subduing regional and industrial elites. Beginning in 2000, Putin’s people gradually took control over security forces (the Ministry of Interior, the Office of the Prosecutor General, the Federal Security Service (FSB), the Army’s Main Intelligence Directorate (GRU), criminal networks, political institutions, television, and major businesses. Accomplices of this “Petersburg squad” takeover say that, in the beginning of the year 2000, flights and trains between St. Petersburg and Moscow brought, every Monday, hundreds and sometimes thousands of aspirants for positions in the new government from all walks of life: entrepreneurs, former KGB officers, ex-communist apparatchiks, gangsters – essentially, anyone who could be introduced to Putin and his inner circle as a “buddy.” Every Friday, the “Petersburg squad” would go back, discussing their accomplishments in business-class and in restaurant cars of the

fast trains “Krasnaia Strela” (Red Arrow), “Yunost” (Youth), and “Smena” (Work Shift). Notably, an unofficial “hiring committee” formed at that time is still the same⁷.

“Shuttle flights between Moscow and St. Petersburg, everyone was flying back and forth all the time... They did not have enough people. Naturally, they appointed their own guys everywhere. I had a neighbor near a country house... I also met him on the plane. He flew back and forth. Then, suddenly he got a job at Gazprom, at the Investment and Construction Department. Everyone, who got face time frequently enough, got a decent position, the latest by the 7th or 8th trip. Then, Mikhalkin, a colonel, worked at “Soyuzkontrakt” on behalf of security folks... So this Mikhalkin also commuted back and forth... And then, it turns out, he was put in charge of Moscow’s Department of Internal Affairs... It happened to everybody whom I saw on the plane. Perhaps, I was the only one who did not get a position there, even though I knocked on the Kremlin’s doors.... Ha-ha... All others got fixed.”⁸

Initially, Putin’s people sought to engage only the most trusted individuals. For example, Sergey Chemezov worked with Putin in the KGB in Dresden. He now controls the powerful Rostec, whose full name is “The State Corporation for Assistance to Development, Production, and Export of Advanced

7 Personal Interviews, Tbilisi, Georgia, 2019 (5).

8 Personal Interviews, Sofia, Bulgaria, 2019 (63).

Technology Industrial Products.” Chemezov also holds substantial interests in the energy sector and gold mining.

But as the pool was exhausted, the recruitment expanded to outright criminals – indirectly, as referrers and agents of influence. Often, a personal acquaintance, be it through the St. Petersburg Detention Center, with a member of the Malyshev or Tambov organized crime gang (especially, if this person was friends with Ilya Traber, Genadii Petrov, Vladimir Smirnov, or any other crime-lord who was close to Putin) had more weight than the General’s epaulets or a seat in the parliament.

An interview subject who in 1992, was in the St. Petersburg Detention Center together with Malyshev gang members arrested for extortion reports: “It turned out that I was in the same jail cell with Aleksandr Ivanovich.⁹ Then, he was already a big man. The time I spent there with him - this acquaintance – gave me a real start in business.”¹⁰ Governors and mayors in Siberia or the North Western Federal District often start the stories of their political careers talking about an acquaintance with Ilya Traber or Vladimir Smirnov.

Notwithstanding this criminal component, recruiting for Putin’s System, at that initial stage, was more democratic than the approach taken by the reformers of Bo-

ris Yeltsin’s government. The St. Petersburg “squad” hired many random people from the street, who would comprise the working body of the system for the following twenty years.¹¹ They optimized the entire country for their own benefit. They suppressed democratic procedures by abolishing gubernatorial elections, restraining the parliament, and building a pyramid of power using the Ministry of Interior. They appointed their people to the key posts in all significant structures, agencies, and institutions.

Given his background, Putin started his remodeling of the state with the security apparatus. He revived and subdued the FSB, the Office of the Prosecutor General, the Internal Revenue Service, etc. He resorted to cash from the state budget, legal threats, and direct violence in cases when he could not get control either immediately or easily. Simultaneously, he took under control the management of large financial and industrial groups that were formed under Boris Yeltsin in the “wild” 1990s.

Methods of seizing assets were simple. The Russian semi-criminal business culture of the 1990s implied that the owner did not sign financial documents. The official owner was a top manager, while the real owner or owners remained in the shadows. To seize such properties required just asserting firm control

9 Aleksandr Ivanovich Malyshev is a well-known Russian crime-lord.

10 Personal Interviews, Sofia, Bulgaria, 2019 (63)

11 Personal Interviews, Moscow, 2018-2020 (55).

over the top manager. Putin's circle had the capacity to do this. The most scandalous example of this practice was revealed during the lawsuit of Boris Berezovsky against Roman Abramovich for the Sibneft and Rusal companies. In 2012, Boris Berezovsky lost a lawsuit that he filed against his former business partner Roman Abramovich at London High Court. Most of Berezovsky's claims were based on the alleged oral agreements with Abramovich.

Thus, in the early 2000s, under Putin's supervision, managers of Russia's oligarchs of the 1990s replaced their bosses. Another effective tool in this process was initiation of fake criminal cases against political opponents and businesses. Examples are numerous, including cases against Mikhail Khodorkovsky, Vladimir Gusinsky, and Anatoly Bykov.

The evolution of the System can be divided into four main stages.

The evolution of the system started with the appointment of their people at the leading positions in the FSB, GRU, the Ministry of Interior, the Office of the Attorney General, and the criminal organizations. Full control was established over large companies, such as LukOil, YUKOS, and Gazprom.

Then, there was a takeover of political processes: control, or cancellation of elections, creation of puppet political parties,

and persecution of NGOs. The head of the political process was Vladislav Surkov, who was tasked with building what came to be known as 'sovereign democracy.' Yet it was not until Russia's interference in the Syrian Civil War that the system gained full confidence in its capabilities and alleged might.

The head of the political process was Vladislav Surkov, whose plan failed in 2008, when it became clear that a transparent and legal political system would be incapable of preserving Putin's status. The protests of 2011-2012 hammered the last nail into the coffin of Surkov's scheme of so-called "sovereign democracy."

Russia's annexation of Crimea, involvement in the Syrian Civil War and meddling in the 2016 US presidential elections signaled a new phase in the System's development. By this point, the System had thoroughly tested its domestic and international influencing mechanisms and gained full confidence in their effectiveness.

Recent financial turbulence caused by the world pandemic and energy price drop have made a big dent in the cash supplies it can throw around, again threatening Putin's status among his elite. In this context, Putin introduced a constitutional referendum which, among other things, strengthened his chances of remaining in power until 2036.

The Key Principles of the System

The System controls and employs both Russian and international institutions. It is transnational. It is structured as a vertical structure of informal Interagency Political Groups (IPG) – powerful entities, headed by several high-profile individuals from different agencies and backgrounds. IPG's have their own budgets, affiliated businesses (both legal and illegal), and even, on some occasions, private military units, such as the infamous mercenary group Wagner managed by Yevgeny Prigozhin.

The System's jurisdiction is imposed and assured over sectors and geographies through the process of distributive enforcement. All members of the System, including even asset-holders who are hiding abroad in various immigration statuses, including asylum, still remain under the jurisdiction of the System.

Pragmatism and cynicism of its members is met with understanding and accommodation among some political and business figures throughout the post-Soviet world, the EU, and even in North America.

By means of protection racket, corruption schemes, and private military companies, its influence expands not only over the post-Soviet space, but also over the Middle East, Maghreb, Central America, and has

been enabled by support from among some European and North American politicians, religious activists, and other public figures. American conservative commentator Bryan Fischer even praised Putin as a "Lion of Christianity. Populist politicians have much in common with Putin, yet they do not have his financial, military, and political capabilities.

The System pursues three main objectives: 1) optimization of profits; 2) maintenance and expansion of influence in the post-Soviet world; 3) infiltration into political and economic Systems of the countries vulnerable to Russia's influence.

The System tolerates some degree of malfeasance by its members—reminiscent of the *kolkhoz* system of the late USSR, where collective farms' resources were regularly pilfered for the benefit of private households. People used hay for feeding their own cattle, equipment and fertilizers for their summer houses (*dachas*), vehicles for the transportation of their own produce. Putin's System today is replicating this embezzlement practice on a grandiose, state level. The entire state became a robbed *kolkhoz*.

The key characteristics of the System are: lack of transparency, unquestionable personal loyalty to the group and its leader, and clear understanding of one's informal status within the hierarchy. The mores of Putin's inner circle have crystallized within the criminal milieu of the 1990s under the influence of the older generation of late Soviet "business-

men," such as Ilya Trauber, a famous criminal lord connected to the Tambov gang. Trauber was a well-known individual in St. Petersburg of the 1990. Putin reportedly interacted with him even though Trauber's network was outright criminal. Relations within the system are reminiscent of the mafia-style "bro-culture," rather than a syndicate of bureaucrats.

In its functioning, the System relies mostly on unofficial IPG-s, rather than on official political parties and regional elites. This practice originates from the fact that the system uses state institutions for its own political and financial benefit. A functional political unit within the System must have multiple capacities. It needs to be able to launch criminal cases against its opponents. It must have its own sources of income: hydrocarbons, timber, metallurgy, customs tolls, utility payments, retail, banking, etc. It may even require a private army. Most importantly, it needs to be able to "solve issues" on the highest level.

On the federal level IPG-s are headed by powerful individuals such as Sergey Chemezov, Yury Chaika, Igor Sechin, or Sergei Shoigu. Independent regional IPG's also exist, yet in order to survive, they need to have partners in federal groups. This project has observed competition between IPG's in the Omsk Oblast and the Stavropolye District. Each group includes strong links and even direct participation of security services and law enforcement agencies that are capable of pressing effectively their interests in Mos-

cow.

The System overall is headed by Putin's personal IPG, which includes individuals such as Gennady Timchenko, the Rotenberg brothers, and Yury Kovalchuk. Putin's own IPG controls foreign policy, military production, and war.

The key mechanism employed by the System can be termed as "distributive enforcement." This mechanism implies that the monopoly for violence is spread out within the System and can be compared to cloud technology in computing. Physical security of individuals and private property, as well as significant business deals are ensured and regulated through an unofficial network of agents that includes politicians, security officers, criminal lords, and high-level government officials. The last word on most important matters and disputes comes directly from Putin's IPG. This mechanism is employed both domestically and internationally.

Russian asset holders in Ukraine, Georgia, and Armenia use their connections in IPG-s to promote their business and political interests. Conversely, local Ukrainian, Georgian, and Armenian oligarchs often resort to their own connections in IPG-s to promote their interests. The case of the Babakov-Ginger group discussed below will exemplify this practice.

We have come across cases where political decisions by national governments are determined by the distribution of assets

in transnational business circles. This was the case with the coal blockade of Ukraine in 2017,¹² a conflict surrounding the Armenian agriculture company “Spaika” after the velvet revolution in Yerevan,¹³ and even, to some degree, the situation at the Anakliia Port in Georgia.¹⁴

In February 2017, in the midst of the winter, Ukraine faced a coal shortage, and the coal-mining Donetsk and Luhansk separatist regions stopped supplying coal to rest of Ukraine – an action certainly beneficial to Moscow, as it gives it an additional bargaining card for negotiations. In 2019, Spaika – an Armenian main exporter of the agricultural products to Russia – was charged with a 15-million-dollar tax evasion and its head, David Kazarian, was arrested. As our informants indicate, this was a political action designed by Russia-backed actors and targeted at the new president Armenian president Pashinyan. Spaika had to stop buying agricultural products from farmers – an action that could cost Pashinia popular votes. Also in 2019, a US company, Conti Group International LLC, which was supposed to be

one of the main investors of the Anakliia port in Georgia, withdraw from the project after complaining about how difficult it is work with the new Georgian government. Many experts see the hand of Moscow in this endeavor. The Kremlin, according to them, is trying to push out the US from the Black Sea.

The use of distributive enforcement is an effective mechanism for keeping European and US businesses out of the post-Soviet world and minimizing their ability to enter these markets. It creates an environment where no investment is secure and it is virtually impossible to protect one’s business interests in courts.

US companies were slowly yet steadily forced to abandon the Ukrainian energy sector. Marathon Oil left Ukraine in 2008; Chevron exited the Ukrainian market 2014; Both complained about how things are handled on the government level: either taxes or technicalities of signing a contract.

The Armenian economy is closed to almost all foreign investors aside from Russia. American investors report recent problems in Georgia.¹⁵ In these countries, foreign in-

12 Liliia Rzhetskaia, “K chemu privediot “ugolnaia blokada” na Ukraine,” DW, 14.02.2017, <https://www.dw.com/ru/к-чему-приведет-угольная-блокада-на-украине/a-37548127>

13 Marianna Mktrchan, “V KGD Armenii prizyvayut ne manipulirovat’ obshchestvennym mneniem i ne okazyvat’ vozdeistviia na khod rassledovaniia po delu v otnoshenii gendireknora “Spaiki,” Aminfo, 08.04.2019, https://arminfo.info/full_news.php?id=41033

14 Andro Malkin, “Gruziia: port Anakliia pod voprosom,” Regnum, 16.10.2019, <https://regnum.ru/news/polit/2749538.html>

15 “Kongressmen Olson nazval Ivanishvili “marionetkoi Putin” – kak otreagirovali v Tbilisi,”

vestors can meet all the formal legal requirements, sign official contracts, and even have good personal rapport with local officials, yet they are not able to work properly, unless the key issues are solved under the table.

Distributive enforcement mechanisms outside of Russia exist but are limited. The informal jurisdiction of Putin's network extends only to those individuals who have familial relations or assets in Russia, are interested in Russian markets, or are in financial or political trouble at home. And, of course, if the Russian security services have compromising data on high-profile foreign nationals, they promptly target them with blackmail. A good example is how general Flynn opened himself to be compromised by the Kremlin.¹⁶

Two sectors hold special place within this transnational network. The first one includes prominent fugitives wanted in Russia for economic crimes. They reside in London, Paris, New York, Vienna, and Berlin, but still maintain business interests in Russia and, therefore, cooperate with the Russian security services. Unquestionably, they remain a functional part of the System, and their loyalty to the Kremlin is a function of their political status in Putin's network. They stay exception-

ally well-informed, can even influence the game.

The second sector is comprised of the agents of Russian oligarchs embedded within Western high-tech businesses. Putin's pet billionaire, Alisher Usmanov, plays a role in this endeavor, continuing to live in accordance with the Russian bro-code of behavior: he had previously served time in jail.

However, many younger businessmen who had initially earned money as investors and startup founders gradually grow dissatisfied and seek to exist the orbit of Putin's System. They neither need nor want Putin's protection.

Most financial and administrative resources at the disposal of these various groups within the System come from nuclear arms, the state apparatus, and cash from the sale of commodities. This, in the long term, means that Russia's global competitiveness will continue to decline, possibly ejecting it from the ranks of great global powers. The danger, however, that in the short term, Russia is able to render enough damage to international institutions and legal processes restructuring the international distribution of power and security architecture.

Novosti-Gruzii, January 29, 2020, <https://www.newsgeorgia.ge/kongressmen-olson-nazval-ivanishvili-marionetkoj-putina-kak-otreagirovali-v-tbilisi/>

¹⁶ Demetri Sevastopulo, "Trump was warned twice on risk of Russia blackmailing Flynn," *Financial Times*, May 9, 2017, <https://www.ft.com/content/8880e674-3433-11e7-99bd-13beb0903fa3>

Loyalty of its members to the System is central to its ethos. The System's key interests and methods go against not only the interests of the US, EU, and the countries of the post-Soviet world, but also against the interest of most Russians, as the majority still struggles economically. Russian economy is resource-based benefiting a few rich and powerful. Education is in decline. And there is very little development in Russia's remote regions. One of the main reasons for the recent protests in Khabarovsk, caused by the arrest of their popular governor, is the anger at Moscow for robbing the province. This sentiment has been spread in Siberia throughout its history, exploding several times in independence movement which all were oppressed.

Disloyalty is punished by either bankruptcy or jail. The best example is the 2003 arrest of Mikhail Khodorkovsky, followed by a long trial of him and his partners for alleged tax evasion. Most experts argue that Khodorkovsky was punished for disobeying Putin's demand to the oligarchs to stop interfering in Russian politics.

Lastly, many members of the System claim to be religious. President Vladimir Putin, Minister of Defense Sergey Shoigu, ex-President and ex-Prime-Minister Dmitry

Medvedev, as many other senior figures in the Russian government are demonstratively religious, attending all major Eastern Orthodox holidays in church. However, their backgrounds as active and prominent members of the KGB, the Communist Party, and the criminal world, make such an assertion both ludicrous and offensive to true believers. Likely, such piety is a demonstration of ideological compatibility with the System and its leader Putin. Putin often talks about the significance of Russia's conversion to Orthodox Christianity.¹⁷ He also claims that as a child he was secretly baptized by his mother and that this event had a tremendous and enduring spiritual effect on him.

The merger of Putin's System with the Russian Orthodox Church has important political and military consequences. The System borrows heavily from the Church's public discourse to flesh out its ideological underpinnings and uses its narratives to legitimize territorial and political claims. Patriarch Kirill's notion of "Holy Russia" makes frequent appearances in substantiation of political projects of the System. For example, on August 21, 2010, while in Moldova, Kirill placed this Orthodox post-Soviet country within Russia's alleged spiritual orbit. "Holy Russia," said Kirill, "is a spiritual idea" and added that he prays for Moldova to remain within the realm

17 Vladimir V. Putin, "Putin i Pozner o Rossii i o pravoslavii, pochuvstvui raznitsu!" YouTube Video, 6:43, October 4, 2013, <https://www.youtube.com/watch?v=XhOwvMjGR7Q>; See also the film *Vtoroe Kreshchenie Rusi*, <https://www.youtube.com/watch?v=qY9vsqdGdK4>

of “Holy Russia.”¹⁸ These words have direct military implications, as prepare ideological ground to support the Kremlin’s intent to keep its troops in Moldova’s separatist enclave of Transnistria.

In reality, however, the System has neither religion nor ethics. The best example is the Kremlin’s intellectual resurrection of Ivan Ilyin (1883-1954), a Russian anti-communist yet ultra-conservative philosopher, who was expelled from the Soviet Union shortly after the Bolshevik Revolution and spent the rest of his life, in Europe. In 1933, while in Germany, Ilyin openly praised the advent of Fascism writing, in a brief newspaper article, that “while Mussolini leads Europe and Hitler leads Germany, European culture gets a break.”¹⁹ Even after the war, when the scale of atrocities of the Nazi regime became fully exposed, Ilyin stunningly praised Fascism stating, in a longer piece, that “on the whole it was a necessary, unavoidable, and healthy phenomenon.”²⁰ In October, 2005, the remains of Ilyin and his wife were reburied in

the famous Donskoi Monastery in Moscow under the personal patronage of Vladimir Putin and the Patriarch. Since then, the philosopher became one of the most oft-quoted and praised thinkers in Russia. Putin has quoted from him on several occasions. Notably, Ilyin also wished that after the fall of Communism, Russia be ruled by a nationalist dictator.

Meanwhile, the Kremlin’s Machiavelian realpolitik allows it to cooperate with any political and religious movement: the radical right, the radical left, religious fundamentalists, ecological activists, terrorists, and anti-terrorist coalitions. For example, the system is working with the Taliban in an attempt to push the US out of Afghanistan. On May 27, 2019, representatives of the Taliban’s office in Qatar were in Moscow, among other guests, at an official celebration of the Russia-Afghanistan diplomatic ties. Notably, no one from the office of Afghan President Ashraf Ghani was invited. This was a clear demonstration of Moscow’s political preferences.²¹

18 Sviatishii Patriarch Kirill: Moldova – neotiemlemaia chast Sviatoi Rusi,” *Russkaia Pravoslavnaia Tserkov*, posted 21 August, 2010, <http://www.patriarchia.ru/db/text/1254808.html>

19 Ivan A. Ilyin, “Natsional-sotsializm: novyi dukh,” *Vozrozhdenie*, 17 May, 1933: 2.

20 Ivan A. Ilyin, “O Fashizme,” in *Nashi Zadachi: Statii 1948-1954*, by Ivan Ilyin, vol. 1, Parizh: Izdatelstvo obshche-voennogo soiuza, 1956, vol. 1, 70.

21 Samuel Ramani, “Russia’s Falling Out with Kabul,” *The Diplomat*, June 06, 2019, <https://thediplomat.com/2019/06/russias-falling-out-with-kabul/>

Scales of Profits

Under the banner of optimizing the management of “non-affiliated” assets of large natural resources corporations, members of the System syphon off funds allocated for geological exploration (including drilling), service components, transportation, and construction. The actual work is then passed on to subcontractors, and a significant portion of contracting is redirected to outsourcing.

As insiders report, this leads to the situation when oil can be sold on the internal administrative market for 5,000-5,500 rubles per ton. Then, contractors take 20%. When it comes to the exploration of new oilfields and development of infrastructure, kickbacks can reach as much as 50%.²² Significant portions of these cash flows go through intricate laundering schemes. Moscow learned how to control financial flows not only inside the country, but also in offshore zones and in the EU, applying the mechanisms of distributive enforcement described above.

At the first official stage of government contracting in Russia, resources are intentionally overpriced, while the volume of production and exports are underestimated. The

System sells massive amounts of grain plywood, oil, fuel oil, gold, and gold ore on the international market. Profits go straight to the foreign (predominantly offshore) accounts of middlemen. This process is used channel funds from the country in the form of liquid commodities. This financial flow reaches 500 billion rubles per year with kickbacks as high as 50%. A substantial part of these exported funds remain under the control of the System’s leadership, earmarked for political purposes.

The System’s income from foreign investments has grown. Oleg Deripaska, a billionaire known for his active role in the Russian aluminum wars of the 1990s, and Roman Trotsenko, also a billionaire, known for his raiding activities own shares in mining and processing enterprises in Armenia. Abramovich has business interests in OMV, an Austrian oil and gas company, which has invested in the Gazprom-led Nord Stream 2 pipeline project. In 2018, their combined profit was \$1.4 billion.²³ There are some investments in high-tech. Overall, profits of the System from investments in foreign projects is about \$30-40 billion per year. Transnational criminal networks earn substantial money as well. Kadyrov and his people control cash flows of several billion dollars per year.²⁴

22 Personal Interviews, Barcelona, Madrid, Spain, 2019(1); Moscow, Russia, 2019 (55); New York, US 2020 (65).

23 “Chistaia pribyl OMV,” RNS, 06.02.2019, <https://rns.online/energy/CHistaya-pribil-avstriiskoi-OMV-v-2018-godu-virosla-bolee-chem-vtroe--do-14-mlrd--2019-02-06/>

24 Personal Interviews, Vienna, Austria (81); Berlin, Germany (121);

Overall, Russia-related international criminal networks (not including drug-trafficking) command flows at the scale of around \$10 billion dollars per year.

