



# WHICH KREMLIGARCHS SHOULD BE SANCTIONED BY THE BIDEN ADMINISTRATION?



Report by Ilya Zaslavskiy

# CONTENTS

Introduction.....	3
Criteria for selection.....	4
Petr Aven and Mikhail Fridman.....	5
Iskander Makhmudov and Andrey Bokarev.....	11
Dmitry Rybolovlev.....	14
Mikhail Gutseriev.....	19
Ruben Vardanyan.....	20
Alexander Vinokurov.....	24
Annex: need for a new term "kremligarch".....	28

# WHICH KREMLIGARCHS SHOULD BE SANCTIONED BY THE BIDEN ADMINISTRATION?

## Introduction

This report is an investigative and reference study, based on open and verifiable information, which offers the latest recommendations for individual sanctions on the key “oligarchs” close to Vladimir Putin and his regime. The report argues these individuals, who I prefer to call “kremligarchs”, should be added to the US Treasury sanctions’ lists due to their close involvement in the Kremlin’s infrastructure designed to harm the US and its allies.

The term “oligarchs” is put above in inverted commas because it is outdated, something that I have been suggesting for a long time now<sup>1</sup>. An annex to this report provides a detailed explanation why *kremligarch* is a much more relevant new term. It will be immediately understood by those who monitor developments in Putin’s Russia. In short, “oligarch” conveys a sense of independent wealth, ownership of a genuine private business in an economy where at least basic market forces and private ownership exist thanks to judicial power that is at least partly independent.

None of these conditions are any longer present under Putin. Kremligarch serves as a better reflection of today’s Russian business environment where all wealth handlers are tied to the Kremlin administration and state favors are allocated between these handlers. Meanwhile the economy has become almost entirely based on corrupt monopolies, there is virtually no economic independence nor basic defense of private property. Kremligarch is a person then who may appear to be a wealthy “tycoon” perhaps, in the West, but in reality, is

1 <https://martenscentre.eu/sites/default/files/publication-files/russia-elections-russian-oligarchs.pdf>;  
<https://www.c-span.org/video/?431597-1/helsinki-commission-holds-discussion-russian-corruption>

completely on the Kremlin’s hook. Kremligarchs have their overwhelming allegiance to Putin and his closest circle.

**Kremligarchs is a more relevant new term than “oligarchs”, it shows a total predominance of Putin and Kremlin over all aspects of business in Russia.**

The new administration is in the White House and exercising democratic control over both chambers of Congress. Now is an appropriate time to update and evaluate options for further sanctions under existing and proposed legislation. I strongly believe that a few dozen kremligarchs constitute the backbone of Putin’s network aimed against the West, but also represent his regime’s big vulnerability. Key Russian opposition figures are now urging the West to sanction major Russian businessmen (and they are overwhelmingly men).<sup>2</sup> With the recent arrest of Alexey Navalny, a key opposition figure who supports such sanctions, there are even more reasons to review and expand US sanctions against the Kremlin’s repressive regime.<sup>3</sup> Considerable parts of this report are based on Navalny’s team investigations<sup>4</sup>.

Notably, this report is complimentary to other ongoing efforts by Russian opposition and civil society organizations to add different sets of officials and businessmen to US sanctions. What matters to me is that not all kremligarchs can be sanctioned without economic repercussions in the West. I have pragmatically chosen key individuals important to Putin’s subversive foreign policy but who are also low

2 <https://www.rferl.org/a/navalny-calls-on-eu-to-target-russian-oligarchs-with-sanctions/30972213.html>

3 <https://www.cnn.com/2021/01/17/biden-national-security-advisor-calls-for-russia-to-release-navalny.html>

4 Including YouTube videos by Alexey Navalny, his economic adviser Vladimir Milov and Perm region team

## Criteria for selection

hanging fruit for the new US administration. In other words, they can be viably sanctioned under existing legislation, such as the Countering America's Adversaries Through Sanctions Act (CAATSA), without risking any serious impact on the US (as was not the case, for example, with Oleg Deripaska and RUSAL, which sparked a pushback from some US and EU steel partners of the Russian company<sup>5</sup>).

Many of the names mentioned are familiar figures in the sanctions debate. Some of the facts about the kremligarchs I list in my report are also not new, but perhaps have been neglected by US policy-makers. Nevertheless, there have been significant developments over the past eighteen months regarding most of these kremligarchs warranting wider discussion about their activities.<sup>6</sup> Below I provide substantiated reasons for inclusion of the following eight kremligarchs for sanctions' review:

- Petr Aven & Mikhail Fridman
- Iskander Makhmudov & Andrey Bokarev<sup>7</sup>
- Dmitry Rybolovlev
- Mikhail Gutseriev
- Ruben Vardanyan
- Alexander Vinokurov

The two basic criteria that I have used are derived from the Countering America's Adversaries Through Sanctions Act (CAATSA) legislation. These constitute:

- a) proximity to Putin's inner circle/involvement in his regime's policy
- b) participation in the Kremlin's subversive activity against Western democratic institutions and interests

Both of these criteria can still be broken into sub-criteria, to give a precise and nuanced definition of what proximity to Putin and subversive activities in the West really mean. In 2018 I discussed how these sub-criteria could be defined and why CAATSA should be considered as a watershed in sanctions criteria, especially as far as what we then called "oligarchs", are concerned.<sup>8</sup> In short, those criteria provide more flexible ways for the US government to include a wider array of Kremlin-connected "oligarchs" based on economic and political considerations and not just gross human rights violations, criminal activity and involvement in Russia's invasions of Ukraine and Georgia. Given the gravity of Russian corruption and subversive activity with regards to US national security, the importance of such criteria should not be underestimated.

Apart from CAATSA, recommendations from this report may be useful to US policy-makers considering sanctions against Kremlin networks under existing and pending legislation such as the Global Magnitsky Act and the Defending American Security from Kremlin Aggression Act (DASKA). Key findings of the report in terms of applicability of different criteria are summarized in the chart below.

<sup>5</sup> <https://www.bloomberg.com/news/articles/2020-12-17/deripaska-s-rusal-role-spurred-europe-sanctions-warning-to-u-s>

<sup>6</sup> Some of the references in the footnotes are available only in Russian but can be read using Google translate.

<sup>7</sup> I place the first four oligarchs in two pairs as they are closely aligned in their business and interaction with the Kremlin.

<sup>8</sup> <https://www.underminers.info/publications/2018/6/20/report-by-i-zaslavskiy-and-s-stedman-on-interpreting-criteria-for-sanctions-on-kremlin-oligarchs> pp.4-6

## Petr Aven and Mikhail Fridman

Reasons to be included under sanctions:

- Proximity to Putin and Russian intelligence
- Funding of Russian defense industry and strategic exports/trade
- Alleged corruption and corporate raiding
- Undermining of Western institutions and security
- Attacks on American and Russian media

In the West, Aven and Fridman are usually presented as founders of the Luxembourg and US-based company, Letter One, and as philanthropists. In Russia they are better known as the two main principals of Alfa Group, one of the largest privately owned investment consortiums in Russia. Multiple new interviews with well-connected sources in *Putin's People*, the recent book by *Reuters* correspondent Catherine Belton, have provided additional evidence that, from their student years, and throughout the Putin administration<sup>9</sup>, Aven and Fridman have been in close cooperation with the KGB and its successor the FSB.<sup>10</sup>



Petr Aven, Mikhail Fridman and Lord Browne. Source: L1 Group, 2015. CC 2.0

According to Belton's account, Aven was sent to a KGB-friendly Austrian economic institute while Fridman engaged in black market operations while a member of Komsomol. Fridman's company Alfa Eco, the precursor to today's Alfa Group, was also assisted by the KGB in opening an export trading branch