Loyalty to the System implies service. Therefore, members of the System are expected to volunteer to back the Kremlin's military and political adventures with personnel and resources. Konstantin Malofeev, a religious and conservative businessman and banker, is one of the sponsors of the imperialist, anti-Ukrainian project "Novorossiya" (New Russia). The owner of transportation companies H-Trans and GlobalTrans, Konstantin Nikolaev, known in the US as an alleged patron of Maria Butina, sponsors the Vostok Brigade, a separatist military unit that took an active part in the Donbas War.

At the beginning of the war, Igor Strelkov a Russian army veteran who led the separatist insurgency in Donbass raised several dozens of millions of dollars from various members of the System.

However, the most effective long-term strategy for financing Kremlin's political and military projects is within newly established institutions, such as the endeavors of Yevgenii Prigozhin best known for his St. Petersburg-based troll factory (officially Internet Research Agency) that interfered in the 2016 US presidential election, and his military group Wagner designed to go to conflicts throughout the world. One would expect more projects of this type to be launched in the near future.

Moscow, Russia, 2019 (55).



Chapter 2: Organizing and Financing Political and Military Projects

The System has created several effective mechanisms for managing projects. Inter-agency Political Groups (IPG), introduced in the first chapter, play a key role in controlling and managing industries, human resources, law enforcement, military capabilities, and, of course, financial flows. The IPG-initiated projects are coordinated with the inner circle of Vladimir Putin. We have presented the development of political projects in 3 tables by agents of action, types of financing, and project names. The key agents of action, in

our interpretation, are: criminal networks, post-Soviet professional associations, migrants from the System, citizens of Russia and other post-Soviet states who have substantial assets and business interests outside of Russia, pro-Russian experts, the Russian diaspora, cultural, charity and sports associations and organizations, and religious communities (see Table 1: The System's Lines of Action). Types of financing can be sub-divided as venture, joint criminal-government, personal, state-budget, people's, and by tariff

reduction (see Table 2: The System's Types of Financing). Lastly, projects can be presented and analyzed by their name, such as the Donbass insurgency, the discrediting of the opposition to Bashar al-Assad, the interference in the Armenian Revolution, or the Russian international high-tech center (see Table 3: Examples of Projects). These different approaches provide a deeper understanding of the System's sources and mechanisms of financing.

Organized Crime

The Babakov-Giner group is a good example of a criminally-backed IPG. Aleksandr Babakov (born 1963), a top Russian political figure, served as Vice-Speaker of the State Duma from 2007 to 2011. Evgenii Giner is a Russian entrepreneur, born and raised in Ukraine. Another important member of the group is Mikhail Voevodin (born 1975), also a Russian entrepreneur involved in organized crime activities. The group controls substantial shares in the Ukrainian energy sector, acquired with the help of criminal groups.²⁵ Using their connections inside the

Ukrainian government as well as outright corporate raids, they have succeeded in gaining control over a large portion of the Ukrainian hotel business in Kyiv, Lviv, Odesa, and Kharkiv.²⁶

At one point, the Babakov-Giner group used to cooperate with Russia's Luzhnikov gang. In the early 2000s, the latter sponsored a Russian club in Kyiv. Members of the club included Viktor Chernomyrdin, who at that time served as Russian ambassador to Ukraine; Ukraine's President Leonid Kuchma; the head of Kuchma's administration, Viktor Medvedchuk; the future president of Ukraine, Viktor Yanukovich; and the future Minister of Interior and, then, Prosecutor General, Yury Lutsenko. The Luzhnikov gang was represented in Ukraine by Maksim Kurochkin, who was reportedly backed by Russia's ex-Minister of the Interior, Vladimir Rushailo. Kurochkin was killed in March, 2007, near the Sviatoshinsky court in Kyiv, following a financial dispute with the Babakov-Giner group.²⁷ Babakov and Giner, with the help of the ex-head of Naftogaz Igor Bakai, established direct work channels to Viktor Medvedchuk, head of administration for president Leonid Kuchma.²⁸ In 2005, Babakov and Giner financed the

25 Personal Interviews, Kyiv, Ukraine(50), Vienna, Austria(26), 2019.

26 Personal Interviews, Kyiv, Ukraine, 2019 (50).

27 Aleksandr Ilchenko "Maksima Kurochkina ubil killer Zhora Armani," Segodnia, 27.03.2012, <https://www.segodnya.ua/criminal/maksima-kurochkina-ubil-killer-zhora-armani-294275.html>

28 Mikhail Dezhnev, Sergei Anastasiev, Aleksandr Shchetinin, "10 oblenergo Ukrainy v konechnoi sobstvennosti rossiskikh reiderov," Novyi Region, 23.06.2016, cited via, <http://>

presidential campaign of Viktor Yushchenko's party "Our Ukraine." When Yushchenko came to power, the Luzhnikov gang started working in cooperation with Ukraine's Minister of the Interior, Yury Lutsenko.

After the 2014 Ukrainian Revolution, also known as the Euromaidan Movement or the Revolution of Dignity, and Russia's annexation of Crimea, a number of activists and journalists urged Ukraine's presidential administration and law enforcement apparatus to investigate the risks posed by Russia to the energy and infrastructure security of Ukraine and the circumstances surrounding privatization of Ukrainian energy enterprises by members of the Russian elite. However, due to their connections within the Ukrainian government, the Babakov-Giner group still project substantial influence in this country. For example, Ukraine's National Commission for State Regulation of Energy and Public Utilities – a state body created in the aftermath of the Ukrainian Revolution by President Poroshenko's decree – is headed, since November 2019, by Vladimir Tarasiuk, a former VS Energy lawyer, who assisted Babakov and Giner in their raider takeovers.²⁹ The role

of this commission for Ukraine's energy security is crucial as it regulates trade tariffs.

Throughout the European Union, the Babakov-Giner group exert influence through bribes, blackmail and threats. To privatize Ukrainian energy enterprises, the group recruited the help of a Slovakian state-owned company, *Vychodoslovenske Energeticke Zavody*, that registered *VS Energy International NV* in the Netherlands at the group's direction and to its benefit.³⁰ In 2004, the Slovak company publicly revealed that in Ukraine it had acted purely as a middleman for a fee of \$20,000.³¹ Now, *VS Energy* is a Latvian company, controlled by Russian interests through a chain of offshores. The Ukrainian energy enterprises that belong to the Babakov-Giner groups are registered under the names of Giner's wife, a German citizen, Marina Yaroslavskaja; Giner's business partner, also a German citizen, Oleg Sizerman; and three obscure citizens of Latvia.

Aside from economic activities, the Babakov-Giner group executes political, military, and cultural projects to advance the interests of Putin's regime. For example, in Donbass, it sponsors the work of Russian na-

antiraider.ua/conflicts/10-oblenergo-ukrainy-v-konechnoy-sobstvennosti-rossiyskikh-reyderov/
29 Yury Nikolaev, "Glavoi NKREKP naznachen iurist kompanii eks-deputata Gosdumy Babakova," *Bitva za Ukrainu*, 06.11.2019, <https://bitva.wiki/ru/publication/text/254-glavoi-nkreku-naznachen-yurist-kompanii-eks-deputata-gosdumy>

30 Boris Baum, "Slugi i menedhery luzhnikovskoi bratvy v Ukraine. Chast 1," *Antikor*, March 11, 2020, https://antikor.com.ua/articles/364249-boris_baum_slugi_i_menedhery_luhnikovskoj_bratvy_v_ukraine._chastj_1

31 Personal Interviews, Kyiv, Ukraine (50); Vienna, Austria (26), 2019

tionalist writer Zakhar Prilepin with the objective of inciting a schism within the Ukrainian Orthodox Church after it received autocephaly from the Ecumenical Patriarch of Constantinople, Bartholomew I.

Criminal networks cooperate closely with Russian law enforcement. The murder of the Chechen refugee Zelimkhan Khangoshvili at the center of Berlin on August 23, 2019, is an example of close coordination between the Russian security agencies and Kadyrov's criminal networks.³² Kadyrov's people are not in receipt of any institutional support from law enforcement in Germany, Austria, and France – countries where they have carried out assassinations. For support for their operations, they coerce members of the Chechen diaspora in these countries through blackmail and threats.³³ Another example is the murder of a Dagestani, Arslan Guseinov, in Kyiv on October 14, 2019. The position of Dagestani criminal networks in Ukraine is strong, with direct connections to authorities in both Moscow and Kyiv. This, in turn, facilitates their takeover of various economic sectors, for example, construction businesses in Kyiv, where they have invested heavily.

Russian-backed organized criminal networks are able to operate most effectively

in countries with weak state institutions. In Poland, in some spheres of criminal activities (especially, in drug and human trafficking), Russians have even crowded out local groups. In Turkey and Bulgaria, on the other hand, they cooperate closely with local structures. Countries with strong state institutions are the most resistant to Russia's criminal influence.

Professional Associations Inherited from the Soviet Union

The three Soviet associations that continue to play a crucial role in the organization and financing of the System's projects are: the security apparatus, the nuclear sector, and the military industrial complex.

The Security Apparatus of most post-Soviet countries still employs a sizeable pool of individuals trained in the USSR. Their professional identity and loyalty to past associates at times are stronger than their national identity. Our research in Kharkiv has uncovered that between 2014 and 2016, when war was waged in Donbass, the Security Service of Ukraine (SBU) continued close cooperation with the Federal Security

32 Mikhail Bushuev, "Ubiistvo chechentsa v Berline: Germaniia gotovitsia k ukhudsheniui otnoshenii s Kremlem," DW, June 18, 2020, <https://www.dw.com/ru/убийство-чеченца-в-берлине-германия-готовится-к-ухудшению-отношений-с-кремлем/a-53864064>

33 Personal Interviews, Vienna, Austria, Warsaw, Poland, Berlin, Germany, Brussels, Belgium, Le Mans, France, 2019 (81, 83, 84, 85, 87, 96, 121).

Service of Russia (FSB). The two organizations, for example, carried on with joint development of policies and operations against Islamic terrorism. The two security services continuously exchanged lists of suspects; and Ukrainian services worked to prevent Russian citizens fighting on the side of Ukraine from receiving official refugee status in Ukraine.³⁴

The cooperation of the two states' security services extends beyond matters of Islamic terrorism. In 2015, fleeing from the war in Donbass, a father and his son, who owned a small paintwork business in Donetsk, moved to Cherkasy – a Ukrainian city controlled by the government. The family transferred the company's headquarters to Cherkasy, leaving the factory in Donetsk. Because they continued to pay salaries and taxes inside the territory of the Russian-backed separatist entity – the Donetsk People's Republic, the SBU accused them of financing terrorism. At the same time, security services of the unrecognized breakaway republic – the terrorists whom, according to the SBU, these businessmen financed – accused them of cooperating with the Ukrainian government. Both services, in coordination with each other, extorted payments from this business.

Another case of cooperation among former Soviet security service officers is the appointment of Artur Vanetsian as the di-

rector of the National Security Service of Armenia on May 10, 2018, shortly after the Velvet Revolution. Prior to the government overhaul, Vanetsian headed the National Security Service of Yerevan, making a decisive contribution to the victory of "the street" over the government of Serge Sargisian in spring of 2018. Experts and insiders consider Vanetsian, who had completed advanced training with the FSB, to be a Moscow's man. Advancing the Kremlin's interests, he has formed a counterweight to the so-called Soros and Karabakh wings in the Pashinyan government. He also instigated rivalry with the Armenian Ministry of Defense – a ploy commonly used by the FSB. As part of this process, he opened a criminal case against ex-Deputy Minister of Defense Manvel Grigorian on charges of embezzlement of materiel (weapons and foodstuffs) designated for the army. Vanetsian resigned at the end of 2019, officially joining the opposition to the government. About the same time, a Yerevan-based FSB training facility emerged, tasked with convening pro-Russian security practitioners and experts. One of its key objectives was initiating an investigation of the role of George Soros and his Open Society Foundation (OSF) in the Velvet Revolution in Armenia.³⁵ In 2016, even David Shakhnazarian, an ex-Minister of State Security and ex-Special Envoy on the Kara-

34 Personal Interviews, Vinnitsa, Vienna, 2019 (129, 83).

35 Personal Interviews, Yerevan, Armenia, 2019 (20). Also, see Aleksandr Atasuntsev, Polina Khamshiashvili, "Otlozhennoe delo: v chem obviniayut eks prezidenta Armenii i genseka ODKB,"

bakh conflict, who is widely regarded as one of the founders of the post-Soviet Armenian statehood, allied with Serge Sargsian, working to increase the influence of Moscow in Armenian politics on the side of the old elite.

The Nuclear Sector has also inherited a Soviet-trained apparatus controlled largely by Rosatom (Russia's State Atomic Energy Corporation) and circumscribed by the Machiavellian politics of the Kremlin.

Ukraine is facing a great challenge in moving from this heavily inbred environment to join the global community. "If you consider a nuclear power plant, of course its dependence on Russian energy carriers matters... I mean, the nuclear fuel... in recent years has been critical to the diversification of supplies and deliveries," concedes one of the managers of the Khmelnytsky Nuclear Power Plant.³⁶ The question is whether they will be able to replace Russian contractors constructing the two new power units, as ties with Russia remain strong.

In 2011, Ukraine's President Viktor Yanukovich signed a new law "On Ratification of the Agreement between the Cabinet of

Ministers of Ukraine and the Government of the Russian Federation on Cooperation in the Construction of Nuclear Units No. 3 and No. 4 of Khmelnytsky Nuclear Power Plant".³⁷ "Yanukovich then signed an agreement with Rosatom to finish the construction. It was this Russian company that was supposed to do it... It was about \$6 billion, I believe, including deliveries of Russian equipment. And nothing was done during all this time. They just staked a claim, and that is it. In 2014, they started working on the termination of the agreement... First, the Ministry of Foreign Affairs obstructed this... it took a year to get it through... And now the Ministry of Energy, our own Ukrainian ministry, is also blocking separation with Rosatom."³⁸

Now, to complete the project, a Czech nuclear company Škoda JS is competing with the Kyiv Institute of Energy Projects (KIEP). A recent investigation uncovered that the Czech company has roots in the Russian Gazprombank.³⁹ Those who want to work with the Czechs argue that the anti-Škoda campaign has been initiated by the lobbyists from the Ministry of Energy.

"The Czechs do a lot on their own. If the

RBC, 27.07.2018. <https://www.rbc.ru/politics/27/07/2018/5b5b03669a79470b26216ce8>

36 Personal Interviews, Khmelnytskaya Oblast, Ukraine, 2019 (28).

37 "Yanukovich blagoslavil stroitelstvo energoblokov na Khmelnytskoi AES," Liga.Novosti, 03.02.2011, <https://news.liga.net/economics/news/yanukovich-blagoslovil-stroitelstvo-energoblokov-na-khmelnytskoy-aes>

38 Personal Interviews, Kyiv, Khmelnytskaya Oblast, Ukraine, 2019 (29).

39 "Rossiiane pod prikrytiem," Radio Svoboda, January 24, 2020, <https://www.radiosvoboda.org/a/schemes/29728799.html>

Czechs build it, 70% of component parts must be Ukrainian, produced at the Kharkiv Turbo-Atom plant... There is one Czech-Ukrainian enterprise... and they are preparing everything required to finish the construction... They have some Russian investors, yet they work in accordance with European standards..."⁴⁰

Judging from the individuals mentioned in the publications criticizing the Czech company and the former director of EnergoAtom Yury Nedashkovsky, new appointments within the Ukrainian nuclear power sector are a direct outcome of a battle over the Khmelnytsky Nuclear Power Plant contract. Reportedly, Russian-backed Škoda JS is poised to build new reactors for 70 billion hryvnia each.⁴¹

The Kyiv Institute of Energy Projects (KIEP) has also been accused of connections with Russia: "They have access to the equipment and machinery produced in Russia... they work in Egypt with the Uzbek National Energy Company "Uzatom" /.../Rosatom provides all the equipment, money and everything else/.../ So it is a kind of transnational group, with their business interests... I would not outright say they are agents of the Kremlin... KIEP managed to become the

main planner. They are pushing the Verkhovna Rada... to make it so that, without their participation, construction cannot be completed... moreover, KIEP will have the final say on who is awarded the contract."⁴²

Critical to the outcome of this battle is the nearly-abandoned company "the Construction Management of the Khmelnytsky Nuclear Power Plant (UB-KHAES): "/.../ this company served as the main contractor for the construction of the Khmelnytsky Nuclear Plant. Now, when it has become clear that in order to finish the construction of the plant/.../ they need to work with a licensed company with experience and some history/.../ the battle is heating up. At the time, some guy from Yanukovych's mafia bought 28% of it."⁴³

Obviously, for institutionalized and transparent investors, working in this kind of business environment poses significant challenges and risks.

The Military Industrial Complex is the sector most heavily tied to the Soviet legacy. While the transition of Ukrainian power plants to American nuclear fuel is possible, the Ukrainian military sector is simply

40 Personal Interviews, Neteshin, Ukraine, 2019 (29).

41 "Firma s rossiiskimi korniami khochet postroit reaktory dlia urkainskoi AESza 70 milliardov – skhemy," *Ukrainskaia Pravda*, 25.01.2019, <https://www.epravda.com.ua/rus/news/2019/01/25/644645/>, "Rossiiane por prikrytiem," *Radio Svoboda*, 24.01.2019, <https://www.radiosvoboda.org/a/schemes/29728799.html>

42 Personal Interviews, Khmelnytskaya Oblast, Kyiv, Ukraine, 2019 (29).

43 Personal Interviews, Khmelnytskaya Oblast, Kyiv, Ukraine, 2019 (29).

not ready for modernization. One prominent military specialist, an ex-Deputy Minister of Defense Manufacturing in Ukraine, moved to the separatist-controlled territory when the war started in Donbass. He headed a Donetsk-based enterprise named Topaz – a military factory specializing in radio-electronic complexes such as, for example, the Kolchuga sensor. He said, in an interview, that he felt like he was back in the USSR. Of course, when all the products and equipment were appropriated by Russia (one Kolchuga system even was shipped to the annexed Crimea) he was utterly demoralized. He had realized that, in essence, he was an enabler, an assistant to a GRU officer who oversaw arms trafficking between Russia and the Donetsk separatist republic.⁴⁴

The story of the JSC Motor Sich Company, one of the largest manufacturers of aircraft engines, is another noteworthy example. The long-tenured head of the company, a four-term deputy of the Verkhovna Rada, Viacheslav Boguslaev (born in 1938) is a classic representative of the top echelon of the Military Industrial Complex of the USSR. Russian airplanes and helicopters use his engines. His engines are sold to India and China. Insiders report that the company has plans to build aircraft engines jointly with Russia and China. After Russia's annexation of Crimea and the beginning of the war in

Donbass, Boguslaev rerouted maintenance contracts for the Russian equipment via Belarus. One of the middlemen was an Arab entrepreneur, who ironically became a victim of a commando attack by Russia's Luzhnicki gang.⁴⁵

Our field work has uncovered cases of cooperation between Russian and Ukrainian companies on a smaller scale. During the Soviet years, the Leningrad Research Institute "Television" had a branch in Odessa, Ukraine. A company that was formed from it after the fall of the Soviet Union, today still supplies equipment and software for TV stations throughout Russia. Ukrainian techies working for this company were skeptical about the Euro-Maidan movement. Neither did they support the formation of volunteer battalions for the ATO zone. Through a factory in the Russian city of Obninsk, they continued working for Russia, and, indirectly, for the Russian propaganda machine. In a gesture of protest against the policies and politics of Piotr Poroshenko, they voted to elect the young and charismatic Vladimir Zelensky. These individuals have very complex, mixed and deeply conflicted identities. They are Russian but live in Ukraine. They resent nationalists from Western Ukraine, as the latter call them 'vatniks,' a political slur used in the countries of the former Soviet Union (especially in Ukraine, Belarus, and the Baltic

44 Personal Interviews, Rostov-on-Don, Russia, 2015 (71,68).

45 Personal Interviews, Kyiv, Ukraine, 2019 (50)

States) to denote Russian nationalists who peddle the Kremlin's propaganda. At the same time, they do not support the corrupt criminal pyramid of power erected in Odessa by the pro-Russian city bosses.⁴⁶

Professional networks of the Soviet empire continue to hold a tight grip on the financial flows in the countries of the former Soviet Union. From time to time, these networks reach across the EU borders to execute specific campaigns to advance the Kremlin's interests.

Other Notable Networks of Influence

Businessmen and officials who leave Russia, fleeing criminal prosecution and other threats often remain in the System's orbit. The main function of these individuals is to park, manage and disburse funds stolen from the Russian national coffers. They frequently emerge as investors funding technology startups in Silicon Valley, Berlin, or London.

A former raider, who previously collaborated with the security services and prosecution in Moscow, has started his life anew with a clean slate in London. On the one hand, he rats on his former accomplices for the benefit of the FSB. On the other hand, he

is still involved in criminal projects – for example, illegal mining of rare earth metals.⁴⁷

Another important group, which helps the Kremlin manage its financial flows globally, is the expert community. Russian-sponsored think tanks, such as the Moscow-based Alexander Gorchakov Public Diplomacy Fund, or the Paris-based Institute of Democracy and Cooperation, sponsor research by experts of different ethnic and national origins. Few of these experts can be called independent. The Director of the Yerevan-based Caucasus Institute, Alexander Iskandrian, is rather an exception. Most experts are overt in their loyalty to the stakeholder, as they are financed through Russian Universities, Russian-sponsored think tanks, or directly from the budget of the Presidential Administration of Russia. A good example of a European expert, working for Moscow's interests, is Alexander Rahr, a German political commentator with Russian roots.

Pro-Russian experts cooperate with the Russian Ministry of Foreign Affairs and attend meetings of the Valdai Club, which always includes panels with Vladimir Putin. Some experts even take high-level positions at Russia's state or private corporations. Allowing some degree of criticism as evidence of its respect for freedom of speech, the Kremlin expects all hands on deck and broad support during implementation of critical projects,

46 Personal Interviews, Odessa, Ukraine, 2019 (40)

47 Personal Interviews, Kyiv, Ukraine, 2019 (25).

such as the War in Donbass, Russia's military intervention in the Syrian Civil War, or the construction of the Nord Stream gas pipeline. It does not always mean that all experts in their orbit defend such projects. They often divert attention to other stories: for example, about the war crimes of the Azov battalion or the anti-Semitic rhetoric of Ukraine's radical right wing.

The Russian propaganda machine thus has learned how to be adaptive and flexible. There are some experts who cannot be called "pro-Russian," yet often act in Moscow's interest as they follow the lesser of two evils principle. For example, reports on radical Islamic terrorism published by German and Swedish experts often underestimate the threats posed by Russian agents (especially from Kadyrov's network), yet overestimate threats posed by the Muslim immigration from the Middle East.