9 Belton, C 2020, *Putin's People: How the KGB Took Back Russia and Then Took On the West*, First American edition, Farrar, Straus and Giroux, New York, p.70 and pp. 189-190  
 10 <https://us.macmillan.com/books/9780374238711>

	Aven/ Fridman	Makhmudov/ Bokarev	Rybolovlev	Gutseriev	Vardanyan	Vinokurov
Proximity to Putin/Kremlin through direct contacts and inner circle	✓	✓	✓	✓	✓	✓
Funding of Russian defense industry and strategic exports/trade	✓	✓				
Alleged corruption	✓	✓	✓		✓	✓
Proximity to other sanctioned individuals/entities		✓	✓		✓	✓
Undermining of Western legal system and other institution	✓	✓	✓			
Facilitating US sanctions evasion		✓	✓		✓	
Support of Lukashenka			✓	✓		
Involved in disinformation operations in the West	✓				✓	

● - requires more investigation by the US Government

in Switzerland, one of the first of its kind<sup>11</sup>. Belton also provides new material about how Aven shielded Vladimir Putin from criminal investigation in 1992<sup>12</sup>, how Putin bailed out Fridman's Vimpelcom in 2008<sup>13</sup> and how Alfa cooperated closely with Yevgeniy Primakov<sup>14</sup> and Mikhail Fradkov<sup>15</sup>, both prominent SVR members (with the former serving as Prime Minister and even described as "the godfather of Putinism"<sup>16</sup>).

My 2018 report *How to select Russian oligarchs for new sanctions*, co-authored with the investigative journalist Scott Stedman, touched on some of the above issues<sup>17</sup>. It also showed that Alfa was heavily involved in funding the Russian defense and military industry through Uralvagonzavod (a leading military plant) after 2014<sup>18</sup>; and that Alfa had previously financed loans to Atomstroyexport, the state-owned Russian nuclear vendor that installed the reactors at Iran's Bushehr nuclear power plant<sup>19</sup>. A 2005 US government report found that Alfa Eco illegally traded with Saddam Hussein despite UN sanctions<sup>20</sup>.

Across 2008-2013, Alfa was directed and assisted by the Russian government to carry

11 Ibid, p. 70

12 Ibid, pp. 87-95

13 Ibid, p. 362.

14 Ibid, pp. 65-75 (on early years of Aven in the scientific entities run by Primakov).

15 For new material see Belton, C 2020, *Putin's People: How the KGB Took Back Russia and Then Took On the West*, First American edition, Farrar, Straus and Giroux, New York, p. 255. For previous information see: [http://www.compromat.ru/page\\_11276.htm](http://www.compromat.ru/page_11276.htm) (original link <http://2001.novayagazeta.ru/nomer/2001/82n/n82n-s15.shtml> has recently disappeared); <https://novayagazeta.ru/articles/2004/03/04/22781-shestoy-punkt-premiera-fradkova>

16 <https://www.rferl.org/a/putins-godfather/27100746.html>

17 <https://www.underminers.info/publications/2018/6/20/report-by-i-zaslavskiy-and-s-stedman-on-interpreting-criteria-for-sanctions-on-kremlin-oligarchs>

18 <https://novayagazeta.ru/articles/2018/01/06/75080-ni-rublya-dlya-opk>

19 <https://nypost.com/2012/04/09/ny-jewish-leaders-biz-partner-has-iran-tie/>

20 The section of the Volcker report devoted to Alfa Eco: <https://web.archive.org/web/20130823070841/http://www.iic-offp.org/documents/IIC%20Final%20Report%2027Oct2005.pdf> pp.44-46. See more on the report and Alfa Eco here: <https://www.rferl.org/a/1062481.html>. UN also sanctioned another Alfa trading entity in relation to illegal trade with Saddam Hussein: <https://www.un.org/securitycouncil/sanctions/1518/materials/summaries/entity/alfa-company-limited-for-international-trading-and>