Unofficial networks often collude with formal NGOs, forming a powerful infrastructure. "...prior to 2014, in Odessa, there were a dozen pro-Russian organizations financed by the Presidential Administration of Russia. By the way, most of this money was actually embezzled in Moscow and never made it to Ukraine... Igor Markov was the only person who managed to put this money to work... He is in Moscow now. He was a mob boss

overseeing a trash compacting business in Odessa. He got elected as a Deputy both in the city council and Verkhovna Rada. He was the first to speak against Euro-integration. For this, he was stripped of his deputy's mandate and jailed. Then, after the victory of Maidan, they let him go – perhaps, as part of a brokered deal. He behaved himself for about two months, but after the May 2 fire in Odessa, he started spreading Russian propaganda, then left for Russia.... He was apprehended in Italy on a warrant issued by the Ukrainian government. Ukrainians, as usual, could not present any supporting evidence. I don't understand whether they are really incapable, or someone buys them off at this stage. That is it. Now, he again is free to travel to Europe, but lives in Moscow."⁴⁸

Another agent executing Russian foreign campaigns has built a functional network of sports clubs in Europe. Recent assassinations of Chechen refugees in Berlin and Vienna show the "effectiveness" of this network. Kadyrov's channel for entering the EU is controlled by Abuzaid Vismuradov, the front-man of the "Akhmat" fight club. "Now, Kadyrov's people invest seriously in athletes, the people who train for MMA fights."⁴⁹ In Germany, Kadyrov's envoy is Timur Dugaev.⁵⁰ He lives in Kiel. "Yet in 2009, he carried the Ichkerian Flag, when he entered

48 Personal Interviews, Kyiv, 2019 (52).

49 Personal Interviews, Stockholm, Sweden, 2019 (86), Berlin, Germany, 2019 (121)

50 "Zachem kadyrovtsy perebirayutsia v Evropu," Kavkaz-realii, 12.03.2018, <https://>

the boxing ring... Now, Dugazaev sticks with the "Akhmat-Power" slogan. He came in as a refugee, persecuted on the territory of Chechnya and the Russian Federation. He now has the citizenship of Germany. But now Kadyrov throws money at him, so he opens clubs expanding the "Akhmat" chain. Isa, an envoy in Berlin, also owns a chain of sports clubs. Those who were against Kadyrov and had been tortured by Kadyrov's people – they are in the same boat with him now. They have been simply bought off. It is done in the following manner: I have money problems, Dugaev approaches me and says: 'We are both Chechen, for god's sake. Here is a club for you. Do what you want.' After some time, he tells me: 'Please, go collect money from this guy, he owes me.'" This is a request to engage in racketeering and extortion. "I found similar boys, did some shooting, killed one, wounded one, snatched the money. And what do the news report? The man, who complained about persecution in his homeland, goes rogue in Germany."⁵¹

This is just an example of how recruiting is done by Kadyrov's personal security ser-

vice. Dugazaev himself, at one point, fell out of favor with Kadyrov, because of the money spent on him via another wrestler – Chagaev. Chagaev lost a fight. It turned out that Timur Dugazaev appropriated a big part of the lump-sum. Then, he was "asked" to restore "a mosque for an Arab community in Hamburg, then he arranged *iftars* (meals) in honor of Akhmad-Haji.⁵² A couple of years ago, he went home with the golden belts of the Akhmad WFCA competition,⁵³ handed them as a gift to his compatriot Abuzaid Vismarudov, and Vismarudov arranged an audience with Ramzan for him."⁵⁴

In Stockholm, Kadyrov's people invest in martial arts clubs via Khamzat Chimaev, who visits Chechnya frequently. "He got lots of money out of the blue. He gets together with Chechens in Stockholm in a café, where Russian speakers from the Caucasus hang out... Just a few years ago, this Khamzat Chimaev⁵⁵ blamed everyone who did not support Al-Baghdadi for betraying Islam... I think he even pledged allegiance to him. And here we go, he has visited home, and now he is with "the Patriot"."⁵⁶

www.kavkazr.com/a/zachem-kadyrovtsy-perebirayutsya-v-yevropu/29094091.html

51 Personal Interviews, Berlin, Germany, 2019 (121).

52 Ramzan Kadyrov's father, Akhmad-Haji Abdulkhamidovich Kadyrov, who sided with the Russian government in the beginning of the second Chechen War and became the leader of Chechnya. On May 9, 2004, he was assassinated in Grozny by Chechen guerillas.

53 The World Fighting Championship Akhmad Fights Competition.

54 Personal Interviews, Stockholm, Sweden, 2019 (86), Berlin, Germany, 2019 (121)

55 <https://www.youtube.com/watch?v=4ejuEsP-RNg>

56 Personal Interviews, Stockholm, Sweden, 2019 (86).

In Austria, “the Patriot” (Kadyrov’s moniker) is represented by Mairbek Taisumov, another well-known Chechen MMA fighter.⁵⁷ “He is not a formal envoy yet, but already praises Kadyrov everywhere. First, he went home. He said he was forced to, he had to. And now he has already started supporting the ‘Akhmad-power’ slogan, saying ‘Ramzan, we are with you.’ And the youngsters, who are raised here, reach out to him.”⁵⁸

Kadyrov’s sports clubs, indeed, bring money through legitimate commercial activities. Yet the activities that Kadyrov carries out in coordination with Russia’s security services are financed separately. For assassinations, they pay hundreds of thousands and even millions of dollars. Moreover, they invite bids or give “awards” for the heads of specific individuals, sometimes almost publicly. The executor receives the fee, after the job is done in Grozny.⁵⁹

57 “Glava Chechni rasskazal, pochemy Mairbek Taisumov proigral nad UFC 242,” Groznyi Inform, 09.09.2019, <https://www.grozny-inform.ru/news/health/112285/>

58 Personal Interviews, Stockholm, Sweden, 2019 (86).

59 Personal Interviews, Helsinki, Finland (77); Stockholm, Sweden, 2019 (86).



Chapter 3: The Key Players

The System described in this report is formed on the principle, known as “fictive kinship” in anthropology. This is a “bro-type” culture where friendship is established in the street, at schools, at sports clubs, at a friend’s house, or in jail. In St. Petersburg of the 1990s, there were several distinct groups that oversaw joint semi-legal businesses based on a fictive kinship hierarchy with rigidly assigned roles and responsibilities: senior, junior, a negotiator, a security officer, a coordinator with the government, etc. Popularly known as “collectives,” these groups laid the foundation for Putin’s system.

The core of Petersburg’s “collective” was formed between 1991 and 1996, when Putin headed the Committee for External Relations at the Major’s Office of St. Petersburg.

The Rossiya Bank and the Ioffe Institute

The most enthusiastic and energetic member of this team was a graduate of Leningrad's Ioffe Physical-Technical Institute, Yury Kovalchuk. In the 1980s, Kovalchuk worked at the institute's department directed by future Nobel Prize Laureate, Zhores Alferov. In 1989, at the age of 36, Kovalchuk was appointed the first deputy of Alferov. Kovalchuk's colleagues at the institute were Andrey Fursenko, a future minister of education and science, Viktor Miachin, a future manager of the Rossiya Bank, and Vladimir Yakunin, future president of state-owned Russian Railways. In 1982-1985, Yakunin was the head of the institute's foreign relations department – a KGB-affiliated organization. In 2000, Kovalchuk's elder brother, Mikhail became the director of the Kurchatov Institute, Russia's main center for the study and development of nuclear energy. At this position, Mikhail Kovalchuk was also tasked with overseeing the alleged modernization of Russian science. Andrey Fursenko's younger brother, Sergei now manages the media project of the Rossiya Bank.

Yury Kovalchuk and Andrey Fursenko registered several science and technology firms, using the resources of the Ioffe Institute.

However, most of their income, at the time, came from computer sales. When in 1991, it became clear that profits went to the firm's directors, not to research, Alferov fired Kovalchuk, Fursenko, and Miachin, yet the crafty physicists did not give up. They found a new home for their businesses – the Joint Enterprises Association of Leningrad, supervised by the city official, Vladimir Putin.

Putin and Yakunin started lobbying for the newly emerging "collective" in the government. A KGB-officer, Yakunin then presided over the board of directors of the St. Petersburg International Center for Business Cooperation – an organization started at the former headquarters of Communist education. The purchase of the headquarters was one of the first acts of the privatization of crucial real estate objects by Putin's people.

In 1990, with funds of the about-to-expire Communist Party, the "collective" started a bank with the patriotic name "Rossiya" (Russia). The financial department of the Leningrad Regional Communist Party Committee, headed by Arkady Krutikhin, became its main shareholder. Then, under the pretext of "financing events and projects on behalf of the Central Committee," the Rossiya Bank received 50 million rubles from the reserve fund of the Communist Party of the Soviet Union." Other investors included the "Rus" insurance company⁶⁰ and the "Russian video" enter-

⁶⁰ In 2002, deputy of State Duma, Vladislav Reznik sold a controlling interest in the "Rus" insurance company for \$10 million.

prise.⁶¹ Director of “Russian Video” Dmitry Rozhdestvenskiy was an intellectual looking kingpin (he was a member of the notorious Tambov gang and would later go to jail).

The Rossiya Bank, thus, was one of many enterprises used by the party financial leadership for moving funds of the Communist Party. After the failure of the 1991 August coup, the old system collapsed. Krutikhin’s boss Nikolai Kruchina fell out of the window of his apartment. Russia’s president Boris Yeltsin issued a decree ordering nationalization of the assets of the Communist Party of the Soviet Union. In September 1991, Mayor of St. Petersburg Anatoly Sobchak ordered his office to oversee the assets of the Rossiya Bank, and to create an investment fund with foreign capital. The person appointed to implement this task was Vladimir Putin.

Putin did not waste time. By December of 1991, the joint investment fund was created, and the Rossiya Bank went under a new ownership. Kovalchuk, the Fursenko brothers, Yakunin, and Viktor Miachin replaced the “old guard” from the Leningrad Communist Party Regional Committee and its affiliated firms.⁶² Viktor Miachin managed the bank at the beginning. Since 2004, under the auspices of the Rossiya Bank, he oversaw the investment group “Abros,” focusing heavily on real estate.

61 They borrowed 13 million rubles from Leningrad’s regional party committee to make their payment.

62 Mikhail Kozyrev, Anna Sokolova, Yury Kovalchuk, “Glavnyi po Rossii,” *Forbes*, 03.08.2008, <https://www.forbes.ru/7645-yuriy-kovalchuk-starshiy-po-rossii>

The Petersburg Oil Terminal

In the early 1990s, Putin established close working contacts with outright criminals: mostly, with members of the Malyshev and Tambov gangs. Putin knew Mikhael Mirilashvili, who would later be sentenced to 12 years in jail. In the 1990s, Mirilashvili’s family owed stocks in St.Petersburg’s port. He later invested in the Russian social media platform “V Kontakte” (a Russian version of Facebook). Through his agents, Putin extracted bribes from criminals. Konstantin Yakovlev, aka Kostia-the-Grave, received customs clearances for exported automobiles with the help of the Mayor’s Office. Roma Tsepov, another high-profile gangster, collected money in St. Petersburg casinos. Alexei Miller received payments in St. Petersburg’s port. In the end, it was the port racket that made the inner circle of Putin a real “collective.” Control over the port brought cash from oil sales and all kinds of smuggling.

Infiltration into the fuel business and the port by Putin’s people started with Dmitry Skigin, the key owner of the Soveks – a company that fueled all airplanes at the Pulkovo Airport in the 1990s. Skigin died in Nice, France in 2003. Prior to his death, he largely controlled the St. Petersburg port, includ-

ing the St Petersburg Oil Terminal, the port-based Baltic Bunkering Company, and the oil-trading company, Lichtenstein-registered, Horizon International Trading. Putin's old pal, now billionaire, Gennady Timchenko exported oil through the St. Petersburg Terminal at the time.

The "collective," headed by Ilya Traber, Vladimir Barsukov-Kumarin, Vladimir Vasiliev, and Dmitry Skigin acquired the St. Petersburg Oil Terminal thanks to Vladimir Putin, as he arranged the transfer of the lease to them. Vladimir Putin received his share, while his aide Alexei Miller took the position of Putin's envoy in the Oil Terminal criminal business. Graham Smith collected the group's oil profits in Lichtenstein. In 1996, Miller was appointed a deputy-director of the bulk-oil terminal. Another deputy director was Aleksandr Diukov, a man of Skigin. Ilya Traber was the director. Traber, Miller, and Diukov played key roles in this utterly criminal enterprise. Aleksandr Dyukov would later become chairman of the Gazprom Neft Company.

Much blood was shed in 1997 in order for Putin's group to take full control over the port. At the moment when Putin became head of the FSB, the group started acting more "decisively." During the seizure, resale, and development of the port, many key individuals were assassinated or disappeared. High-profile victims included:

1. Mikhail Sinelnikov, captain of the JSC Seaport of St. Petersburg;

2. Sergey Boev, Sinelnikov security aide;
3. Yevgeny Khokhlov, head of the North-Western Shipping Company;
4. Nikolai Yevstafiev, head of HR at the North-Western Shipping Company;
5. Vitold Kaidanovich, general director of the North-Western Customs Terminal;
6. Nikolai Shatilo, co-owner of the North-Western Customs Terminal;
7. Dmitry Varvarin, co-owner of the Orimi Company;
8. Sergey Krizhan, co-owner of the Orimi Company.

The assassination of Mikhail Manevich, vice-governor of St. Petersburg for city property management, stands out in its brazenness. Manevich opposed allowing the port to get out of city control. As a result of this utterly criminal redistribution of property, Diukov, Miller, and Traber took over the leadership of the port. Diukov became the general director. Miller took the position of his deputy, responsible for investments. Traber joined the board of directors. Eventually, the port was sold to Moscow's business people. Graham Smith, with whom they successfully cooperated since the establishment of the Soveks Company, oversaw the "fair" distribution of shares and profits. The sale of the port was executed via the Lichtenstein-based company, Nasdor Incorporated, that was registered at the same address as the Horizon International Trading. Smith handled the deal, with

Traber being the main beneficiary.⁶³

Gennady Petrov is another noteworthy criminal of the time. Gaining his acquaintance unlocked tremendous opportunities in St. Petersburg in the 1990s and early 2000s. He spent some time in Spain yet came back in 2014. Petrov was one of the shareholders of the Rossiya Bank. He also worked with Anatoly Serdyukov on several projects aimed at the removal of funds from the Ministry of Defense.⁶⁴ Now, Petrov officially is just a co-owner of the development and construction company "Mostodorstroy 82," yet his son Anton is a billionaire. "To him Gennady Petrov handed his company "Monolith Baltic." Anton Petrov deals mostly with real estate now. The total area of his commercial properties is over 40,000 square meters. The buildings include the Vanity Opera trade center by the Kazansky Cathedral, and the Class A+ Business Center 'Onegin' on the Yakimanka Street in Moscow. One of his last projects in residential real estate is the apartment complex "Novaya Istoriya" (The New History) on Vasilevsky Island. From 2010, Anton Petrov has owned the '585' chain of jewelry stores. He has also launched a micro-finance project "Quick Money." Aside from that, he opened the jewelry factory "Ta-

lant" in the Vsevolzhsky District of the Leningrad Oblast. He also owns a quarter of the "Ilyinskoe" coal deposits in the Kemerovo Oblast, as well as fitness centers, bakeries, and the greenhouse complex "New Holland." Anton Petrov's sister, Anna Petrova, is a co-owner of one of his firms. She holds 20% of the company "Regent Gold." In 2016, its profits surpassed 200 million rubles with 2.3 billion in revenues. According to the "Delovoi Peterburg" billionaire rating, in 2017, Anton Petrov was worth 42.6 billion rubles."⁶⁵

Another crucial member of Putin's initial group was Gennady Timchenko. "In the late 1980s, Timchenko got a job in the international trade company "Kirishineftekhimpexport," which exported oil from the Kirishi Petroleum Organic Synthesis Corporation. Until the annexation of Crimea by Russia in 2014, his main business was in sale of oil and oil products. In 1997, together with his partner Torbjörn Törnqvist, he founded the oil-trading company "Gunvor." Shortly after that it became a major supplier of Russian oil on foreign market. Both state- and privately-owned companies – "Rosneft," "Surgutneftegaz," "TNK-BP," "Gazpromneft." Toward the end of the 2000-s, Gunvor was among the three largest oil-trading companies in the world. In

63 Dmitry Volchek, "Putinu nuzhny byli dengi," Radio Svoboda, August 14, 2016, <https://www.svoboda.org/a/27914802.html>

64 Personal Interviews, Kyiv, Ukraine, 2019 (25).

65 Viktor Ovsyukov, Mikhail Grachev "Deti 90-x. Kak zhivut deti tek, kogo nazyvali 'avtoritetnymi predprinimateliami,'" Delovoi Peterburg, 20.05.2018, https://www.dp.ru/a/2018/05/07/Deti_90-h__Kak_zhivut_de

2010, it sold 116 million tons of oil, with a profit of \$68 billion. In 2014, Timchenko sold Torbjörn Törnqvist his share in Gunvor, and moved on to service companies. In 2020, Gennady Timchenko occupies 6th place in Russia's Forbes list, owning 23.49% in Novatek, 17% in Sibur, about 50% in Stroitransneftegaz, 80% in "Stroitransgaz" and 80% in Tranoil."⁶⁶

The funds controlled by Putin's group, which helped him to move up the career ladder in Moscow so quickly, were accumulated mainly in the market of oil products. In the second half of the 1990s, Putin personally worked with the special unit of border guards on the seizure of cargo at St. Petersburg's port. Then, they would sell the goods at a price much lower than the market price. Eventually, on the oil products market, Putin's group clashed with the "Menatep" of Mikhail Khodorkovsky and his partners. The story of the arrest and trial of Khodorkovsky and his partners is well-known. In St. Petersburg, Menatep was directed by Dmitry Filippov, who was assassinated by explosion at the entrance to his house on November 10, 1998.⁶⁷

Insiders report that Roman Tsepov, also

known as the "grey cardinal of St. Petersburg," was a middleman between the criminal world and the state security service.⁶⁸ Officially, Tsepov ran the agency "Baltic Export" that provided security for the most important events in St. Petersburg. Tsepov was poisoned with a radioactive isotope in 2004. People who knew Tsepov say that he was trying to mediate the conflict between Putin and Khodorkovsky, lobbying for a peaceful solution for "Yukos." The well-known raider Vladimir Palitakha is also thought to have contributed to this assassination.⁶⁹ By the mid-1990s, an intricate symbiosis of security services, gangsters, city officials, and business community was fully formed.

The "Ozero" Cooperative

The suburban cooperative "Ozero" (lake) is located on the shore of the Komsomolsk Lake in the Priozersk District of the Leningrad Oblast. It was founded in 1996 by Vladimir Putin and his pals. The shareholders were:

1. Vladimir Smirnov: future head of the

66 Gennady Timchenko, Forbes, 2020, <https://www.forbes.ru/profile/gennadii-timchenko>

67 "Delo Filippova: tobolskii sled," Delovoi Peterburg, 05.07.1999, https://www.dp.ru/a/1999/07/05/Delo_Filippova_tobolsk

68 Personal Interviews, Sofia, Bulgaria, 2019 (63); See also: Viktor Rezunkov, "Zhizn is smert Romana Tsepova," Radio Svoboda, 12.02.2016, <https://www.svoboda.org/a/27545431.html>

69 Personal Interviews, Kyiv, Ukraine, 2019 (25).

- Techsnabeksport Bank;
2. Vladimir Yakunin: future head of the Russian Railways Company;
 3. Yury Kovalchuk: future key shareholder of the Rossiya Bank;
 4. Nikolai Shamalov: future key shareholder of the Rossiya Bank;
 5. Viktor Myachin: future general director of the Rossiya Bank;
 6. Sergey Fursenko: future vice-president of the Gazprom Bank;
 7. Andrey Fursenko: future Minister of Education and Science.

Viktor Zubkov, former director of the Pervomaisky Kolkhoz, where the cooperative secured land, also had close ties with the team, and he benefited from this tremendously. In 1992-1993, Zubkov started as Putin's aide in the Mayor's Office of St. Petersburg. Then, he headed the St. Petersburg Branch of the Federal Tax Service – a lucrative job, given the tremendous scale of corruption. In 2007-2008, Zubkov served as prime minister. Then, when in 2008 Putin became prime minister, Zubkov became his first deputy. Since 2014, Zubkov has been a special envoy for the President of the Russian Federation to the Gas

Exporting Countries Forum (GECF). He also sits on the board of directors for Gazprom – another cushy “job”.

Members of the St. Petersburg “collective” used their privileged positions in different ways, not always cooperating with each other, but also competing with each other. “Of course, the Kovalchuks are powerful, because all the media outlets are given to them. They are divided there. The Kovalchuks don't meddle in others' business projects, but, for example, governor of the Leningrad Oblast Drozdenko is their man. Kovalchuk's son now works in the energy sector. This Jew, Sanya, is now working for him. Beglov also is trying to hire deputies from different people. In Petersburg, though, the Rotenberg brothers run almost all the projects... they are the most connected, so also most efficient... Arkasha more so, than Boria... and I think Ilya Ilyich (Traber) plays an important role as well. At some point, he was in the doghouse, lived in Switzerland, but now he is back and forth. Everyone knows their place there. And by bell, book and candle, they dumped Vladimir Ivanovich Yakunin. Now, Rotenberg's people have taken over all the financial flows of the Russian Railways Company.”⁷⁰

70 Personal Interviews, Tbilisi, Georgia, 2019 (5).

Companies and Corporations

With some corporations, Putin's group managed to reach peaceful agreements regarding their status within in the system. These include:

1. The Alfa Bank of Mikhail Fridman;
2. The PJSC Lukoil Oil Company of Vagit Alikperov;
3. The steel-mining Severstal Company of Alexei Mordashev;
4. The Novolipetsk Steel Company of Vladimir Lisin;
5. The AFK Sistema PAO Company of Vladimir Yevtushenkov;
6. The Nor Nickel Mining Company of Vladimir Potanin;
7. The Onexim Group of Mikhail Prokhorov;
8. The Novatek Gas Company of Leonid Mikhelson.
9. The Taif Group related to the family of Mintimer Shaimiev;
10. The Bashneft Oil Company first controlled by the family of Murtaz Rakhimov, then by the AFK Sistema, then re-privatized by Igor Sechin;
11. The Energy Sector with most beneficiaries connected to Anatoly Chubais.

The Russian Orthodox Church headed by Patriarch Kirill (Kirill Gundyayev) can also be seen as a corporation, subordinated to the

interests of the System. On the one hand, it is used as a tool for fundraising from individuals who are not part of the System. On the other hand, it is a channel for political projects, especially in Ukraine – a country where a significant portion of its Orthodox believers still belong to the Moscow Patriarchate.