out a corporate raid against Russia's third largest oil company TNK-BP. This was done at the enormous expense of US and UK shareholders and Moscow-based managers. Alfa then lucratively sold their new prize at inflated prices to Rosneft, in a deal micro-managed by Putin<sup>21</sup>. The raiding included an as yet unresolved poisoning of TNK-BP CEO Robert Dudley, a US national and a senior western executive<sup>22</sup>, alongside illegal copying and theft of government documents from Russia and Ukraine<sup>23</sup>, and other state and corporate practices that would be considered criminal in any democratic country<sup>24</sup>.

Aven and Fridman also employed Vladislav Surkov in a top position<sup>25</sup> before he became Putin's key advisor on propaganda, as well as employing Putin's daughter Masha Faasen<sup>26</sup>.

Since 2015, Mikhail Fridman and German Khan (Fridman's key partner in Alfa Bank), have aggressively pushed forward their \$100 million idea to establish a Holocaust memorial center at Babi Yar, an area near Kyiv where the Nazis killed tens of thousands of Jews and other people. However, the proper concept of this project is still missing despite multiple promises<sup>27</sup>. Meanwhile, this underdeveloped project has already created a deliberate carefully calculated rift in Ukrainian society, government and parliament and serves a sinister goal to advance Kremlin narratives about the Second World War, the Holocaust and Ukraine's role in it.

21 <https://openrussia.org/post/view/15547/>

22 <https://www.telegraph.co.uk/news/2018/04/29/bp-chief-poisoned-russia-plot-claims-former-colleague/>

23 <https://ru.krymr.com/a/27948191.html>

24 <https://www.svoboda.org/a/27349843.html>

25 <https://web.archive.org/web/20140902152411/http://www.themoscowtimes.com/people/article/vladislav-surkov/433802.html>

26 <https://www.occrp.org/en/daily/4877-new-investigation-sheds-light-on-putin-s-eldest-daughter>; <https://www.reuters.com/article/us-russia-capitalism-maria/putins-older-daughter-a-specialist-in-biomedical-science-idUSKCN0SZ-1DG20151110>

27 Josef Zissels, the renowned Soviet Jewish dissident and civil activist, argues that Alfa kremligarchs and their Babi Yar project managers failed to present a comprehensive concept for the memorial that would include proper historical, architectural and engineering explanations and solutions. Instead, he argues, they resorted to public relations stunts, interviews and fancy presentations that lack real content in order to whitewash Alfa bank principals and imitate activity on the project.



German Khan, Mikhal Fridman, others at Babi Yar. Source: L1 Group, 2016. CC 2.0

Over the last twelve months various leaders of the Jewish community in Ukraine, numerous academics and leading cultural figures have urged parliament, the Kyiv city council and President Vladimir Zelensky's government not to support this Kremlin-backed project<sup>28</sup>. Josef Zissels, the renowned Soviet Jewish dissident and civil activist, well-respected in the West, told me that "Ukrainian civil society predominantly has a view that this project is part of the Kremlin's hybrid war against Ukraine and it serves to whitewash Fridman, Khan and Alfa from US sanctions for their proximity to Putin's regime."<sup>29</sup>

Official letters from Ukraine's own security services from 2020 warned that the Alfa-sponsored project had been structured in a way that could lead to an eruption of ethnic and religious conflict, and that the project was against Ukrainian national security interests and image around the globe<sup>30</sup>.