Companies that dare to oppose the rules of Putin's System are coerced by all means, including corporate raids. Raiders have been used in takeover of metallurgical plants, sea ports, airports, construction businesses, farms, and power plants. One of the most recent examples is the Primorsky Krai ferrous metallurgy market entry by the Rotenberg brothers. They seized the Amurstal Plant from Khabarovsk Mayor, Sergey Furgal. Pavel Belskiy conducted this operation on behalf of Arkadiy Rotenberg.⁷¹

Raiders work for specific individuals from Putin's inner circle. For example, Vladimir Palitakha works for Anatoly Serdyukov, a son-in-law of Viktor Zubkov (Putin recruited Zubkov when he was director of the Mebel-Market Company in St. Petersburg). Palitakha first helped Anatoly Serdyukov to replace owners in Khodorkovsky's Yukos.⁷² In 2004, Serdyukov was appointed head of the Federal Tax Service. From, 2007 to 2012, he was promoted to the position of Minister of Defense. His main task in that position was to transfer the control of financial flows of the

71 Aleksei Chelnokov, "Chernyi lom Furgala," FLB, 14.05.2019, <https://flb.ru/1/3637.html>

72 Personal Interview, Kyiv, Ukraine, 2019 (25).

Ministry of Defense to Putin's clique. Here, Vladimir Palitakha helped again. One of the victims, Alexei Dushutin, described some of the events:

"Palitakha took away the first company from me in 2004. This was the Metallist Factory. Then, he took the TSKB-Svyaz... Before he did not get an order from above, Palitakha could not do anything with me. Serdyukov gave him an order... Why? They needed to distract attention. They plundered the entire Ministry of Defense. Just from the construction of housing for the military personnel, they stole 200 billion rubles every year. Plus, armaments, plus land, plus buildings, plus contracts... They turned generals into subhumans, the "little green" men, as they called them. A general had no say. Serdyukov was appointed to head the Ministry of Defense with one and only one purpose – to take over the financial flows entirely. At the time, the largest construction project in the country was the construction of 64 plants throughout the country, from Kaliningrad to Nakhodka. It was managed by the Oboronservis Company, headed at the time by Yevgeniia Vasilieva... Its structural unit was headed by his other girlfriend, Larisa Yegorina... this 37-year old Yegorina plundered everything in its entirety, including the state-owned research institutes.⁷³"

Some raiders own large businesses. For

example, Roman Trotsenko, a raider with close ties to Igor Sechin, owns the *Agarak Copper-Molybdenum Mine Complex*, a key export enterprise of Armenia. He has succeeded in acquiring it through the Geo-ProMining Company. Two other well-known raiders are Suleiman Kerimov and the Magomedov brothers.

Individuals who successfully implement Putin's personal projects are rewarded with posts as top government officials. Alexei Miller, who, together with Ilya Traber and the Tambov-Malyshev gangs lobbied Putin's interests in St. Petersburg port in the 1990s, became the head of Gazprom after the port was sold to Vladimir Lisin. Igor Sechin, who started as Putin's aide at the Committee for External Relations at the Mayor's Office of St. Petersburg, headed the state-owned company "Rosneft." Each of these officials, essentially, owns a state within a state; with a budget, raiders, sales representatives, security forces, and even media support.

When Putin's friend Gennady Timchenko was placed under sanctions, he moved to the oil and gas business in North Western Siberia. As a result of a brutal raider operation, Azad Babev's Ru-Energy Group, the largest successful company in the region, fell under a new ownership. The victim is confident that his company was appropriated by the well-connected father and son Arif and

73 Personal Interviews, Kyiv, Ukraine, 2019 (20). See also: Sergey Mashkin, "Delo Oboronservis raspolagaet k sotrudnichestvy," *Kommersant*, August 13, 2013, <https://www.kommersant.ru/doc/2338051?isSearch=True>

Tokai Kerimovs with the help of director of NaftaGaz Islam Nazarliev. The father, Arif, is the president of the Federal Lezgin National and Cultural Autonomy and a member of the Presidential Council on Nationality Issues. The son, Tokai, has business interests in NaftaGaz. "Azad Babaev says, 'People who did that, did that under the name of the director of one of the largest oil companies. I was told that, allegedly, this state-owned company wants to get their hands on my business.'"⁷⁴

However, according to insiders, the real mastermind of this operation was Timchenko. The Kerimovs simply provided force for the seizure of the business. Before the bankruptcy, the Ru-Energy groups was a growing business that worked successfully with other large oil and gas companies. It even signed contracts in Syria.

There are several reasons why Putin and his team succeeded in taking over Russia and staying in power for such a long time.

Firstly, Putin's System was created as a syndicate of officials, security force, business people, and outright criminal thugs, such as Ilya Traber and Gennady Petrov (both currently enjoy la dolce vita, running large and successful business empires). The group used the Mayor's office of St. Petersburg in their own self-interest. When the opportunity came, they applied the same approach to state building.

Secondly, Putin has restored the FSB, which, in the early 1990s, was in disarray. When in August 1999, Putin was appointed prime minister of Russia, his close associate Patrushev became the head of the FSB. In March 2001, Putin's opponent, Vladimir Rushailo was forced to leave the post of the Minister of Interior. The job was given to Patrushev's schoolmate, Boris Gryzlov. Thusly, during his first term, Putin established control over all military, law enforcement, and security ministries and agencies.

Thirdly, Putin has managed to put his people in all branches of power including the media. The most important case was the takeover of the media empire "Media Most" owned by Vladimir Gusinsky. The reason behind this development was that its outlets – especially the TV channel NTV – produced both satirical and political shows critical of Vladimir Putin. Putin was particularly disturbed by the independent and frequently very critical coverage of the second Chechen War by NTV journalists. In summer of 2000 Gusinsky was forced to sell his Media Most to Gazprom, and shortly after fled the country. This marked the beginning of the end for free media in Russia – the main achievement of Gorbachev's perestroika and Yeltsin's Reform.

Russia started gradually sliding back to authoritarianism.

74 Anton Nadtocheev, "Ne tuda zarubili," Versiia, 13.07.2020, <https://versia.ru/azad-babaev-razvorachivaet-prodazhu-22-burovyx-servisnoj-burovoj-kompanii-prodannyx-naftagaz-burenie-v-desyatki-raz-desheвле>



Chapter 4: The Future of the System: Plausible Scenarios

There are several possible scenarios for the development of Putin’s System. Yet, all of them are likely to precipitate its collapse and the dissolution of the Russian Federation (see Table 4: Scenarios).

In the short term, the System is likely to become even more violent and criminalized in its conduct both at home and abroad. Considering the magnitude of the rivalry between Interagency Political Groups (IPGs) that maintain their own armies, we may witness more armed conflicts and malicious activities.

Without question, in the long term the System is not viable. The recent need of the Kremlin to change the Russian Constitution speaks for itself. Two amendments are particularly telling. In a language that is blatantly discriminatory toward the non-Russian population of Russia, the Russian Constitution now defines Russians as “the state-forming people.” Meanwhile, any talk of separatism – either ethnic or regional – is outlawed and criminalized. Clearly, the Kremlin is well-aware of Russia’s vulnerabilities and is pathologically afraid of its dissolution. There

are three main lines of reasoning that explain why sooner rather than later the new-old Russian Empire will cease to exist.⁷⁵

First, Russia's autocracy is vulnerable. In the Russian Empire, there was a clear mechanism for the transition of power: hereditary monarchy. In the Soviet Union, new leaders were chosen by the Politburo. The transition of power in modern Russia is more unpredictable and arbitrary than ever before. This is why Vladimir Putin is so afraid to leave his throne. Essentially, he alone, protected by the security apparatus, is the single most powerful institution. "If there is Putin, there is Russia; if there is no Putin, there is no Russia," said Vyacheslav Volodin at the Valdai Discussion Club in October 2014.⁷⁶ Modern Russia is indeed all about Putin. Neither the Romanov Empire nor the Soviet Union witnessed such a tremendous corrosion of state institutions.

Second, Russia is weak ideologically, scientifically, and economically. Putinism is not as powerful as Marxism, as Putin's former aide, Vladislav Surkov has recently asserted.⁷⁷ Neither is Eurasianism likely

to provide a strong ideological foundation. Both, under the Czars and the Bolsheviks, Russia had much more to offer. Even the Soviet government at some point understood that it needed to support science and arts with heavy investments in order to compete with the U.S. and Europe. Today, Russia has an economy heavily reliant on commodity export, and its higher education is both underfunded and corrupt. The failure of the Skolkovo innovation project launched under president Medvedev demonstrates the incapability of Russia to modernize. Skolkovo was designed as a high-tech center inspired by the Silicon Valley. As this often happens in Russia, large government allocations immediately invite corruption. In 2013, two officials, Kirill Lugovtsev and Vladimir Khokhlov has been accused of embezzling 23.8 million rubles⁷⁸. Several other cases followed the pattern. Most importantly, the center did not achieve the expected results in technological innovations.

Lastly, the third, and most important vulnerability of Russia, is the inability of the

75 For the full argument, see Peter Eltsov, *The Long Telegram 2.0: A Neo-Kennanite Approach to Russia*, Lanham/London: Lexington Books, 2020.

76 "Volodin podtverdil svoi tezis o tom chto "net Putina – net Rossii." TASS, posted October 18, 2014, <http://tass.ru/politika/4658232>.

77 Vladislav Surkov, "Dolgoe gosudarstvo Putina: O tom chto zdes voobhsche proiskhodit," *Nezavisimaya Gazeta*, February 11, 2019, http://www.ng.ru/ideas/2019-02-11/5_7503_surkov.html.

78 "V Skolkovo obnarucheno mnogomillionnoe khishchenie," C.News, Feb. 20, 2013, https://cnews.ru/news/top/v_skolkovo_obnaruzheno_mnogomillionnoe

Russian state either under the Czars or the Bolsheviks – to create a national identity that could be shared by all of its citizens. The reality is that millions of citizens of Russia do not have a strong allegiance to the Russian state and, if history is any guide, will resume their fight for independence as soon as an opportunity comes. This pertains not only to the ethnically defined republics, such as Tatarstan and Chechnya, but also to resource-rich regions like the Urals and Siberia, where local identities are very strong. Both Siberia and the Urals have a history of independence movements led by Russians: in 1860 and 1917-1918 in Siberia, and in 1991 in the Urals. As the great Russian humanist Leo Tolstoy foresaw, Russia would one day may cease to exist.⁷⁹

Criminalization of the System

Putin's System has acquired its current form as a result of a merger of the security services and criminal groups of St. Petersburg during the 1990s. It came to power as a mafia network, eager to take absolute control over state institutions, corporations, and financial flows. Due to high oil prices and an attempt, headed by Vladislav Surkov and Aleksandr Voloshin, to build a new Russian

state, Putin was able to restrain efforts by the *siloviki* (heads of security forces and law enforcement) to switch to "the manual mode" of management of the country and its finances. It took Putin almost ten years to ensure his people occupy all key positions in the federal and regional governments. It is debatable at which point the process became irreversible. The arrest of Mikhail Khodorkovsky and the termination of the election of governors had a tremendous significance.

The period in the late 1990s, when the St Petersburg "squad" relocated to Moscow's government and corporations can be called "the institutionalization of Putin's criminal network." Now, we are witnessing a reverse process: "the criminalization of the ruling functional network."

The System threatens not only the ordinary people but also the regional elites, mid-level employees of the government, and the leadership of some large corporations. Putin's *siloviki* and oligarchs have positioned themselves, as a unique caste which is subject only to its own rules and laws. This juxtaposition to the rest of the Russian population has become particularly evident within the last two years.

In today's Russia, large government contracts for infrastructure developments are not granted by federal and regional leadership

79 Leo Tolstoy, *The End of Age*, trans. V. Tchertkoff and I. F. Mayo (London: William Heineman, 1906), 48.

to local companies.

The Kremlin's anti-corruption campaign, which has emerged as an effective instrument of political struggle among various clans within the System, led to a situation, when, without a personal connection to someone within Putin's inner circle, it is impossible to sustain any lucrative or career-enhancing position. This is great source of frustration and even rage for ambitious businessmen and political actors who are not a part of the System's inner core. "There is no strategy... This gives a sense of temporality... Even though Putin is trying not to allow this perpetual flight of cadre, there is a sense throughout teams⁸⁰ that no one will intercede for you, if you stumble, and it does not matter who you are... even if you are a governor... Everyone is trying to stay away from each other. No one in the business and political elite is sure that they will have a guaranteed retirement. For example, in the Soviet years, if you lived and worked for the motherland, the state guaranteed you an apartment, a summer house, etc. ... if you screwed up, you had to be brought to justice... Today's people do not care whether you screw up or not,

you can work honestly and effectively... but if someone calls, and no one powerful stands behind you, even if you were appointed as a good guy, they will trade you for Moscow's support... There is an absolute absence of common sense and absence of social support. This is why the system is not about how hard you work or how well you do your job ... it is about what you can put out and who owes you. Some give money, some provide connections."⁸¹

This lack of certainty has had a tremendous impact on the Russian economy. The income of Russia's population is decreasing. Inflation outpaces salaries.^{82,83} Financial flows from corruption are becoming more centralized. Internet retail displaces small businesses. Local bandits and law enforcement workers are losing their income. In one of Russia's regions, the leaders of the local FSB and Ministry of the Interior reportedly encourage business owners and crime bosses to arrange protests.⁸⁴

Meanwhile, a special power group has emerged from the ranks of senior security, military, and law enforcement personnel. Carrying arms and all-access ID-cards, they

80 The "teams" mean here Interagency Political Groups (IPG) defined in chapter 1.

81 Personal Interviews, Tbilisi, Georgia 2019 (5).

82 "Polovina rossiian zarabatyvaet menee 35 tysiach v mesiaty," RBK, July 18, 2019, <https://www.rbc.ru/economics/18/07/2019/5d3039e39a79476266abb143>

83 "Zarplaty proigrali infliatsii," Banki.Ru, May 23, 2019, <https://www.banki.ru/news/daytheme/?id=10896588>

84 Personal Interviews, Tbilisi, Georgia, 2019 (7).

brag about their positions within the System's hierarchy. The number of recent criminal cases that involve charges related to drug-trafficking and terrorism speaks for itself. Business people are being targeted as part of the alleged anti-corruption campaign. Examples include the cases of Sergey Petrov and Michael Calvey. In June 2019, Russian businessman, Sergey Petrov was accused of transferring money to offshore company illegally. Petrov and several observers claim the case was political.⁸⁵ In February 2019, American businessman, Michael Calvey, was arrested and charged, along with several other individuals, with embezzling US\$ 38 million from the Vostochny Bank.⁸⁶

The readiness of law enforcement officers to manhandle demonstrators has also increased.⁸⁷ There are even cases of criminal prosecution against top officials and officers from the Ministry of the Interior, FSB, and GRU, yet the defendants of this caste usually receive suspended sentences. Evidently, the rules of engagement for the top echelon of

the System are different.

Criminalization of the System may have serious consequences. As is already clear, it will cause an increase in flight and emigration. All kinds of business people and professionals, who have worked in the System, are losing faith in it and, consequently, leave the country. Second, the expropriation of power and money from regional elites by the System, as well as the growth of protest sentiment among the population, will strengthen the decentralization dynamics. What is happening in Russia now that can be described as decentralization. The pyramid of power has already weakened, as massive protests in Khabarovsk in response to the arrest of a popular regional governor vividly demonstrate.⁸⁸ Third, the government has no choice but intensify its repression against political activists, journalists, and foreign citizens working in Russia on civil rights issues. This will also accelerate the "brain drain" of skilled population from the country. If ambitious youth from Russia's remote regions in past decades

85 Mark Krotov, "Russian Businessman Petrov Facing Financial Investigation Says Probe is Political," *RadioFreeEurope*, June 28, 2019, <https://www.rferl.org/a/associate-of-former-russian-lawmaker-detained-on-embezzlement-charges/30025695.html>

86 "How the Michael Calvey Case has Unfolded So Far," *The Moscow Times*, Sep. 18, 2019.

87 Ivan Nechepurenko, "Moscow Police Arrest More than 1,300 at Election Protest," *The New York Times*, July 17, 2019, <https://www.nytimes.com/2019/07/27/world/europe/moscow-protest-election-russia.html>

88 Anton Troianovski, "Protests Swell in Russia's Far East in a Stark New Challenge to Putin," *The New York Times*, July 25, 2020.

sought to move to Moscow or St. Petersburg in search of better opportunities, now they flee abroad.⁸⁹ Fourth, the aforementioned special power group needs war to preserve its influence, especially at times of crisis. Accordingly, we should expect more projects a la Strelkov (Girkin)'s adventure in Donbass in the summer of 2014, accompanied by all kinds of frame-ups, deceptions, entrapments, and assassinations. Lastly, one would expect intensification of activities already occurring in the rest of the world: primarily, through state-run propaganda, "active measures," and espionage.

The Parade of Sovereignties 2.0

The "parade of sovereignties" is a term applied to the period shortly before the collapse of the USSR, when a number of its constituent republics declared independence. Clearly, not all of them have managed to acquire a genuine or lasting independence, since under the Putin regime the Kremlin is doing everything possible to keep them in its political and economic orbit. Baltic States are perhaps the only group of countries of the former Soviet Union which achieved independence from Russia. Regardless of Russia's attempts to influence their politics, they

are now part of both the EU and NATO. Now, the world may witness the second phase of the post-Soviet national independence movement, the "parade of sovereignties 2.0."

The process of exit of regional and industrial elites, as well as the population of Russia, from Putin's System is accompanied by similar processes in Ukraine, Georgia, Armenia, Azerbaijan, Kazakhstan, and the post-Soviet countries of Central Asia. Members of Putin's System are increasingly seen not just as agents of Russia, but agents of Russia's militarized neo-colonialist elite. The Maidan movement in Ukraine, the Armenian "Velvet Revolution," and the "Gavrilov night" protests in Tbilisi are all part of decolonization and de-Russification – processes precipitated by the formation of strong national identities among the younger generation of citizens in the countries of the former Soviet Union. Those born after mid-1990s view Putin's System as utterly hostile and alien.

Given the expansionist orientation of Russia's militarized ruling class, it is understandable that national elites are launching new movements seeking genuine independence from Russia. First, they do not want to be ruled or controlled by the Kremlin in the post-colonial and post-Cold War era. Second, they aspire to economic modernization enabled by exiting the System's orbit and

89 Personal Interviews, Irkutsk, Magadan, 2019 (3, 54, 76).

joining the free markets of the West.

A two year-long battle of the Armenian government that came to power during the “velvet revolution” with the old political system provides a good model of modernization in the countries of the former Soviet Union. Civil activists and the IT-community made up by generations Y and Z, also known as the “new urbanites,” emerged in Armenia roughly between 2005 and 2015. This process was facilitated by rise of social media platforms and jobs that do not require dependence on the old guard, i.e. elites who were raised and educated in the Soviet Union. Now, the vanguard of the Yerevan street protests, which since April 2018 has been rapidly turning into a new political class, is eager to take over the government and build a modern state. The “new urbanites” prefer transparent politics to secretive ways of governance. And they have a charismatic leader, who seems to be willing to stand against Putin’s System.

Kazakhstan is another interesting case. In a 1990 essay on the fate of Russia, Solzhenitsyn referred to most of this country as Southern Siberia. “Its present territory,” wrote Solzhenitsyn, “was stitched together by the communists in a completely haphazard fashion: wherever migrating herds made a yearly passage would be called Kazakhstan.”⁹⁰ Solzhenitsyn further proposed that

if Kazakhs were to seek independence, they should be given only “their long-standing ancestral domains along a large arc of lands in the South.” He seemed to imply that all other parts of Kazakhstan needed to be folded into the Russian Federation.

It is therefore understandable why the first president of Kazakhstan, Nursultan Nazarbayev, established the new capital, Astana, in the north, populated mostly by Russians. Nazarbayev has succeeded in keeping amicable relations with Putin, yet it is unlikely the new generation of Kazakhs toe his line. The significance of Kazakhstan in Eurasian geopolitics cannot be understated.

First, its size (the 9th largest country in the world) and location make it strategically crucial to the security environment of Eurasia.

Second, it has its own version of Eurasianism, an ideology which is popular in Russia, thus posing an alternative to Russia’s geopolitical ambitions in this part of the world. Third, the educational system in Kazakhstan is one of the best in the former Soviet Union. While Russia is growing more and more isolated from the rest of the world due to sanctions imposed by the US and the EU, Kazakhstan invites foreign scholars including social and political scientists to teach and conduct research under the auspices of the Nazarbayev University. The Kazakh govern-

90 Aleksandr Solzhenitsyn, *Rebuilding Russia: Reflections and Tentative Proposals*, New York: Farrar, Strauss and Giroux, 1991, p. 8.

ment sends its young people to study abroad under the condition that they will return to the country.

Undoubtedly, these foreign-educated Kazakhs will return with very different political values. Fourth, Kazakhstan makes an effort to play a constructive role in international politics, sponsoring conferences and summits on Central Asia, Ukraine, Syria and even global health. Notably, in 2014, several demonstrations against Russia's aggression in Ukraine took place in Kazakhstan. In a country where such political activities are only authorized at a very high level, it must have been a personal decision of the president that allowed this to happen. Given the rise of nationalism in the countries of the former Soviet Union, Kazakhs are displeased with Russia's imperial conduct. Russians constitute about 20% of the population of Kazakhstan (around 3.5 million people). This could certainly create a problem similar to that of Ukraine.

Yet the most volatile country in the post-Soviet world is Belarus. Putin's Russia will do everything in its capacity to prevent democratization of Belarus. As the recent anti-Lukashenko protests in Minsk show, Belarus has a new politically active class of cit-

izens, who seek a democratization process whose end result would require detachment from Moscow's orbit.⁹¹

Globalization of the System's Criminal Network

Expansion of the criminal side of Putin's System is likely to pursue two trajectories based on the existing models that bring together private armies, influence campaign strategists, and outright criminal gangs. First, the System may create more groups such as the criminal network of Ramzan Kadyrov inspired by its success in spreading its influence both in Russia and abroad. Second, it may develop more projects in the style of Yevgeny Prigozhin, a Russian businessman who created both the infamous troll factory⁹² that interfered in the 2016 US presidential election and the private military company "Wagner Group" aimed at conflicts worldwide. The System will rely on these projects more heavily for several reasons.

The System senses a growing need to control its grey assets and financial flows

91 Mary Ilyushina, "Belarus strongman faces mass protests after jailing of his main rivals," CNN World, June 21, 2020, <https://www.cnn.com/2020/06/21/europe/belarus-protests-intl/index.html>

92 Van Rozhdestvenskiy, Mikhail Rubin, Roman Badanin, "Shef i povar. Chast tretia. Rassledovanie o tom, kak Rossiia vmeshivaetsia v vybory v dvadtsati stranakh," Proekt, 11.04.2019, <https://www.proekt.media/investigation/prigozhin-polittekhnologi/>

outside of Russia. Several Interagency Political Groups (IPGs) have substantial business interests in the EU, the US, Africa, and the Middle East. Sometimes, their interests clash, with not even Putin's own IPG not being safe from such cannibalism. For example, during the active phase of Russian involvement in the Syrian Civil War, there was confrontation between the company of Yevgeny Prigozhin and Russia's Ministry of Defense particularly after "between 100 and 300 Russian mercenaries were killed as a result of the American attack on pro-Assad forces on the night of 7 to 8 February in the province of Deir ez-Zor".⁹³ International ambitions of Ramzan Kadyrov irritate the Ministry of Foreign Affairs as it is their prerogative to implement Russia's foreign policy. Ludicrously, on July 24, 2020, Kadyrov sanctioned Secretary of State Pompeo, accusing him of ordering George Floyd killing.⁹⁴ IPGs are eager to conduct more intelligence, military, and financial operations outside of Russia to increase their profits and international influence.

Due to the expansion of the EU and US sanctions regime targeting Russia, the System and Vladimir Putin personally are losing some of their capabilities for solve economic, political, and legal issues in the transparent

public space. For example, Russian billionaire, Oleg Deripaska lost substantial amount of money due to sanctions. Many individuals from Putin's circle are banned from travelling to the EU and the US. And today it is very difficult for Russian businesses to borrow large sums of money in foreign banks. The only other way to achieve their goals is through cooptation and threats against politicians, journalists, investigators, and judges primarily in the countries of the former Soviet Union, but also, whenever possible, in other countries as well. Increasingly, Putin "by night" is becoming more effective than Putin "by day."

The growth of emigration from Russia expands the social base for Russia's criminal and political activities abroad. Kadyrov, in his foreign adventures, relies predominantly on the Chechen diaspora. Yet there are many more criminal emigrants and those vulnerable to coercion or recruitment from Russia's other regions and networks, and at least some of them are ready to work for either criminal organizations or security services from Russia.⁹⁵

The need to withdraw funds from Russia has grown, and so has the need for corrupt individuals in the banking and corporate sectors. Meanwhile, in some countries of Africa,

93 "Shoigu's revenge," *Russia Monitor*, Warsaw Institute, February 25, 2018, <https://warsawinstitute.org/shoigus-revenge/>

94 "Chechnya's Kadyrov 'sanctions' Pompeo, accuses him of 'ordering' George Floyd's killing," *The Moscow Times*, July 24, 2020.

95 Personal Interviews, Sofia, Bulgaria, 2019 (63)

Central America, Central Asia, and the Middle East, it is impossible to protect one's interests without proper connections and corrupt schemes. The reality is that there is fertile soil for Russian money and corruption in many places of the world.

Finally, as demonstrated by Kadyrov's and Prigozhin's activities, a criminal transnational network can be a profitable enterprise, assuming that it is properly structured and managed. Money can be made not only from payments for services delivered to Putin's System but also from other activities, such as financial con games or the illegal mining of minerals.

Increasing Influence of China

Influence of China on Putin's System is complex and multi-layered, extending to areas of natural resources, space exploration, aircraft industry, and the military industrial complex. The political aspect is also significant, as both, Russia and China, claim to be civilizational states, with their own set of norms, values, rights and privileges. Influence of China on Russia is visible everywhere. An illustrative example is trade in timber and gold.

In the Zabaikalsky Krai (the Transbaikalian Region), about 50% of gold is mined by large Moscow-based companies. In Chita, the Mangazeya Mining – a company founded by Moscow oligarch Sergei Yanchukov – oversees this business.⁹⁶ According to our source, "... they don't pay taxes here. Everything that they mine here is hauled away... Perhaps, they pay something for land-use, but generally everything is paid under the table. The rest of gold-mining – I'd say, 50% – is done with Chinese money. The Chinese come here, register a Russian firm under someone's name. The firm, then, takes part in bidding, or in other words, in a competition between contractors. Yet these bids are clearly awarded with directions from authorities. They open bogus companies, so they can then rent land for 5-10 years for the minimal amount of money, frankly, for the initial deposit. Then, as we get closer to the border, Chinese come with their equipment and begin mining gold in a rapacious manner. Nothing grows there after they leave... we sawed timber there, there were fires all the time. As you can imagine, the fires were man-made, because then the fire is over, they issue permits, allegedly, for cutting down the burnt trees. If you saw these burnt trees, you know the deal: say, needles and bark are burnt, but the wood inside is good, it is intact, and they just cut them down... When Chinese dig for gold, they set

96 Konstantin Liapunov, "Eto vse usilia, rabota, risk," Lenta.ru, January 29, 2020, <https://lenta.ru/articles/2020/01/29/mangazeya/>

up bogus firms in some cases. In other cases, when Russian companies win bids, they hand them over for the Chinese to manage 20% of the mined stuff goes to the owner of the company. Chinese take 80%... When they mine gold, it needs to go through affinage. So they get money for this as well – once in 10 days... and they have one condition. 50% of the metal needs to be taken physically with them... This means, they send 50% of their 80% of all the mined gold physically across the border. “The committee of good deeds”⁹⁷ provides a protection racket for all of this.”⁹⁸

Chinese producers have bought out wholesale trade in Moscow’s large markets: “Moskva” in Lyublino, “Sadovod,” etc.), also under the control of security services. Russian manufacturers complain that they cannot afford paying \$10-15,000 for an outlet, while Chinese get help from their government.⁹⁹ After receiving their education in Russia, Chinese are permitted to buy, with funds of their investors, oil wells and processing plants in Bashkiria or in North Western Siberia. While most private investors – either Russian or foreign – face difficulties protecting this kind of assets, Chinese enjoy a privileged status because the Rosneft Oil Company is dependent on Chinese customers.

These examples illustrate how Chinese investors acquire political and security support in Russia. Some Interagency Political Groups (IPGs) are directly dependent on Chinese companies and the Chinese Communist Party leadership. Given this, one could argue that some key figures in Russia’s security, military and law enforcement apparatus are gradually turning into agents of Chinese influence.

Abandoning the Ship

2012 and 2014 were critical years for many members of the System, particularly for the younger generation. High oil prices and a government support for technological innovations during the presidency of Dmitry Medvedev gave rise to a prominent milieu within Russian society— entrepreneurs and professionals oriented toward the EU and the US. At that time, there was an illusion that it was possible to modernize Russia, incorporating it in the democratic part of the world. Experts argued that the “creative class” of young urban professionals would propel Russia into the post-industrial era.¹⁰⁰

97 A sarcastic nick-name for the FSB.

98 Personal Interviews, Chita, Russia, 2019 (9).

99 Personal Interviews, Moscow, Makhachkala, 2014-2019 (122).

100 Natalia Zubarevich, “Chetyre Rossii,” *Vedomosti*, 29.12.2011, <https://www.vedomosti>.

All of this ended in 2012, when Vladimir Putin returned to the presidential seat. Then there was the annexation of Crimea, followed by the war in Donbass.

“For some time, business was divided between legitimate business and its state-related security component. Now it is clear who is at the top. And consequently, the real legitimate business is crowded out either geographically or in a different manner. The part that is still alive is concerned with what is going on here (in the US and the EU), as they are trying to get integrated or emigrate. In general, people who run real businesses seek to be at the centers of global competence and innovation. Accordingly, for some business owners, the Silicon Valley is such a center. In this sense, even though they speak Russian and reside in some Russian cities,... they are fully integrated. Regarding the state-related security component, everything is clear. Unquestionably, they live by different laws, and they don’t give a damn about what is going on here.”¹⁰¹

Today, Russia’s political and business communities are fractured. Their members, including those who are functionaries of Putin’s System, have to make a daily choice on where to reside, thinking that life may be better on the other shore. Since the annex-

ation of Crimea, Russian money and business owners are seen as toxic both in the US and the EU. Consequently, the societal fracture between those who want to stay in Russia and those who want to leave is widening. The majority blames the Kremlin for their anxieties and stresses. Many maintain a split identity. Inability to build a new successful life abroad cements loyalty to the Kremlin. If an immigrant – whether an outright criminal, a government official, or a business owner – manages to build a new independent life in the EU or the US, he or she instantaneously acquires a very critical view of Putin’s system.¹⁰²

Much have changed for Russia since its invasion of Ukraine. “Russia has just become a scarecrow, yet very recently, it was treated fine. There was a moment when they tried to bring Russian entrepreneurs here, to show them the ropes. At the time, they had to explain how the world works. Now, there is no need to explain anything. Now, they are aware, more or less, of how the world works. At the time, they had to explain how to raise money, how to start a company, how to register it... It all turned upside down, when people sensed that Russia had mad oil money. They thought: ‘Let us try something different. Let us bring here those investors, show them

ru/opinion/articles/2011/12/30/chetyre_rossii

101 Personal Interviews, Palo Alto, USA, 2019.

102 Personal Interviews, Berlin, Germany, Palo Alto, San Francisco, USA, Moscow, Russia, Ukraine, 2019 (115, 114, 113, 112, 106, 105, 104, 103, 102, 101, 32, 33, 34, 35).

the ropes...” and it worked. But the recent things¹⁰³ have created a stereotype, which will last for a very long time unfortunately. It is necessary to crush it, yet it will be a big effort. When the things started in 2014, one of my startups had an office in Tomsk for a while. Some large company in the valley bought it, including that office. They invested in it. 60 people worked there. Then, when problems with the authorities began, they shut it down and transferred all folks here, all those who wanted. They are smart. Well done! It is great that they moved the folks here.”¹⁰⁴

A practical conclusion that comes from such testimonies is that, given an opportunity for investment and development in a jurisdiction governed by the rule of law, capital will flee Russia, despite whatever criminal and repressive tools the System’s elite may use at home and abroad. The volume of the high-tech market in the West, viewed by many expats as the most attractive, exceeds significantly the several hundred-billion-dollar budget that Putin’s System reaps annually.

103 The interviewee refers here to Crimea, Donbass, Syria, the US 2016 elections, and the poisoning of the Skripals).

104 Personal Interviews, San Jose, USA, 2019 (102).



Chapter 5: Risks and Threats to the US and International Security

Putin and his inner circle pontificate about Russia's messianic role in history, and this conviction lays the foundation for their foreign policy, military operations, and clandestine activities. For the first time in history, the Kremlin merged all past Russia's ideologies, mixing Moscow the Third Rome, Slavophilia, Marxism-Leninism, and Eurasianism into this new post-Soviet authoritarian messianism. Czarism and Communism are now officially seen in the Kremlin as stages of one continuum, the long-term Russian civilization.

The new Russian constitution even states the country's age – 1000 years, implying that Russian history starts with Kievan [Kyivan] Rus, a medieval state that was centered on the territory of modern Ukraine. This, of course, cements a conflict with the Ukrainian state.

The Kremlin's new ideology is largely in line with the ideas of the Russian ultra-conservative philosopher Alexander Dugin, who promotes a political theory which combines "the best" of fascism and communism in a

new crusade against liberalism.¹⁰⁵ Dugin would love to see the downfall of the United States, openly calling for the end of the American century. Liberalism, according to him, is fatal as “it rejected the values of god and tradition.”¹⁰⁶ Russia, according to him, needs to remain authoritarian, expansionist, orthodox, and messianic.

Dugin is well-connected and widely respected in Russia. He previously worked as an advisor on geopolitics to Gennady Seleznev and Sergey Naryshkin, the speakers of the Russian parliament. Also, he is reportedly friends with top security and military officials. Most revealingly, Dugin’s textbook, promoting old fashioned, if not fascist, geopolitics is a required read in some of Russia’s military and governmental educational institutions.

However, Russia does not seek to spread its ideology throughout the world. Marxism-Leninism is no longer viable. What Russia wants is revenge for its defeat in the Cold War: “to create a new image of Russia... means to participate in the ongoing remaking of the world and to execute velvet revenge after the defeat of our country in the Third World War, the Cold War.”¹⁰⁷ This

means that the Kremlin wants to undermine, by all means possible, US positions in the world and essentially to alter the post-Cold War world order.

To implement this agenda, the Kremlin resorts both to “active measures” and military operations. Russia seeks to project political, military and economic influence over the countries of the former Soviet Union, as it sees this region as its primary zone of geopolitical interests or using the Kremlin’s jargon “the near abroad.” One of the Kremlin’s main objectives is to split the EU and NATO. Russia aims to instigate political perturbations in the US. Russia endorses autocratic, populist, reactionary, and nationalist regimes worldwide in its battle against democracy and globalization.¹⁰⁸

The Instigation and Support of Military Conflicts

Russia has resorted to the use of proxy military units in conflicts both outside of its borders and within its own territory. An example of the latter practice is the Checheni-

105 Alexander Dugin, *The Fourth Political Theory* (London: Arktos, 2012), 45.

106 Dugin, *The Fourth Political Theory*, London: Arktos, 2012, 155.

107 Efim Ostrovsky and Pyotr Shchedrovitsky, “Rossia strana kotoroi ne bylo,” *Vestnik Smi* 9, 41 (1999): 6. The metaphor “in the world of worlds (Russian: v mire mirov)” must be a play on words here, also meaning “living in peace with other worlds.”

108 See Peter Eltsov, *The Long Telegram 2.0: A Neo-Kennanite Approach to Russia*, Lanham: Lexington Books 2020, p. 41.

zation of the Russian-Chechen conflict. After the fall of the Soviet Union, Russia used its proxies in Abkhazia, Transdniestria, South Ossetia, Donbas, Syria, and Venezuela.¹⁰⁹ Most stunningly, Moscow now “works” with the Taliban,¹¹⁰ a movement which used to be its mortal enemy. In a similar vein, Russia supports general Haftar in Libya to project its influence via proxies.¹¹¹ Although these local wars do not pose a direct threat to NATO, they cause instability and help create millions of refugees. Most tragically, people, including American citizens, perish in these conflicts.

Russian involvement protracts or “freezes” these conflicts, because Russia’s unofficial “support” with arms, supply, advisors, and mercenaries is usually insufficient for resolving the conflict on behalf of Russia’s clients. Russia indeed is usually interested in freezing conflicts indefinitely because it benefits from its resulting role as an intermediary between

the conflicting sides. A good example is the Armenia-Azerbaijan conflict over the Nagorno-Karabakh enclave within Azerbaijan, where Moscow plays the role of an arbiter since the onslaught of the conflict in 1988. The same applies to the war in Donbass. Russia benefits not only from playing a role of an elder brother, but also from supplying both sides with arms¹¹² that are usually accompanied with political and economic demands.

Aside from its direct or indirect involvement in conflicts, Russia is eager to marginalize, disorient, and embarrass the allies and partners of the United States. This is why the Kremlin has worked to discredit the Free Syrian Army for its alleged ties with Jabhat al-Nusra: from the beginning of the conflict Moscow pushed for international recognition of this Salafist organization as terrorist. Russia has also used the involvement of ISIS in the Syrian Civil War as a pretext for keeping Bashar al-Assad in power.

109 Andrew Roth, Russian mercenaries reportedly in Venezuela to protect Maduro, The Guardian, 25.01.2019, <https://www.theguardian.com/world/2019/jan/25/venezuela-maduro-russia-private-security-contractors>

110 Charlie Savage, Mujib Mashal, Rukmini Callimachi, Eric Schmitt and Adam Goldman, Suspensions of russian bounties were bolstered by Data on financial transfers, The New York Times, 06/30/2020, <https://www.nytimes.com/2020/06/30/us/politics/russian-bounties-afghanistan-intelligence.html>

111 Amy Mackinnon, Russia and Turkey’s proxy war in Libya heats up, Foreign policy, 06/19/2020, <https://foreignpolicy.com/2020/06/19/russia-and-turkeys-proxy-war-in-libya-heats-up/>

112 “Russia says won’t halt arms sales to arch foes Armenia and Azerbaijan,” Reuters, April 9, 2016, <https://www.reuters.com/article/us-nagorno-karabakh-russia-arms/russia-says-wont-halt-arms-sales-to-arch-foes-armenia-and-azerbaijan-idUSKCN0X60DS>

During the Euro-Maidan movement in Kyiv and then in the Russia-instigated insurgency in Donbass, Russia further perfected its tactics, relying on proxies, disinformation, and other means. Russia was able to freeze the Donbass war with the use of provocations, special operations utilizing disguised troops, the liquidation of leading ideological combatants on both sides, the politicization of war crimes, the financing of radical groups and political projects in Ukraine (both the radical left and radical right), professional media support, including troll factories for the infiltration of social media with fake and provocative data and news. These malicious activities allowed Moscow to speak from the position of authority on Ukraine's issues on the international arena, as well as to obstruct the actions of the EU and the US, aimed at the return of Donbass under control of the Ukrainian government.

Despite of a serious decline in Moscow's financial capabilities and restrictions imposed by the international sanctions, it is likely that the Kremlin will continue its current course of reigniting existing conflicts and inciting new ones. The Russian government

tends to do this when the world is concerned with other threats such as, for example, the current pandemic. Russia hopes to act with fewer restrictions when the world is less likely to respond when it's pre-occupied with other issues.

Geopolitics in the "Near Abroad"

The Kremlin looks at the former Soviet domain in geopolitical terms. The notion of the "near abroad" is reminiscent of notorious Nazi idea of *Lebensraum*, the living space.¹¹³ Peter Eltsov of the US National Defense University defines four tiers of interests within the "near abroad."¹¹⁴

The first tier consists of Belarus, Ukraine, and Northern Kazakhstan – countries included in the definition of Russia by Alexander Solzhenitsyn.¹¹⁵ Many Russians do not see Ukrainians and Belarusians as different nationalities. Putin has repeatedly called Ukrainians and Russians one people, thereby questioning the legitimacy of Ukrainian

113 Friedrich Ratzel, *Politische Geographie* (München und Leipzig: R. Oldenbourg, 1897); *Die Erde und das Leben: Eine vergleichende Erdkunde*, in 2 volumes (Leipzig und Wien: Bibliographisches Institut, 1901-1902).

114 See Peter Eltsov, *The Long Telegram 2.0: A Neo-Kenannite Approach to Russia*, Lanham: Lexington Books 2020, pp. 41-46.

115 Aleksandr Solzhenitsyn, *Rebuilding Russia: Reflections and Tentative Proposals*. New York: Farrar, Strauss and Giroux, 5-9

statehood.¹¹⁶ The Russian president seemingly believes that Ukrainians, Belarusians, and Russians cannot wait to be united in one imperial state under the leadership of Russia.¹¹⁷ As mentioned above, the newly-amended Russian constitution defines Russians as “the state-forming” people. Such freighted, if not altogether racist, language institutionalizes, on a state level, discrimination against Russia’s citizens of other ethnicities. Even the Bolsheviks did not allow this kind of language, at least officially. Russia’s current ethnic policies are more reminiscent of czarist policies toward the nationalities of the Russian Empire.

The second-tier of interest is the Caucasus: Armenia, Azerbaijan, and Georgia. The Nagorno-Karabakh conflict between Armenia and Azerbaijan plays a defining role in the political development of this region. In summer 1923, the Bolsheviks handed the Nagorno-Karabakh Region, which at the time was populated predominantly by Armenians, to Azerbaijan. This was done as part

of Lenin’s arbitrary nationality and administrative reforms. Russia today feigns the role of honest broker and mediator, but in fact sustains the Nagorno-Karabakh conflict. The Kremlin sells arms to both sides and maintains a military base in Armenia.¹¹⁸ Azerbaijani political leaders fear that Russia might yet seek to repeat the 2008 Georgian scenario by introducing troops in support of Armenia.

The Lezgins, a Caucasian nationality living in Dagestan and Azerbaijan, hold grievances involving past mistreatment towards the government of Azerbaijan. Some Lezgin nationalists even advocate the creation of independent Lezgistan.¹¹⁹ The Kremlin is well aware of this and, most likely, is ready, if necessary, to “liberate” the Qusar district of Azerbaijan – an area where Lezgins form about 90 percent of population. Estimates on the size of the Lezgin population in Azerbaijan vary drastically. According to the Azerbaijani government, there were 180,300 Lezgins in Azerbaijan in 2009.¹²⁰ Some ex-

116 Consider, for example, these statements: Vladimir V. Putin, “Russkie i ukrainsy – odin narod,” YouTube Video, 1:18, October 27, 2106, <https://www.youtube.com/watch?v=8YB4ljQsl7c>.

117 Andrei Illarionov, “Putin schitaet vozrozhdenie SSSR neobkhodimym i realistichnym,” YouTube Video, 2:56, May 20, 2017, <https://www.youtube.com/watch?v=tmA64bnF2Es>.

118 “Russia says won’t halt arms sales to arch foes Armenia and Azerbaijan,” Reuters, April 9, 2016, <https://www.reuters.com/article/us-nagorno-karabakh-russia-arms/russia-says-wont-halt-arms-sales-to-arch-foes-armenia-and-azerbaijan-idUSKCN0X60DS>

119 “Chronology for Lezgins in Azerbaijan 2004,” Minorities at Risk Project, assessed July 21, 2019, <https://www.refworld.org/docid/469f38661e.html>.

120 “Population of Azerbaijan,” State Statistical Committee of the Republic of Azerbaijan, posted 23 May, 2019, 21, <https://www.stat.gov.az/source/demography/ap/>.

perts argue that the numbers are much higher. Russia claims that there are 390,000 Lezgins just in Dagestan.¹²¹

Russia fought several bloody wars for the control of the Caucasus and always exploited the underlying ethnic issues within this tremendously multi-ethnic and multi-linguistic region. Interfering with people's identities, Russia is capable of instigating turbulence in the Caucasus, whenever it is beneficial to its geopolitical agenda. The international community needs to be aware of this as it is not merely a local issue in a remote part of the world. Any new conflict in the Caucasus would prompt the involvement of other actors such as Turkey, Iran, Kazakhstan, expanding its geopolitical ramifications dramatically.

The third tier of interest is Central Asia. Solzhenitsyn famously called it the "underbelly of Russia." Today, Russia has no plans to take over Tajikistan, Turkmenistan, Uzbekistan, or Kyrgyzstan, yet it certainly looks upon this region as its natural and necessary buffer zone against the radical Islam and the US military presence in Afghanistan.

Russia's long-term presence in Central Asia has resulted in the creation of a unique synthesis of Soviet legacy, Islam, and authoritarianism. Russia's goal in Central Asia is to maintain *the status quo*, making sure that the countries of the region are governed by authoritarian regimes oriented toward Moscow, beholden to it, and ready to work on Moscow's terms. And Moscow thus sees it as crucial to keep the US and EU out of this region. In 2009, Kremlin bribed Kyrgyzstan with over two billion dollars in aid in exchange for expelling the US from the Manas Air Base it had leased in order to support its forces in Afghanistan following 9-11.¹²²

The fourth tier of interest consists of the Baltic States – Estonia, Latvia, and Lithuania. They all are concerned with potential Russian aggression. After Russia's annexation of Crimea, the Lithuanian Ministry of Defense even published a book entitled *How to Act in Extreme Situations or Instances of War*. There is no ambiguity on the source of extreme situations and instances the book envisaged. However, it is unlikely that Russia would mount a direct military invasion of

121 See, for example, Anna Matveeva and Clem McCartney, "Policy responses to and ethnic community division: Lezgins in Azerbaijan," *International Journal of Minority and Group Rights* 5, no. 3 (1997-1998): 213-251; Robert B. Ware, Robert et al., "Stability in the Caucasus: The Perspective from Dagestan," *Problems of Post-Communism* 50, 2 (2003): 12-23; Huseyn Aliyev, "Resettlement of Lezgins Complicates Azerbaijan's and Russia's Relations with Ethnic Minorities," *Eurasia Daily Monitor* 16, issue 22, February 20, 2019, <https://jamestown.org/program/resettlement-of-lezgins-complicates-azerbaijans-and-russias-relations-with-ethnic-minorities/>.