**The Alfa-sponsored underdeveloped project on Babi Yar and the political manipulations around it should be closely looked at by US policy-makers, especially given the extent of toxic propaganda distributed by Russia.**

With such developments in the background, pro-Russian elements in Ukrainian government that have become close to Alfa kremligarchs, are ostentatiously ignoring a Ukrainian state project on multi-stage memorialization of Babi

28 <https://www.ukrinform.ru/rubric-kyiv/3190944-klicko-i-kievsovet-prizyvaut-ne-podderzivat-rossijskij-proekt-memorializacii-babego-ara.html>

29 In a series of recent interviews

30 [https://censor.net/ru/news/3243965/sbu\\_informirovala\\_shmygalya\\_i\\_minkult\\_o\\_vozmojnomy\\_iskpolzovaniya\\_memorialnogo\\_tsentra\\_holokosta\\_babiyi](https://censor.net/ru/news/3243965/sbu_informirovala_shmygalya_i_minkult_o_vozmojnomy_iskpolzovaniya_memorialnogo_tsentra_holokosta_babiyi)

Yar that was contracted by Petro Poroshenko's government in 2017 and developed by the Institute of History of Ukraine (IHU) that is part of the National Academy of Sciences of Ukraine. Unlike the Russian underdeveloped project, project by IHU has a thoroughly revised concept study and one of the buildings it oversees is already in the last stages of reconstruction.

In mid-April, an open conflict over a key resolution on the future of the project erupted within the Parliamentary Committee on Humanitarian and Information Policy in Ukraine's Rada. Initially, under pressure from pro-Western deputies the committee adopted a resolution in favor of the Ukrainian state project and against the Alfa-sponsored project. However, subsequently there was an attempt to reverse the adopted decision under murky circumstances. Key supporters of the resolution claimed there had been a gross interference and violation of parliamentary regulations and rules of the committee<sup>31</sup>.

The story is heating up ahead of the eightieth commemoration anniversary of the start of executions at Babi Yar. An event scheduled for 29th September 2021 is slated to be attended by international high-level delegations visiting Ukraine if there is no COVID lockdown. After the Rada committee dispute, Zissels told me that "there is information that representatives of the Russian project are now hinting to Zelensky's administration that they could bring President Biden to the 80th start of the tragedy".

Babi Yar is an internationally known tragic landmark in Holocaust history, similar to Auschwitz. Putin's regime has already become notorious in staging multiple major provocations against US allies at international venues devoted to the Holocaust, as was the case, for example, at Yad Vashem Memorial in Israel last year<sup>32</sup>.

In my view, this Alfa-sponsored project on Babi Yar and the political manipulations around it should be closely looked at by US policy-makers, especially given the extent of toxic propaganda distributed by Russia about the

31 [https://www.ukrinform.ua/rubric-polytics/3229423-u-komiteti-radi-vinik-konflikt-navkolo-uhvalenna-postanovisodo-babinogo-aru.html?fbclid=IwAR3D\\_e5Qram5M4byQCtf-wf2OLge-BFjCpmX8Qy2Vgtq-zzymoERNaVrIUu8](https://www.ukrinform.ua/rubric-polytics/3229423-u-komiteti-radi-vinik-konflikt-navkolo-uhvalenna-postanovisodo-babinogo-aru.html?fbclid=IwAR3D_e5Qram5M4byQCtf-wf2OLge-BFjCpmX8Qy2Vgtq-zzymoERNaVrIUu8)

32 <https://www.timesofisrael.com/yad-vashem-apologizes-for-distortions-favoring-russia-at-holocaust-forum/>

events and narratives surrounding the Second World War, alongside possible provocations against western leaders attending the commemoration event.

From 2014 to 2017, A1, Alfa's key business unit in Russia, was headed by Alexander Vinokurov, son-in-law of Minister Sergey Lavrov<sup>33</sup> (the argument for sanctioning Vinokurov is elaborated on below).

Special Counsel Robert Mueller's interview with Aven in February 2018 revealed that the kremligarch has regular meetings with Putin, during which he takes implicit instructions on foreign policy towards the US and sanctions against Alfa Bank which in itself is an undeniable proof of closeness of principals of Alfa to the heart of Kremlin's policy-making<sup>34</sup>. Meanwhile, since 2017 the Alfa kremligarchs have been engaged in multiple lawsuits in the US for the alleged defamation related to select statements about them in the Steele Dossier and against entities and journalists who disseminated or covered the dossier.