122 Uein Li, "Maikl Makphol: Rossia I SSHA pytalis podkupit Kyrgyzstan," *Golos Ameriki*, May 27, 2012, <https://www.golos-ameriki.ru/a/russia-mcfaul-manas/1105841.html>

these countries as they are now members of NATO.

A much easier way for Russia to project influence in this region would be igniting a revolt. Latvia and Estonia are particularly vulnerable as they have a large number of stateless Russian residents: about 250,000 in Latvia and 90,000 in Estonia. Moreover, 76% of Russians in Estonia and 70% in Latvia are of an opinion that Russia has a “responsibility to protect them.”¹²³ In Lithuania, the situation is significantly better as most ethnic Russians are reasonably well integrated within Lithuanian society.¹²⁴ The big question is: what would the US, EU, and NATO do if a well-armed group of Russian-speakers were to stage a rebellion in Narva – an Estonian town located near St. Petersburg? The Kremlin would predictably maintain its innocence of involvement with this internal conflict, precip-

itated, according to them, by anti-ethnic-Russian discrimination on the part of the Estonian authorities. Such a scenario presents a grave challenge to the EU and NATO.

Altering the Security Architecture of Europe

In Europe, Russia’s initial aim is to split the EU and NATO.¹²⁵ Putin says Europe needs a new security architecture.¹²⁶ The Kremlin backs both left-wing and right-wing parties and politicians. For example, Moscow flirts with the right-wing Alternative für Deutschland in Germany and the National Front in France. This does not prevent it from backing the left-wing Syriza in Greece and the Communist Party of Bohemia and Moravia

123 Neha Sahgal et al., “Religious Beliefs and National Belonging in Central and Eastern Europe,” Pew Research Center, posted May 10, 2017, <http://assets.pewresearch.org/wp-content/uploads/sites/11/2017/05/15120244/CEUP-FULL-REPORT.pdf>.; Jeff Diamant, “Ethnic Russians in Some Former Soviet Republics Feel a Close Connection to Russia,” Pew Research Center, posted July 24, 2017, <http://www.pewresearch.org/fact-tank/2017/07/24/ethnic-russians-in-some-former-soviet-republics-feel-a-close-connection-to-russia/>.

124 See, for example, “Lithuania. Population: Demographic Situation, Languages and Religions,” European Commission: Education, Audiovisual, and Culture Executive Agency (EACEA), posted January 2, 2019, https://eacea.ec.europa.eu/national-policies/eurydice/content/population-demographic-situation-languages-and-religions-44_en.

125 See Peter Eltsov, *The Long Telegram 2.0: A Neo-Kennnnite Approach to Russia*, Lanham: Lexington Books 2020, pp. 46-48.

126 This point was expressed most clearly in: Vladimir V. Putin, “Speech and the Following Discussion at the Munich Conference on Security Policy,” Kremlin.Ru, February 10, 2007, <http://en.kremlin.ru/events/president/transcripts/24034>.

in the Czech Republic.¹²⁷ Such opportunistic and manipulative behavior is in line with the ideas of the Russian neo-fascist philosopher Alexander Dugin, who aims to combine “the best” from communism and fascism in a new crusade against liberalism.

There are some approving responses to Russian activities. According to the Pew Research Center 80% of Serbs, 70% of Greeks, and 56% of Bulgarians state that “a strong Russia is necessary to balance the influence of the West.” Even in the countries that have not been historically friendly toward Russia, many people now tend to accept their imperial neighbor. 55% of Bosnians, 49% of Czechs, and 44% of Hungarians concur with the above statement.¹²⁸ Europe thus has no joint stance on Vladimir Putin and Russia. In Greece, 64% think positively of Russia, and 50% concur that Vladimir Putin will “do

the right thing regarding world affairs.” In Hungary, where the Soviet leadership suppressed an anti-Communist uprising only sixty-four years ago, 39% have a favorable view of Putin’s Russia, and 34% have respect for Putin.

Meanwhile, other European countries manifest a sharp growth of anti-Russian sentiments: 82% of the Dutch, 78% of Swedes, and 69% of Poles oppose Russia’s resurgent imperial identity. 89% of Poles, 87% of the Dutch, and 87% of Swedes have a negative view of Putin.¹²⁹ Notably, Sweden, where Russia’s behavior is opposed, is formally neutral and not in NATO, while Greece, where many regard Russia positively, is in NATO. Now, there are individuals in Sweden (and even Finland), expressing a desire to join NATO.¹³⁰ Yet most unexpectedly, according to one 2016 Gallup poll, majorities of Bul-

127 See, for example, these stories: “Alternativa dlia Germanii:” Partii isteblishmenta bolshe ne spravliaiutsia s resheniem glavnykh problem,” YouTube Video, 2:42. September 19, 2016, <https://www.youtube.com/watch?v=37-iM3RjilE>; Geert Wilders, “I Criticize Putin’s policies, but applaud the he stands for his people,” YouTube Video, 25:38. March 3, 2018, <https://www.youtube.com/watch?v=vWYclzl9IPE>.

128 Sahgal, Neha et al, “Religious Beliefs and National Belonging in Central and Eastern Europe,” Pew Research Center. Posted May 10, 2017, p. 15. <http://assets.pewresearch.org/wp-content/uploads/sites/11/2017/05/15120244/CEUP-FULL-REPORT.pdf>.

129 Margaret Vice, “Publics Worldwide Unfavorable Toward Putin, Russia: But Few See Russian Power and Influence as Major Threat,” Pew Research Center, posted August 16, 2017, http://assets.pewresearch.org/wp-content/uploads/sites/2/2017/08/16105548/Pew-Research-Center_2017.08.16_VIEWS-of-Russia-Report.pdf.

130 See, for example, “NATO Heads of State and Government take decisions to keep North America and Europe safe and secure,” NATO Newsroom, posted July 11, 2018, https://www.nato.int/cps/en/natohq/news_156840.htm. Regarding the Russian response, see: Jason Lemon, “Russian Defense Minister Threatens Response If Sweden and Finland Join NATO,”

garians, Greeks, Slovenians, and even Turks (all members of NATO) state their preference for Russia over the US as an ally in case of war.¹³¹ As a reminder, Turkey sustains a long history of vicious wars lost to Russia.

Europeans thus have differing views on Russia's political and military rebirth: both positive and negative. The rise of nationalism, opposition to US-led humanitarian interventionism, resistance to globalization, anti-immigrant sentiments, and economic problems caused by the global pandemic lead to this political polarization. Moscow benefits from it and is eager to use to its full advantage. This presents a serious threat to NATO, EU and the overall transatlantic security environment. More perturbations are expected. Poland, Lithuania, and Ukraine are likely to become the center of defiance to Russia's expansionism. Sweden, Netherlands, Denmark, Finland, Latvia, Norway, Estonia, and crucially, the UK (a country with nuclear weapons) would support them in this endeavor. However, there are European countries, which will be willing to work with Moscow in a more pragmatic and cooperative manner.

Denying markets to US and European Companies

Members of Putin's System who control infrastructure in the countries of the former Soviet Union – either Russian citizens or the citizens of other countries – resist any move toward transparent privatization. Their business model is focused on the control of cash flows, not on the capitalization of assets. For example, the post-Soviet business elite controlling the Ukrainian energy sector avoids any projects and reforms which may reduce their stakes. This has caused Americans to leave the Ukrainian energy sector after 2014. Meanwhile, the Rosatom State Atomic Corporation, the electricity company in Russia, works through its multiple proxies in business and politics on preventing foreign investments in the nuclear energy sector of Ukraine, which constitutes about 45% percent of all Ukrainian electric energy.

In 2019-2020, several murky incidents associated with American companies took place in the Republic of Georgia. The Georgian government reportedly obstructed the work of the oil and gas company "Frontera

Newsweek Com, July 24, 2018, <https://www.newsweek.com/russian-defense-minister-threatens-response-if-sweden-finland-join-nato-1040806>.

131 See "Four NATO Nations Would Pick Russia to Defend Them If Threatened: Poll," Bloomberg News, February 17, 2017,

<https://www.bloomberg.com/news/articles/2017-02-17/melania-trump-s-slovenia-would-pick-russian-over-u-s-protection>.

Resources.”¹³² The real estate developer, ICONIA Capital LLC faced difficulties in receiving permits for construction.

Aside from creating problems in the infrastructure sector of the former USSR, Putin’s System has global ambitions to get access to natural resources and infrastructure in Africa, the Middle East, and Central and South America.

Additional challenges originate from Russia’s cooperation with China in Africa, where China implements an aggressive economic and, most likely, a long-term political agenda. Secretive, semi-legal, or bluntly illegal methods are often beneficial to Chinese businesses. Given our scenario of Russia becoming a proxy of China, this poses an additional threat to the US and the EU, as well as to the entire global security environment.

The Use of Foreign Law Enforcement Agencies for the Benefit of Moscow and Grozny

The ability of Putin’s System to utilize international and national law enforcement structures and agencies poses a major threat to the US and EU.

The most egregious example is the System’s control over the European and Canadian Chechen diaspora. Under the initiative of Ramzan Kadyrov and with the help of an interpreter in Brussels, Russia’s security services acquired a massive database on Chechen refugees from the United Nations High Commission for Refugees office in Baku.¹³³

Beginning approximately in 2008-2010, Russia began inserting agents in the Chechen diaspora abroad. The Kremlin and Grozny provided fake paperwork for their agents to obtain refugee status for them.

There are credibly documented stories about torture in Grozny hospitals, undertaken with the help of Russia’s security services.

The Chechens who fought in the second and the first Russo-Chechen wars know each

132 “Frontera Resources obvinila vlasti Gruzii v iskazhenii informatsii o rezultatakh arbitrazhnogo spora mezhdu nimi,” Naftorynok, 30.04.2020, <http://www.neftorynok.info/novosti/frontera-resources-obvinila-vlasti-gruzii-v-iskajenii-informacii-o-rezultatah-arbitrajnogo-spora-mejdu-nimi>

133 Personal Interviews, Helsinki, Finland, 2019 (77)

other well, and they are aware of who did what in these two brutal military campaigns. "He says 'oh, my family is in Belgium, they got a house and a residence permit.' Very quickly, just in a matter of one, two months. He told me that the FSB prepares all the documents for these people, and, if necessary, they will present him as a militant, and, if necessary, as a victim of the militants, who was captured and beaten up. If they look at the computer data base here in Europe, all the info is there. They don't leave any possibility for not legalizing this person."¹³⁴

The Kadyrov network started infiltrating the Chechen diaspora in Europe in 2010 and largely succeeded by 2014. The methods that they employ include:

1. Taking hostages in Chechnya: usually family or extended family members of the targeted refugees;
2. The use of European and international law enforcement through concocted criminal cases, extradition requests, and fake threat warnings;
3. Showing "Potemkin villages" to European diplomats and politicians visiting Chechnya;
4. Providing various benefits to members of the Chechen diaspora who visit Chechnya regularly;

5. The intentional criminalization of the Chechen diaspora;
6. Threats and violence towards Chechens in Europe, Turkey, Ukraine, and Georgia (including kidnappings and assassinations);
7. Recruiting Chechen youth through sports clubs and criminal activities;
8. Forcing Chechen criminal groups in Europe, Ukraine, and Turkey into Kadyrov's protection racket.

In Europe, Kadyrov's people assert their influence most successfully in Poland, Germany, and Austria. "In Sweden, Norway, Finland, there are Kadyrovites but their standing is not so powerful. The people who came to Scandinavia – are from the families of those who fought against Russia... they served under Maskhadov in Ichkeria ... In other places, they are in a minority... they opened direct bus lines between Grozny and Vienna, Grozny and Berlin, there are buses between Grozny and Paris, there are minivans, taxis. Kadyrov's people gained a solid foothold there. They gained a foothold mainly in three states ... in Poland, which practically cooperates with them unofficially. It is impossible, of course, to prove it officially, but in reality, this is the case with regards to the Chechen issue... And they have a strong presence in Austria."¹³⁵

134 Personal Interviews, Brussels, Belgium, 2019 (88)

135 Personal Interviews, Stockholm, Sweden, 2019 (86)

The next excerpt from an interview of a young Chechen man living in Germany exemplifies a typical way of blackmailing through foreign law enforcement:

“They could not do it through my mother, so they included my wife in the Interpol list. My pregnant wife was put in jail... An officer from the state security service apologized to me: “We did not want to... we have to... but we will appeal to release her.” In three days, they released her. Germans know who sends our names to the Interpol and why. But they are either afraid or don’t care.”¹³⁶

During this study, we learned of dozens of stories involving Russian requests for extradition to Poland, Germany, Sweden, Belgium, Austria and other EU countries, based on fake criminal charges. And in many cases, these requests are complied with. A real blow at the reputation of Chechens in Europe was participation of some of them in the Syrian War on the side of ISIS. Now, they are labeled as terrorists. The threat of terrorism is perceived often as higher than the threat of Russia’s expansionism and Kadyrov’s infiltration: “They all are afraid of this ISIS... They don’t even consider Russia’s influence in Europe as something dangerous for their own country.”¹³⁷

Law enforcement agencies in the EU often use data regarding the involvement of a given immigrant in terrorist organizations

without seeking an opportunity and, sometimes, manifesting a desire, to verify it. Systematic harassment of Chechens and other Russian-speaking Muslims in the EU, Turkey, and Ukraine is a great example of how Moscow manages to employ the apparatus of foreign states for the persecution of its dissidents. Taking into consideration this success, there is a risk that this line of action will be applied to other groups and countries.

The State-Sponsored International Criminal Network

One of the main entry points for Putin’s System into the international arena is an elaborate network of criminal groups and syndicates. Members of this network function outside of the Russian Federation with various degrees of success. An advantage of this criminal network is its links with the Russian state and the Russian security apparatus. Examples include the Solntsevo crime syndicate in Canada, the Donetsk and Tambovsk syndicates in Spain and Ukraine, Chechens in Poland, and the Garbadansk and Marneul syndicates in Turkey. Through these criminal organizations, the Kremlin controls offshore companies and banks, transfers cash, and implements its political projects on the ground. The Russian mob was involved

136 Personal Interviews, Berlin, Germany, 2019 (121)

137 Personal Interviews, Stockholm, Sweden, 2019 (86)

in buying office space in Prague for Russian media outlets, through an agency started by immigrants from Donbass.¹³⁸

Until recently, the banking sector in Latvia was controlled by a syndicate of Russian criminals and security services, with the purpose of laundering and cashing funds.¹³⁹ Criminal networks helped the victory of the “Georgian Dream” party of Bidzina Ivanishvili in the Gardabani and Marneuli municipalities populated by ethnic Azerbaijanis. Cooperation between the Russian security apparatus and international criminal networks, including the South American and Central Asian drug cartels, poses a threat not only to the EU but also to the US. This research has recorded cases of criminal pressure on the political opponents of the Kremlin regime on US territory as well.¹⁴⁰

This study has investigated in particular depth the capabilities of Putin’s System on Kadyrov’s network as an illustrative example, since the System is a genuine mafia with long-range reach throughout the former USSR, EU and the Middle East. In Ukraine and Poland, they are incorporated within the

local criminal groups. In Germany, Austria and other EU countries, they work on financial con schemes and execute tasks (including assassinations) for Russian security services.

Shortly after Kadyrov became the president of Chechnya, he directed his attention to the diaspora. His initial attempts to take hundreds of thousands of his former compatriots under his control were unsuccessful. Then, he introduced a targeted approach, focused on individuals. In 2010, Kadyrov’s people and Russian security services managed to recruit Ruslan Ampukaev, a key diaspora activist, who had previously stood in opposition to Kadyrov.¹⁴¹ Subsequently, they initiated the systematic purchase of information, followed by the infiltration of agents. Today, Kadyrov’s criminal network in Europe¹⁴² oversees cash flows in the amount of an estimated several billion dollars per year,¹⁴³ and has a social base over 150,000 immigrants (especially, in Germany, France, and Austria).

This network is multifunctional, involved in missions as diverse as the activities of the Kremlin-sponsored motorcycle club “The

138 Personal Interviews, 2020, Kyiv, Ukraine (130, 123)

139 Personal Interviews, 2019, Riga, Latvia (79)

140 Personal Interviews, 2019, San-Francisco, CA, US (110)

141 Musa Muradov, “Molodoi otets chechenskogo naroda,” *Kommersant*, 14.19.2010. <https://www.kommersant.ru/doc/1521743>

142 Vladimir Esipov, “Politsiia: chechentsy zakrepliaiutsia v strukturakh orgprestupnosti,” DW, 14.06.2019, <https://www.dw.com/ru/полиция-чеченцы-закрепляются-в-структурах-оргпреступности-в-берлине/a-49176201>

143 Personal Interview, Vienna, Austria, 2019 (81, 83)

Night Wolves” led by the notorious Alexander Zaldostanov (aka “the surgeon”), the terrorist act in Istanbul’s Ataturk Airport, and political assassinations in Vienna in 2009 and Berlin in 2019. Kadyrov’s agents include not only its clientele, such as Maskhadov’s former security chief, Shaa Turlaev, but also ad hoc allies, business partners, etc. They are recruited by all possible means: cash, blackmailing, hostage taking, help with legal issues, or the outright fabrication of legal charges against them.

This study has revealed evidence that Adam Delimkhanov, a deputy of the State Duma and a close friend of Kadyrov, oversees segments of drug trafficking both in Russia and other post-Soviet states.¹⁴⁴ The US Treasury Department lists Delimkhanov¹⁴⁵ along with his Uzbek pal, businessmen and sports manager, Gafur Rakhimov,¹⁴⁶ as

members of the “Brother’s Circle,” a Eurasian crime network originating mostly from Russia.¹⁴⁷ Both are under US sanctions.

The Syrian Civil War helped Kadyrov to increase his influence in Europe. Mistrust toward Chechens in Europe as a result of their participation in al-Baghdadi’s project strengthened greatly the position of Kadyrov’s recruiters. In Germany, Austria, and Sweden, antiterror units started to cooperate on occasions with Russia, including the Chechen authorities. There is evidence that Kadyrov’s people actively used this cooperation for increasing their pressure of Chechens in Europe.¹⁴⁸ An illustrative case is the story of Akhmet Chataev – a terrorist who was caught in between Russian security services, Georgian Security Services, ISIS, and Kadyrov’s people. He was killed in a shootout with Georgian special forces in Tbilisi on Novem-

144 Personal Interviews, Tbilisi, Georgia (7, 99).

145 “Press center U.S. department of the treasure,” 7/2/2104, <https://www.treasury.gov/press-center/press-releases/Pages/jl2552.aspx>

146 Alexander Petrov, “Gafur Rakhimov vyshel iz boia,” *Kommersant*, 16.07.2019, <https://www.kommersant.ru/doc/4032333>

147 “Targets Linked to Gafur Rakhimov: In February 2012, Gafur Rakhimov was designated by the Treasury Department pursuant to E.O. 13581 for acting on behalf of the Brothers’ Circle. Gafur Rakhimov is a key member of the Brothers’ Circle and one of the leaders of Uzbek organized crime with a specialty in the organized production of drugs in Central Asia. He has operated major international drug syndicates involving the trafficking of heroin. Sergey Moskalenko and Yakov Rybalskiy were designated today by the Treasury Department because they act for or on behalf of Gafur Rakhimov.” Press Center, U.S. Department of the Treasury, 10/30/2013, <https://www.treasury.gov/press-center/press-releases/Pages/jl2196.aspx>)

148 Personal Interviews, Stockholm, Berlin, Vienna, Warsaw, Brussels, Istanbul, 2019 (81-88, 93-96, 100, 121, 126)

ber 22, 2017.¹⁴⁹

According to an interview subject who took part in the Syrian Civil War, Ahmet Chataev and Magomed Magomadov lured him into a financial con scheme, when, in 2015, he returned to Austria. Kadyrov's Chechens in Odessa hired a Ukrainian hacker (reportedly, related to an Odessa port) to break into certain bank accounts in Germany. Then, Chechens who needed money to go to war in Syria were given access to the accounts, where the stolen money was transferred. Everybody withdrew 150,000 Euros, handing over 135,000 to the organizers and leaving 15,000 for themselves.¹⁵⁰ Similar methods were used to fund the purchase of tickets, supplies, and Romanian and Bulgarian passports for the Chechens going to fight in Syria.

At the same time, Kadyrov's people impose a protection racket on many Russian-speaking entrepreneurs. "Isa, a Kadyrov man in Berlin, oversaw a protection racket for construction businesses. He has a Russian-speaking developer here from Israel.... He is not letting anyone get close to him. This developer owed another developer, a Chechen, 100 thousand, he was not under Kadyrov. Five guys came, took him... Then, this Kadyrov guy, Isa, came. He says: "Let

us go to the Mosque and, together with the imam, we will figure out who is right, who is wrong." It is just Sharia law. I figured that only from this business Kadyrov's guys get 500-600-700 thousand Euros a year. And gradually they will take everything. They have financial capabilities, and do not shy from use of violence. They can also send a request to the Interpol."¹⁵¹

In Poland, Kadyrov's network is particularly elaborate. Poland accepted the first wave of Chechen refugees fleeing via Ukraine, yet Poland's diaspora is not the largest. Most of those who were placed at a temporary camp near Warsaw moved to other European destinations. What makes the situation in Poland different is the degree of the merger between Chechen and Polish criminal networks. According to insiders, Chechens began to join Polish criminal groups on the outskirts of Warsaw in the 1990s. When Kadyrov began working with the diaspora, they managed to reach a higher status.

In 2014, after Kadyrov's people joined the war in Donbass on the side of pro-Russian separatists, more of Kadyrov's agents moved to Ukraine and Poland. Reportedly, even in Mukachevo, a city in Western Ukraine, there is Kadyrov's special envoy whose sole duty

149 "Chataev, Akhmet Radjapovich," Kavkazskii Uzel, 02.12.2017, <https://www.kavkaz-uzel.eu/articles/285270/>

150 Personal Interviews, Vienna, Austria, 2019 (81)

151 Person Interviews, Berlin, 2019 (121)

is to assist Kadyrov's agents in crossing the EU border.¹⁵² "They all have been sent here... There is a war there, they could not act so openly. I know for sure, many of Kadyrov's people came here."¹⁵³ Informants report that Kadyrov's "envoys" to Poland specialize in drugs, sex trafficking, real estate scams, and smuggling.

Prior to 2014, when Russia attacked Ukraine, Kadyrov's regime was financed predominantly from the Russian state budget. Now, they receive substantial funds from criminal activities in Russia, Ukraine, and Europe, including direct investments from the diaspora. It is likely that in the future, these funds may even surpass the Kremlin's budget money. Kadyrov is certainly interested in expanding his influence elsewhere, including, if the situation permits, in North America.

Conclusion

Russia today has an active global stance and although it is not the existential menace on the scale of the Soviet Union, it is less predictable and therefore more dangerous.

In the near future, it is likely to engage in more influence campaigns and paramilitary operations in Ukraine and specifically Donbass, which continues to be a venture of Igor Girkin-Strelkov.

As explained above, Belarus is likely to be a target as well. There is a high chance that the Kremlin will attempt a regime change in this country as Lukashenko does not always follow Moscow's line.

Russia could also seek to mobilize more Russian-speaking Muslims for the war in Syria.

An expansion of the System's criminal network, as well as the System's resolve to project political influence by all available means, poses multiple threats to the international security environment.

Extortions by Russian criminals in the EU, US, and Canada could reach hundreds of millions of dollars in each case. The System may even try to establish its control over state institutions, natural resources, and energy industries in several countries of the former Soviet Union. Belarus is a prime target.

In the EU and possibly in the US and Canada, it will commission more assassinations of defectors.

Lastly, it will continue engage in illegal arms sales, especially if its own arms manufacturers are pushed out from the legal international market.

Such activities could lead directly to the corrosion of democratic institutions in many countries of the world.

152 Personal Interviews, Kyiv, Ukraine; Vienna, Austria; 2019 (83, 53).

153 Personal Interviews, Brussels, Warsaw, 2019 (88).

Chapter 6: Recommendations

The System created by the Putin regime in Russia poses a serious, multi-layered threat for democratic institutions. Therefore, the mechanisms of sanctioning companies and individuals that serve Moscow's geopolitical aims need to be rethought and restructured. And sanctions alone are not the solution.

Confidence, Information, and Geopolitics

The System will not be able to amass ideological, political or economic strength comparable to that of the United States, the EU, China, India, or even some other emergent players in this new multi-vector phase of great power competition. Consider that Russia did not retaliate in any serious manner for the shutdown of its Sukhoi jet over the border of Turkey, as it seeks to avoid an overt military confrontation. Moreover, Putin now embraces Erdogan and his regime, as he respects the Turkish Sultan for his non-democratic ways.

The United States needs to speak from the position of power, both in terms of military force and ideas. And ideas, or to put it in better words, information war, is often more important. Ronald Reagan's "evil empire" and Alexander Solzhenitsyn's "The Gulag

Archipelago" were arguably as powerful as the Pershing missiles in Central Europe. They contributed tremendously to the fall of the USSR. Likewise, the moral support of Pope John Paul II for the Solidarity Movement in Poland in the 1980s played a crucial role as well.

Western leaders need to stand firmly for their democratic values and interpretations of the past. The utterly ludicrous and insulting justifications of Russia's assault on Poland in alliance with Nazi Germany in September of 1939 warrants a joint condemnation from all the countries which fought against fascism during World War II. The promotion by Russia of its deep imperialistic values needs to be confronted as well.

It is important for the Baltic States, Ukraine, and Georgia to create their own media platform or platforms targeted toward Russian citizens. They need to explain to them, in fluent, contemporary and colloquial Russian, why and how their dictatorial regime stays in power and abuses their own people and their neighbors. The US and EU can help financially but should allow the local experts to control content.

The US Department of Defense has a formula: 4 plus 1. It means that the adversaries of the United States are Russia, China, Iran, North Korea, and non-state terrorist

actors. Yet today, great power competition is becoming more complex. More countries want to play global geopolitics. Turkey now postures itself to be a great power or even a civilizational state. In Europe, a number of countries are unhappy about anti-Russian sanctions and want to do business as usual.

In this geopolitical context, one may re-think the containment of Russia on a scale different from the Cold War. As Putin wants so desperately, the security architecture of Europe may change, and the U.S. needs to be ready for this. The US is unlikely to stop Germany's pursuit of lucrative deals with Russia, yet it can base its troops in Poland. The Baltic States, Ukraine, and even non-NATO Sweden and Finland may well form a new tacit alliance, affording greater protection from the Russian threat.

One must also focus hard on anticipating and obstructing Russia's possible moves. One of the Kremlin's key ideologists and author of the concept of sovereign democracy, Vladislav Surkov, claims that, under Putin, Russia entered a new historical stage: "the long state of Putin," returning to "its natural and only possible state of a great, expanding and land-gathering community of peo-

ples."¹⁵⁴ The word 'land-gathering' is key here. Dmitry Rogozin, another Russian senior political figure, bluntly states, Russia has a full right to reclaim the lands wherever the Russian people shed their blood and sweat.¹⁵⁵

Crimea was a surprise for the whole world. Putin's annexation was not predicted, and neither the US nor the EU did anything to prevent it. Such outcomes can be avoided by deeper calculations, analysis, and practical action. In the countries of the former Soviet Union, Putin's most likely next target is Belarus. The reason is that "neither the Russian people nor the Russian authorities know what Russia is. If Crimea is Russia, Ukraine, Belarus, and Kazakhstan could be Russia as well. The seemingly trivial, yet in reality, very complex question 'What is Russia geographically?' is detrimental to peace and stability in Eurasia. Until the Russian people and the Russian government answer this question, Russia's size will keep ebbing and flowing."¹⁵⁶ Putin is likely to think of Russia in terms similar to the view of Solzhenitsyn who, on the eve of the collapse of the Soviet Union, defined it as a combination of Russia, Ukraine, Belarus, and Northern Kazakhstan (he called the latter Southern Siberia and the

154 Vladislav Surkov, "Dolgoe gosudarstvo Putina: O tom chto zdes voobhsche proiskhodit," *Nezavisimaya Gazeta*, February 11, 2019, http://www.ng.ru/ideas/2019-02-11/5_7503_surkov.html.

155 Dmitrii Rogozin, *Vrag naroda* (Moskva: Algoritm, 2006), 33.

156 Peter Eltsov, *The Long Telegram 2.0: A Neo-Kennanite Approach to Russia*. Lanham: Lexington Books, p. 36.

Southern Urals region).¹⁵⁷

The best way to prevent Russia's aggression is to engage with the countries of the former Soviet Union in creating better economies and more efficient governance. Russia is most fearful of this scenario as its people then may ask its own government why their life is both oppressed and destitute.

Personal Sanctions

Financial capacities of the regime outside of the Russian Federation are estimated at hundreds of billions of dollars per year. Most of these funds are transferred out of Russia by both state and private corporations with the help of criminal networks and security services under the cover of export-im-

port transactions. The well-known cases are: the "Moldova laundry,"¹⁵⁸ the "plywood scam,"¹⁵⁹ and the "grain cut."¹⁶⁰ The common scheme is the use of unaccounted funds and goods and the misrepresentation of production. The laundered cash goes to "fund managers," such as Putin's notorious pal, the violinist Sergey Roldugin.¹⁶¹ It is a standard practice for Putin's System to transfer money to safe harbors outside of Russia.

The curtailing of financial capacities of the System can be achieved in two ways. First, one must impose severe sanctions on fund managers and agents of the System. It is even wise to work out a procedure for sanctioning Russia's unregistered sponsors of external political and cultural projects. The latter group includes top managers, co-owners, contractors, clients, and the buyers of assets received through corporate raids. For exam-

157 Aleksandr Solzhenitsyn, *Rebuilding Russia: Reflections and Tentative Proposals* (New York: Farrar, Strauss and Giroux, 1991), 5-9.

158 Ilyia Tkachev, Grigorii Makarenko, Anton Fainber, Oleg Makarov, Anastasia Krivorotova, "Moldavskaya prachechnaya: kak is Rossia vyvodili 20 mlrd," RBK, 21.03.2017, <https://www.rbc.ru/finances/21/03/2017/58d11ee39a79472280f0c9ee>

159 Vladimir Shtanov, "Gendirektor 'Svezy': smotrim na vsio, chto možno proizvodit iz drevesiny," *Vedomosti*, 13.03.2019, <https://www.vedomosti.ru/business/characters/2019/03/13/796346-gendirektor-svezi>

160 Mikhail Khanov, "V zernovykh liderakh", July 4, 2019, <https://www.agbz.ru/articles/v-zernovyih-liderah/>

Russian Federation Wheat Exports by Year, <https://www.indexmundi.com/agriculture/?country=ru&commodity=wheat&graph=exports>

161 Sharunas Cherniauskas, "Dengi iz vozdukh. Kak drug Putina Poldugin rabotal s ofshorami 'Troiki'," Organized Crime and Corruption Reporting Project, 07.03.2029, <https://www.occrp.org/ru/troikalaundromat/money-for-nothing-putin-friend-sergei-roldugin-enriched-by-troika-laundromat>

ple, if an asset was acquired as a result of an illegal criminal prosecution initiated by the security apparatus, and later sold, its new owner needs to be placed under sanctions.

Initiators of fake criminal cases against the citizens of Russia, who emigrated for political reasons or because of the seizure of their property (especially if Interpol refused to include them in their lists or the courts in the countries, where they fled, declined Russia's requests for extradition) also need to be placed under sanctions.

As an additional measure for thwarting Russian aggression in Donbass, it is plausible to sanction the companies whose controlling stake belongs to the Russian state. Then, in order to survive on the international markets, the mega-corporations such as Gazprom, Rosneft, Sberbank, and Transneft, with their affiliated companies, would have to be privatized with participation by international investors.

Sanctions that would bring the most tangible results should be implemented under the Magnitsky Act – a law passed by the US Congress in 2012 and extended in 2016. Now it aims not only at those individuals who were complicit in the Sergei Magnitsky case, but also at any other individuals who are ac-

cused of human rights abuses and corruption. The most effective measure would be to utilize provisions of the Global Magnitsky Act to include also the families of the sanctioned individuals. "The fact is, the children of many Russia's most prominent political figures live and work in the West. Ekaterina Vinokurova, the daughter of Russia's foreign minister Sergei Lavrov, studied in the US and the UK. Anastasia Churkina, the daughter of Russia's late Ambassador to the United Nations, Vitaly Churkin, works for RT in the US and Europe. Elizaveta Peskova, the daughter of Putin's press-secretary Dmitry Peskov, lives in France. Two daughters of Sergei Zhelezniak, the Deputy Chairman of the Lower House of the Russian parliament, live in the UK. Nikolai Mizulin, the son of the high-profile member of the Russian Parliament, Yelena Mizulina, lives in Belgium. Both Zhelezniak and Mizulina are under sanctions in the US. Zhelezniak is known for his anti-Ukrainian position, Mizulina for anti-gay legislation and the partial decriminalization of domestic violence."¹⁶²

The US State Department has recently implemented this approach vis-à-vis the wife and two daughters of Ramzan Kadyrov. Many more individuals should be on the list.

162 Peter Eltsov, *The Long Telegram 2.0: A Neo-Kennanite Approach to Russia*, Lanham/London: Lexington Books, p. 134.

“The Independent Appeals Agency” and “Hot Line”

Russia’s security apparatus habitually harasses and pursues Russian emigrants in the EU, US and other countries, using all possible means including Interpol, local security services, and criminal networks. This behavior poses a serious threat to the international security environment. First, it criminalizes substantial segments of the immigrant communities from Russia and other post-Soviet countries. Second, it expands the influence of Putin’s circle in the international arena. It is possible to obstruct these actions by creating two international mechanisms.

The first mechanism needs to investigate the validity of criminal charges posed against Russian citizens by the Russian state in other countries. It could be founded through cooperation among human rights organizations, NGO’s, and investigative agencies specializing in Russia. The key task of this institution would be the investigation of charges, the assessment of legal procedures, the identification of the individuals responsible for the charges, and, most importantly, the exposure of the masterminds of the case. If the agency finds out that the criminal charges were fabricated or that the trial is being conducted in a way that violates international norms, it would send a request to the country, where the immigrant under investigation resides, with a plea to halt the legal proceedings. The

agency also would submit a petition to the involved governments to place all the individuals responsible for the case under sanctions.

The second mechanism that needs to be established is a “hot line” for the immigrants from Russia to report threats from individuals and institution affiliated with Putin’s system. The hot line staff would assist these people in filing legal requests with the relevant law enforcement agencies, and as necessary and possible would provide protection. The “hot line” would also maintain an official record of illegal actions by the Russian security services and their affiliated criminal networks.

Modernization of the Post-Soviet Infrastructure

One of the main factors keeping the post-Soviet countries in Moscow’s geopolitical orbit is Moscow’s grip on the energy and transportation infrastructure. For example, almost the entire Armenian infrastructure is under the control of Russian companies – either private or state. The state-owned Russian Railways Company controls Armenian railways. Russia’s Rosatom Nuclear Energy Corporation finances and carries out the modernization of the Armenia Nuclear Power Plant, the only one of this type in the Southern Caucasus. This plant produces 40% of energy in Armenia and is located only 35 kilometers from the Armenian capital, Yere-

van.

In 2015, the Russian energy company "Inter RAO" sold two large Armenian companies "The Armenian Electricity" and "Sevan-Hrazdan Cascade" to a Russian businessman of Armenian descent, Samvel Karapetian. The latter is heavily invested in Moscow real estate and receives lucrative contracts from Gazprom – which owns gas pipelines in Armenia. When Armenia previously accumulated a large debt to Gazprom, the Armenian state had to hand over all their remaining gas shares to this Russian company. Such economic pressure has direct political implications. Armenia sided with Russia following the annexation of Crimea in exchange for Russia's implicit continued support of Armenia in its conflict with Azerbaijan over Nagorno-Karabakh.

In terms of its integration into the Russian economy, Armenia more closely resembles a Russian region than an independent country. Ethnic Armenian Russians often visit Yerevan and act openly as the representatives of the Russian state. Moscow also seeks unrelentingly to be an arbiter in economic and political disputes in Armenia. Even the recent revolution led by Nikol Pashinyan had to comply with some of Moscow's informal dictates.

The economic dependence of other

post-Soviet states on Russia may be less drastic but still obvious. Energy and gas in Georgia are largely controlled by Russian capital. The economy of Belarus depends heavily on refining of Russian petrol. The Rosatom Nuclear Energy Corporation asserts a major influence in Ukraine.

This unhealthy economic environment can be transformed through the privatization of the post-Soviet infrastructure. Implemented parallel with the legalization of assets under the "roadmap plan" that will be outlined next, the privatization will be beneficial both for the post-Soviet countries and the international community. First, it will allow large national businesses to leave Moscow's orbit. Second, it will open new markets for American and European companies. Third, it will stimulate the development of small businesses. Fourth, it will lay the groundwork for the creation of democratic institutions.

Occasional examples illustrate the benefits of this approach. For example, Armenian Prime Minister Nikol Pashinyan seized parts of Samvel Karapetian's business empire, controlled by Moscow, as being disadvantageous to the state of Armenia.¹⁶³ Armenia thereupon signed a contract with the Italian company "Renco" for the construction of a new power plant that would replace Karape-

163 "Pravitelstvo Armenii zabralo "Vysokovoltnye seti u Samvela Karapetiana," Sputnik, 21.06.2018, <https://ru.armeniasputnik.am/economy/20180621/12788639/pravitelstvo-armenii-zabralo-vysokovoltnye-seti-u-samvel-karapetyan.html>

tian's "Sevan-Hrazdan Cascade."¹⁶⁴ If even Armenia – a country which is so dependent on Moscow – was able to pull this off, other post-Soviet countries should draw the appropriate lessons and emulate the model. Both the US and the EU should lend support to such efforts.

A Road Map for Select Russian Business Owners

Most participants in Putin's transnational System live in two worlds: for their current survival they maintain their connections with Putin's circle and their middle men, while for their future they work on their legal identities in the US and Europe. Furthermore, recent amendments to the Russian constitution ban Russian officials from having multiple citizenships, residence permits in other countries, and foreign bank accounts. Meanwhile, non-Russian participants of the System have a choice to become patriotic citizens of their own countries, but the System prevents them from doing this. In this context, it would be beneficial to facilitate the switch of identity for these individuals. This could be done through the legalization of the assets of Russian and other post-Soviet business own-

ers outside of Russia, if they agree to break away from the System. A successful example of such a measure is the case of Yuri Milner, a Russian investor in Silicon Valley, who was previously a business partner of Putin's pet oligarch Alisher Usmanov. Now, Milner is among top investors in the Bay Area and his business reputation is cleared of the "Russian toxicity."¹⁶⁵

The goal of this measure is to remove assets of the participants in Putin's web from the control of Putin's security services. Eventually, this will permit building of a transnational Russian business cluster, independent of Putin's System, and undermining the System from inside both financially and in terms of cadre. This would allow for the accumulation of sufficient resources for modernization of the infrastructure and political institutions in Russia and other post-Soviet space.

The New Political Elites

Recent political developments in Ukraine, Georgia, Armenia, Belarus and even parts of Russia demonstrate that new generations want political change. For example, the main cause of rising dissatisfaction with the initially very popular Ukrainian President Vladimir

164 "Italiantsy budut stroit: pravitelstvo Armenii podpisalo dogovor or stroitelstve novoi TETS," Sputnik, 17.01.2019, <https://ru.armeniasputnik.am/economy/20190117/16795724/italyancy-budut-stroit-pravitelstvo-armenii-podpisalo-dogovor-stroitelstve-novoj-tehc.html>

165 Yuri Milner, Forbes, <https://www.forbes.ru/profile/yurii-milner>

Zelensky is that he failed to replace completely the ruling elite in Ukraine. The Armenian Revolution shows there are people in the former Soviet republics who are eager and able to shake up the status quo. Remarkably, the new political elite of Armenia was recruited straight from the street. After the revolution, the Armenian government was initially staffed by around 300 people, when it needed two thousand. They advertised all the vacancies in the most democratic and contemporary manner. They invited resumes, interviewed candidates, and used social media. The same approach was utilized in forming a new parliament, which was filled from the ranks of previously unknown, absolutely new people. The political scientist Alexandr Iskandarian calls the Yerevan events of 2018 a “legalistic revolution.” People wanted to build a public and transparent state in Armenia.

The Armenian “velvet” revolution provides an excellent model for generations Y and Z on the way to achieve political modernization in the post-Soviet world. Formed in the last two decades, these generations strive for well-paid and exciting jobs, a high-tech life, and political representation. They are fed up with the old elites that conduct business as usual. Pashinyan’s team responded properly and wisely to these demands. Similar social strata of such “new citizens” are emerging in Ukraine, Georgia, and even parts of Russia. One must remember that Russia remains a multi-ethnic empire with long and strong tradi-

tions of separatism – both ethnic and Russian regional (in the Urals and Siberia, for example). Even in the strictly controlled Northern Caucasus, structural societal changes have led to the emergence of young people, who see themselves as part of the globalized world, rather than of nationalist Russia. These changes stem from urbanization, migration, social mobility, and the emergence of new professions and identities that are free of the traditional values associated with the numerous nationalities of the North Caucasus.

Our recommendation is accordingly that educational programs initiated in the US and EU be focused primarily on groups born after 1995, as they do not constitute an innate part of Putin’s System, and they will be forming new political elites very soon.

IT Community as the Core of Political Modernization

The IT community has played a key role in the key political movements of the last decade in the countries of the former Soviet Union: the Moscow protests of 2011-2013, and 2019, the Euro-Maidan revolution of 2013-2014, and the Armenian revolution of 2019. The Armenian case is especially illustrative:

“It turned out that we have so many politically active people on the Internet, who had no representation in politics... And many

of them work in IT. Why? Because in Armenia the situation is that good and clean money is made mostly in IT. Not in law, where money is not very clean! Not in economics, because... we have small economics... IT professionals are lucky. They earn money abroad, they are not dependent on political pressures, and they represent a powerful economic stratum... In 2017, they were 7 percent of the Armenian GDP."¹⁶⁶

"My last job was with an Armenian IT-company with an office in Yerevan. And almost all of us in our office took part in the revolution. We went there from work... the boss not only refrained from obstructing us, but he also started going with us to the demonstrations... And right next to us, there was another IT-firm, which participated in protests from start to end."

"Guys from an IT-company even initiated one action. It was called "Infinity Loop" ... We did not want to break the law, so we walked back and forth endlessly on pedestrian crosswalks and between traffic lights, thus blocking a road but not formally violating any law. This is how Yerevan was blocked entirely. There were guys working for NGO's there. There were guys who owned their own businesses or worked in some private companies – all kind of guys, indeed. By the way, the NGO guys are the second layer of society. You can call them this independent

middle class... It comes as no surprise that eventually these two layers accomplished what we call a revolution. They were the main actors because they had nothing to fear. They had enough money. Everything started with these two layers that I identify... IT, plus perhaps the banking sector... plus NGO's... they have a political consciousness of a high caliber. Those who joined later are not so heavily politicized – they simply believed that it was possible to chase away the government and came out to the streets. But, by the way, without them, without this critical mass, there would not have been a revolution."

The approximate number of those employed in the IT-industry of Armenia is 15-20,000 people. In Ukraine about 20,000 work in IT in Lviv alone. The overall number of IT professionals in Ukraine reaches an impressive 100,000. No less that 200,000 IT specialists work in Russia. The role of social media and various social platforms aimed at reforms is substantial. The audience of Facebook in Armenia increased from 20 to 60% in just four years, with the political content reaching a stunning 75%. Facebook became a key platform for political activity in this country. Essentially, all politically active population of the republic are on Facebook now.

In April 2018, Nikol Pashinyan walked from Gyumri to Yerevan in response to the re-appointment of Serzh Sargsyan as prime

166 Personal Interviews, Yerevan, Armenia, 2019 (22).

minister.¹⁶⁷ This march was supported by endless Facebook likes. All kinds of political activists joined him, because they understood that they were drawing both national and international attention. They were becoming political actors and socially significant figures. “When they reached Yerevan on April 13... they were simply participants in “Civil Contract,” just them and a few dozen of friends. Then, it grew like a snowball, when they blocked the streets, stopped the cars, and started forming human chains...”¹⁶⁸ In one month, their agenda against what they called a constitutional coup with the slogan “they need to go” transformed into a revolution with the slogan “we need to come.”¹⁶⁹

Our consequent recommendation is to work out a program or a set of joint programs of political education for IT-communities and NGO’s. They play a crucial role in the modern world, including the authoritarian regimes.

Russian 2.0 as an Alternative to the System

The formation of the Russian-speaking community in Silicon Valley can be divided into two waves. The first one consists of engineers and IT specialists, who arrived in the Bay Area right after the fall of the USSR. They are graduates of the leading Soviet physical, mathematical, and technical universities (Moscow, St. Petersburg, Novosibirsk, Kyiv, Tomsk, Perm). They made successful professional careers, some started their own companies. The second wave began to be formed in the early 2000-s, when Russia’s oil cash produced a new generation of engineers and entrepreneurs. Young and talented IT-specialists from Ukraine, Russia, Belarus stormed Silicon Valley in search of work and with ideas for startups: “then Russians began to come *en masse*. I remember that moment, when walking on the streets of Palo-Alto you would hear the Russian language. This was about 2000-2001. I would say, it was exotic for that time.”¹⁷⁰

Later, these Russians began investing in venture capital. “... we had numerous business connections... there were serious Russian

167 «Barkhatnaia revoliutsia v Armenii. Kak eto bylo,” *Nastoiashchee Vremia*, <https://www.currenttime.tv/a/29187295.html>

168 Personal Interviews, Yerevan, Armenia, 2019 (18).

169 “Barkhatnaia revoliyutsia v Armenii dva goda spustia,” *Kavkazskii Uzel*, 27.04.2020, <https://www.kavkaz-uzel.eu/blogs/83781/posts/42938>

170 Personal Interviews, 2019, Palo Alto (112).

businesses in the IT-industry – from Yandex to small startups... the first Google office was opened in St. Petersburg in 2007. But, to tell you the truth, the presence of Russian money in Silicon Valley is not very noticeable.”¹⁷¹

The second wave was diverse. It consisted not only of regular engineers and software specialists, but, importantly, children of Russia’s political and business elites. Graduates of the best US and European universities, these individuals did not want to go back, looking skeptically at their future at home. They saw the success of their former compatriots, who managed to form functional networks of high-tech and other innovative entrepreneurs. Their story was the antithesis to the corrupt and resources-oriented economy of Russia.

During the presidency of Dmitry Medvedev, who visited Silicon Valley¹⁷² in June 2010, there was serious talk of innovations in Russia. The Russian president visited Google and met with California Governor Arnold Schwarzenegger and the Cisco CEO

Nick Chambers. The latter would become one of the first partners of Skolkovo, Russia’s intended analogue of Silicon Valley. In Apple, Steve Jobs presented the Russian leader with an iPhone 4. Medvedev started his own Twitter account, gave a speech at Stanford University,¹⁷³ and met with a group from the Russian diaspora community, offering them tax breaks and state support, if they were to work in high tech in Russia. “Skolkovo is a special state of freedom,” said Medvedev.¹⁷⁴

At the meeting with the Russian diaspora, Medvedev even proposed to open an office for Skolkovo in California. It was done in March 2011 on the funds of Rusnano, a Russian innovation institute, and RVC, a Russia-owned venture company, also aimed at innovation and development.¹⁷⁵ The billionaire Viktor Vekselberg sponsored Russia’s California cultural fund “Fort Ross” (named after a 19th century Russian settlement in Northern California). Another Russian billionaire, Mikhail Prokhorov, invested funds in several Russian IT-startups – for example,

171 Personal Interviews, 2019, Palo Alto (112).

172 Irina Granik, *Iz Kremnievoi doliny vysekaiut Skolkovo*,” *Kommersant*, 25.06.2010, <https://www.kommersant.ru/doc/1392056>

173 Andrew Clark, *Dmitry Medvedev picks Silicon Valley’s brains*, *The Guardian*, 23.06.2010, <https://www.theguardian.com/business/2010/jun/23/dmitry-medvedev-silicon-valley-visit>

174 Irina Granik, *Iz Kremnievoi doliny vysekaiut Skolkovo*,” *Kommersant*, 25.06.2010, <https://www.kommersant.ru/doc/1392056>

175 *Russian High-Tech development institution open office in Silicon Valley*, 03/24/2011, <https://www.businesswire.com/news/home/20110324006387/en/Russian-High-Tech-Development-Institutions-Open-Office-Silicon>

in the Rizzoma project which became quite successful.¹⁷⁶

The situation changed drastically after Russia's annexation of Crimea and Russia's involvement in the Syrian civil war. Today, association with Russia is toxic, and Russian meddling in the 2016 US presidential election only added fuel to the fire. Consequently, most Russian engineers and IT specialists living in the US are trying to distance themselves from politically toxic Russia. However, the exchange of ideas, people, and funds between them and the post-Soviet world continues. There have been attempts to structure and commercialize this exchange.¹⁷⁷ A recent documentary by the young Russian journalist Yuri Dud openly romanticizes Russians in the Silicon Valley, presenting them as heroes.¹⁷⁸ This documentary has received a stellar response on social media in Russia.

Today, the Russian-speaking high-tech community – engineers, IT specialists, scholars, and entrepreneurs (especially, a younger generation) – is a viable alternative to Pu-

tin's System. Considering that with the further development of science and technology, the competitive advantage of these "new Russians" in comparison with the old elite will only grow, we recommend: first, stimulating the involvement of Russian money and specialists in the international high-tech business; second, launching projects targeted at the involvement of the Russian speaking IT-community in all kinds of discussions on political modernization in Russia. This would promise, among other things, the redirection of finances of Putin's System from Russia's imperialist and criminal geopolitics to legal investments in technology. A major transfer of funds from the generation of Vladimir Putin to the generation of the founder of Telegram Messenger Pavel Durov is unavoidable and will be much more powerful than any sanctions, as it would not only undermine the financial basis of Putin's oppressive regime, but it would also enable a younger generation of Russians to build a free and economically prosperous society. Sooner than later, the new-old Russian Empire will cease to exist.

176 <https://rizzoma.com> , <https://github.com/rizzoma>

177 For example, see <http://www.ambarclub.org>

178 Yuri Dud, "Kak ustroena IT-stolitsa mira," <https://www.youtube.com/watch?v=9lO06Zxhu88>

Table 1: The System's Lines of Action

Agents	Capabilities	Financing and Activities	Targeted Countries
Criminal networks	Influencing political leadership, cooperation with security services, corruption	Criminal markets, work for security services: elections in Georgia, hospital business and land development in Ukraine, political assassinations	Mostly, the post-Soviet world, especially Ukraine, Belarus, Georgia Latvia, but also Bulgaria, Turkey, Germany, USA, Canada, Israel
Post-Soviet professional associations: security services, the nuclear power sector, the military industrial complex	Direct corporate pressure and influence	Tariff discounts, interdepartmental tranches, mutual favors, political cooperation on the markets	The post-Soviet world, especially, Ukraine, Belarus, Armenia, Georgia
Migrants from the system	Withdrawal and allocation of funds	Business orders: work in IT-industry, creation of Russian language TV channels	Everywhere, especially, Israel, Germany, USA, the Baltic states
Citizens of Russia and other post-Soviet states who have substantial assets and business interests outside of Russia	Diversification of jurisdictions, withdrawal of funds from Russia	Investments in foreign businesses, venture investments, creation of foundations in foreign countries	Everywhere, especially, the EU, USA, Canada, the Baltic States
Pro-Russian experts	Political influence on public and political decisions	Funding of research and expert analysis	Everywhere, especially the EU and USA
Russian diaspora	Recruiting of activists and doers, creation of loyal networks	Financial support through grants, direct hires	Countries with a substantial Russian diaspora: Germany, Spain, Israel, Cyprus, USA, Austria

Cultural, charity, and sports associations and organizations	Lobbying for and organization of official cultural, charity, and sports events and projects	Financial support through grants	Anywhere where this is potential interest: especially, the EU, USA, Canada
Christian and Muslim communities	Politically motivated religious and various spiritual projects aimed at the believers	Construction of churches and mosques financing of religious leaders	Countries with substantial Eastern Orthodox and Muslim communities: especially, Ukraine, Georgia and Greece, also the EU, USA

Table 2: The System's Types of Financing

Type	Description	Examples
Venture financing	A group of activists raise private funds, launch a project, and sell it to the budget	Invasion of Donbass under the leadership of Igor Strelkov (Girkin), fake volunteers' movements in Donbass, the Novorossiya project
Joint criminal-government financing	Profits from criminal networks merge with the funds of security service	The Donbass war, the discrediting of the anti-Assad coalition in Syria
Personal assignments	Billionaires from Putin's circle are assigned projects in exchange for lucrative government contracts	Infiltration of the Chechen diaspora in Europe by Kadyrov's people, directives to Samvel Karapetian in Armenia and Konstantin Nikolaev in Donbass, construction of Thermal Power Station by the Babakov-Ginger group in Iran, projects in the Silicon Valley
State budget financing	Funds are earmarked from obscure portions of the budget either directly or through grants	A smear campaign against Piotr Poroshenko during the 2019 Ukrainian presidential elections, pensions in Donbas
"People's" financing	Individuals are assigned to raise funds from population and small businesses, illegal tolls at roadblocks, and the revocation of pensions	Creation and finding of the Donetsk and Luhansk separatist entities and affiliated terrorist units in Ukraine
Price and tariff reduction	Intentional reduction of energy prices and tariffs	Viktor Medvedchuk's Monopoly on energy supply in Ukraine, political projects in Armenia

Table 3: Examples of Projects

Project	Employed Actors	Financial Mechanisms
The Donbass insurgency	Criminal networks, cultural, charity, and other non-profit organizations, religious communities, infrastructure institutions, security services	Initially, venture capital; then, comprehensive financing from state budget including support for “volunteer movement” for “Novorossiya”
The discrediting of the opposition to Bashar al-Assad	Kadyrov’s people, the FSB	Security Services’ budget, criminal network’s funds, media funds
Interference in the Armenian Revolution	Moscow Armenians, the FSB, the Rosatom State Nuclear Energy Corporation, the Military Industrial Complex, infrastructure enterprises	A personal directive to the billionaire Samvel Karapetian, handling of tariffs, funds of the Moscow-backed infrastructure companies
Russian International High-Tech Center	IT specialists and engineers from the diaspora, Russia investors in foreign assets	State budget and personal funds of the Kremlin-backed billionaire, Viktor Vekselberg

Table 4: Scenarios

Scenario	Causes	Development	Risks or Benefits
Criminalization of the System	<p>Juxtaposition of Putin's system and the rest of Russia's population.</p> <p>Absence of institutional obstacles to the arbitrariness and outrage of the <i>siloviki</i>: security forces and law enforcement.</p> <p>The fall of budget revenues.</p>	<p>Degradation of state institutions.</p> <p>Alienation of regional and industrial elites.</p> <p>Increase in the share of the system in gross domestic product (GDP)</p>	<p>Increase in flight and emigration from Putin's system.</p> <p>Alienation of regional elite and decentralization of the country.</p> <p>Repressions against civil activists and foreign citizens.</p> <p>New military adventures, frame-ups, deceptions, entrapments, and assassinations in the post-Soviet states.</p> <p>Intensification of Russian state-run propaganda, surge in "active measures" and espionage operations.</p>
The Parade of Sovereignties 2.0	<p>Juxtaposition of Putin's system and the national post-Soviet elites.</p> <p>Intensification of the Kremlin's malicious activities in the "near abroad."</p> <p>Coming of a new generation of national politicians and civil activists.</p> <p>Economic weakening of Russia.</p>	<p>New projects and military conflicts of the Kremlin in the countries of the former Soviet Union: especially, in Ukraine, Belarus, Kazakhstan, and potentially, Azerbaijan and Moldova.</p> <p>Anti-Kremlin politics and revolutions in the countries of the former Soviet Union</p>	<p>Spillover of regional conflicts.</p> <p>Formation of new mercenary groups.</p> <p>Intensification of terrorist activities.</p> <p>Conventional arms and nuclear proliferation, surge in illegal arms sales.</p> <p>Nuclear and conventional arms proliferation</p>

<p>Globalization of the System's Criminal Network</p>	<p>A need to control "grey" financial flows outside of Russia.</p> <p>Decrease in transparent capabilities of Vladimir Putin in the international arena due to new sanctions.</p> <p>Increase in political and criminal emigration.</p> <p>Growth in the desire of members of the system to withdraw funds from Russia</p> <p>The system's quest for new sources of income.</p>	<p>Expansion of the system's criminal network, striving for political influence wherever possible by all available means.</p> <p>Creation of more groups, such as the criminal network of Ramzan Kadyrov.</p> <p>Implementation of projects such as Yevgeny Prigozhin's troll-factories and the private military company "Wagner Group"</p>	<p>Rise in political corruption and criminal pressure on both state and non-state institutions in the EU, the US and Canada.</p> <p>An attempt by the system to establish criminal control over state institutions in the countries of the former Soviet Union.</p> <p>Political and business assassinations.</p> <p>Increase in illegal arm sales.</p> <p>Infiltrations of state and economic structures by the Kremlin's agents, and the consequent corrosion of democratic institutions in the EU, the US, and Canada.</p>
<p>Increasing Dependence on China</p>	<p>Loss of political respect in the US, Canada, Australia and substantial parts of Europe.</p> <p>Lack of funds and a need for customers for the sale of its natural resources.</p> <p>Ideological insecurity.</p>	<p>Transformation of Putin's system into a proxy-service of China.</p> <p>Expansion of Chinese businesses in Russia.</p> <p>Increase in Chinese emigration to Siberia</p>	<p>Political, military, and economic strengthening of China.</p> <p>Escalation of great power competition.</p>
<p>Fleeing the ship</p>	<p>Lack of opportunities for the younger generation.</p> <p>The murky future of Putin's system.</p>	<p>Movement of young people and funds to the countries that would accept them.</p>	<p>Will accelerate the degeneration of Putin's system.</p> <p>May increase malicious activities of Putin's system both domestically and internationally.</p> <p>Beneficial for the economy of countries that would accept qualified immigrants from Russia.</p>

Table 5. Interviews Cited in this Report

Number	Description of a respondent	Location	Date
1	Head of the service company (repair of drilling equipment, workover of wells)	Barcelona	2018
2	Former head of a regional oil company	WhatsApp	2019
3	Deputy of a city council in Eastern Siberia №1	WhatsApp (from Irkutsk)	2019
4	Deputy of a city council in Eastern Siberia №2	WhatsApp (from Irkutsk)	2019
5	Vice Mayor of a regional center in Siberia	Tbilisi	2019
6	Deputy of a city council in Yakutia	WhatsApp (from Yakutsk)	2019
7	Deputy and head of a regional branch of the Communist Party (South of Russia)	Tbilisi	April 2019
8	Assistant to the Mayor of a city in the Central Federal District arrested for corruption	Berlin	May 2019
9	Entrepreneur from Zabaikalsky Krai	WhatsApp (from Chita)	2019
10	Abbot of an Orthodox monastery in Georgia	Tbilisi	2019
11	Religious activist in Georgia	Tbilisi	2019
12	Former deputy of the Georgian Parliament, United National Movement (UNM)	Tbilisi	2019
13	Member of the headquarters of the UNM party in Georgia, political analyst	Tbilisi	2019
14	Former head of the city administration	Tbilisi	2019
15	Expert, journalist	Tbilisi	2019
16	Expert, journalist	Tbilisi	2019
17	Political analyst, European research center	Yerevan	2019
18	Deputy of the Armenian Parliament	Yerevan	2019
19	Head of a research center	Yerevan	2019
20	Expert of a Russian expert center from FSB	Yerevan	2019

21	Former Minister of Armenian State Security	Yerevan	2019
22	Head of an IT company	Yerevan	2019
23	Journalist, activist of the «Velvet revolution” in Armenia	Yerevan	2019
24	Government employee in ArmeniaK	Yerevan	2019
25	Former contractor of the Ministry of Defense, who experienced raiding	Kyiv, Toronto	2019
26	Investigative journalist of the Ukrainian energy sector	Vienna	2019
27	Expert on the Ukrainian energy sector	Kyiv	2019
28	Mayor of a city in Khmelnytskaya Oblast	Khmelnytskaya Oblast	2019
29	Entrepreneur, deputy in a city council of Ivano-Frankivsk Oblast	Ivano-Frankivsk	2019
30	Head of a large industrial enterprise in Chernigov	Chernigov	2019
31	Head of an NGO focusing at anti-corruption investigations in the energy sector	Chernigov	2019
32	Head of an IT company in Lviv, an outsourcing company	Lviv	2019
33	Head of an IT company in Lviv, startup in Israel	Lviv	2019
34	Entrepreneur in real estate	Lviv	2019
35	IT-specialist	Lviv	2019
36	One of the leaders of the Greek Catholic Church in Ukraine (organizer of Christian youth camps)	Lviv	2019
37	One of the leaders of the Caucasus diaspora in Lviv	Lviv	2019
38	Head of the Right Sector in Lviv	Lviv	2015
39	Leader of an organization of entrepreneurs in Lviv	Lviv	2015
40	Expert, political analyst, one of the heads of an NGO	Odessa	2019
41	Representative of a criminal network	Odessa	2019
42	Entrepreneur in the spheres of energy and construction	Odessa	2019
43	Activist, a candidate to governors of a region	Odessa	2019
44	One of the leaders of the Chechen diaspora in the region	Odessa	2019
45	Political activist	Odessa	2019
46	Journalist, expert	Odessa	2019
47	Head of an enterprise working for Russia	Odessa	2019

48	One of the leaders of the criminal network of the Russian origin	Kyiv	2019
49	Head of the regional small business association	Dnepr	2019
50	A person engaged into arms trade in Belarus, hotel business in Ukraine (victim of a raider seizure by the Babakov-Giner group)	Kyiv	2019
51	Military expert (head of the center)	Kyiv	2019
52	Expert on Russia's influence in Ukraine	Kyiv	2019
53	Expert on criminal networks in Ukraine	Kyiv	2019
54	Representative of the gold mining company	WhatsApp (Magadan)	2019
55	Insider of the System, entrepreneur,	WhatsApp (Moscow, Rome)	2019
56	One of former heads in the Moscow Oblast	Barcelona	2019
57	One of heads of the Ukrainian Army	Kyiv	2019
58	Head of the association of entrepreneurs	Kyiv	2019
59	Entrepreneur, fuel market	Kyiv	2019
60	Head of a municipality near Kyiv	Kyiv	2019
61	Representative of the Ministry of Interior of Ukraine	Kyiv	2019
62	Former member of Putin's team, head of the federal agency	Berlin	2019
63	Representative of a criminal network in St. Petersburg, one of the leaders	Sofia	2019
64	One of the heads of the agency for strategic research	WhatsApp	2019
65	One of the participants of a criminal network in Moscow	Brooklyn	2019
66	Vive Governor of Moscow Oblast	WhatsApp (Krasno- gorsk)	2019
67	Insider from Strelkov-Girkin circle	U.S.	2019
68	Head of a plant in Donetsk	Rostov-on-Don	2015
69	One of the leaders of "Vostok" brigade in Donetsk	Rostov-on-Don	2015
70	Chief of a batallion, Donetsk	Vladivostok	2017

71	Adviser to the Minister of Defense of Donetsk People's Republic (from the Russian security service)	Rostov-on-Don	2015
72	Employee of the Department for Combatting Economic Crimes	Rostov-on-Don	2015
73	Member of the Board of one of the largest private banks	WhatsApp (Moscow)	2019
74	Head of the regional ministry of healthcare at the Far East	WhatsApp	2020
75	Entrepreneur	WhatsApp (Omsk)	2019
76	Regional politician	WhatsApp (Irkutsk)	2019
77	Political emigrant to Finland, entrepreneur, owner of a media outlet	Helsinki	2019
78	Political emigrant to the Czech Republic	Prague	2019
79	Political emigrant to Latvia	Riga	2019
80	Chechen-origin entrepreneur, former participant of military actions	Helsinki	2019
81	Chechen emigrant	Vienna	2019
82	Head of the Chechen cultural center	Vienna	2019
83	One of the leaders of the Chechen diaspora in Europe	Vienna	2019
84	Chechen emigrant, participant of the second Chechen war	Vienna	
85	Chechen emigrant	WhatsApp Europe	2018, 2019
86	Head of the Chechen charity and human rights organization	Stockholm	2019
87	Head of the Chechen charity organization	Le Mans	2019
88	Chechen emigrant, participant of the second Chechen War	Brussels, Warsaw	2019
89	Head of IT project	Tel-Aviv	2019
90	IT developer	Tel-Aviv	2019
91	IT developer	Jerusalem	2019
92	Mayor of Abu-Gosh, Israel (Kadyrov built a mosque and a road there)	Abu-Gosh	2019

93	Political emigrant to Turkey, leader of one of the communities in Dagestan	Istanbul	2019
94	Religious activist	Istanbul	2019
95	Religious leader	Istanbul	2019
96	Emigrant from Chechnya to Germany	Berlin	2019
97	Entrepreneur	Istanbul	2019
98	Entrepreneur	WhatsApp (New Zealand)	2019
99	Head of a construction and service company	Surgut	2014-2019
100	Representative of the Chechen emigration	Brussels	2019
101	Investor to IT	Moscow	2019
102	Founder of a company, developer	San Jose	2019
103	Founder of a company	San Francisco	2019
104	Technical Director	San Jose	2019
105	Founder of a company, developer	San Jose	2019
106	Venture investor	Palo Alto	2019
107	Head of a business association	Palo Alto	2019
108	Journalist	Palo Alto	2019
109	Founder of the space startup	Palo Alto	2019
110	Journalist	San Francisco	2019
111	Head of a Russian-language online investigative journalistic media platform	Palo Alto	2019
112	Founder, developer	Palo Alto	2019
113	Founder, former employee of Yandex	San Francisco	2019
114	Founder, developer	Palo Alto	2019
115	Founder, developer	Los Angeles	2019
116	Business angel	Irkutsk	2019
117	Programmer	Odessa	2019
118	Owner of the gold mining company	Magadan	2019
119	Employee of the contracting company Alrosa	Magadan	2019

120	Owner of oil wells in Khanti-Mansi Autonomous Okrug, participant of diamond mining in Africa	Tbilisi	2019
121	Chechen emigrant	Berlin	2019
122	Entrepreneur (smuggling, government construction contracts, oil trader)	WhatsApp (Makhachkala)	2019
123	Insider of a media project in the EU and the U.S	WhatsApp	2019
124	IT specialist emigrated from Lviv to California	WhatsApp	2019
125	Participant in the construction of the Rosneft shipyard in Kom-somolsk-on-Amur	WhatsApp	2020
126	Lawyer working on cases of internationally wanted migrants	Berlin	2019
127	Participant of Moscow protests	WhatsApp (Moscow)	2019
128	Expert on the Chechen diaspora in Dnepr	Dnepr	2019
129	Participant of military actions in the Donbass on the Ukrainian side, emigrant to Ukraine	Vinnitsa	2019
130	Volunteer, participant of military actions in the Donbass (inside information about the ties between the "Donetsk group" with Russian criminal networks in Europe)	Kyiv	2019
131	Employee of the Administration of the Karachaevo-Cherkessia (On the Arashukov case)	WhatsApp	2019, 2020

Free Russia Foundation is an independent nonprofit organization with a 501 (c) 3 status registered in the U.S. in 2014.

The work of Free Russia Foundation is focused in three key mission areas:

1. Advancing the vision of a democratic, prosperous and peaceful Russia governed by the rule of law by educating the next generation of Russian leaders committed to these ideals;
2. Strengthening civil society in Russia and defending human rights activists persecuted by the Russian government; and
3. Supporting formulation of an effective and sustainable Russia policy in the United States and Europe by educating policy makers and informing public debate.

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