Notably, Alfa kremligarchs have not disputed most statements about their closeness to Putin. However, they have instead tried to claim in law suits that the defamation law should be applied to them as private citizens, not public figures<sup>35</sup>.

This approach is faltering. In 2018 DC Superior Court Judge Anthony C. Epstein dismissed the case against the private intelligence operative Christopher Steele under DC's Anti-SLAPP legislation<sup>36</sup>. In his ruling, the judge found that the three oligarchs suing Steele

33 <https://finparty.ru/personal/aleksandr-vinokurov/>

34 <https://www.justice.gov/storage/report.pdf> pp.146-147; pp.163-166. Notably, I have disagreed with Anders Aslund's interpretation of Aven's interrogation by Mueller's team in his latest report *Defending the United States against Russian dark money* <https://www.atlanticcouncil.org/wp-content/uploads/2020/11/Russia-Dark-Money-Printable-PDF.pdf> (pp. 9-10). Aslund, who is a self-proclaimed friend of Aven, presents him as Putin's victim and makes the whole interrogation by Mueller's team as a vindication of Aven while there is an overwhelming evidence that Aven and Fridman are in strong, long-lasting and mutually active alliance with Putin and Russian security services.

35 In libel or defamation cases, plaintiffs who are public figures or officials have to meet a more stringent standard (actual malice) than do private citizens (negligence) if they are to collect damages and to prove defamation.

36 Act Anti-SLAPP laws are aimed at providing protections for would-be defendants who are the targets of "strategic lawsuits against public participation"

were "limited-purpose public figures" by virtue of their potential involvement with Russian government officials<sup>37</sup>. This signals their proximity to the Kremlin.



Vladimir Putin meeting Petr Aven. Source: Kremlin.ru



Vladimir Putin meeting Mikhail Fridman. Source: purchased from Kommersant photo bank

In March 2021, after a protracted legal war waged against *BuzzFeed*, the Alfa kremligarchs lost another defamation lawsuit in the New York Supreme Court. In his ruling, Judge Francis A. Kahn III gave an insightful background account on multiple aspects of Mikhail Fridman, Petr Aven and German Khan's proximity to the Kremlin and alignment on Russia's foreign policy. The judge also upheld *BuzzFeed's* journalistic rights<sup>38</sup>.

**US policy-makers should pay close attention to the potential infringement of First Amendment rights as Alfa kremligarchs seek to stamp out media criticism and present themselves as private figures.**

In my view, US policy-makers should pay close attention to the potential infringement of First Amendment rights and media freedoms as Alfa kremligarchs, amongst others, seek to stamp out media criticism of their activities. According

37 <https://www.documentcloud.org/documents/4779088-Khan-v-Orbis-Order-082018.html>; <https://www.buzzfeednews.com/article/chrisgeidner/dc-judge-dismisses-russian-bankers-lawsuit-against-the>

38 <https://law.justia.com/cases/new-york/other-courts/2021/2021-ny-slip-op-30860-u.html>



to *The New Yorker*, for example, the Alfa kremligarchs have carried out an aggressive legal campaign in a way that attacks academic freedom and intimidates journalists<sup>39</sup>. A highly knowledgeable expert on Alfa, historian and journalist Amy Knight, demonstrates how Alfa's activity and lawsuits have managed to intimidate the media, cause huge expense and personal harm to those they go after, undermine US law enforcement, and engineer a number of high-level conflicts of interest relating to the US authorities' investigations<sup>40</sup>.

It is even less understood in the US how Fridman's associates have also harassed and suppressed Russian journalists at the Russian outlet *Vedomosti*. In 2017, *Vedomosti* relayed to Russian readers how the leading Spanish newspaper *El Confidencial* had been covering the Fridman's corporate raiding methods in Spain, and the status of a criminal investigation into them.

Notably, Fridman did not file any objections to *El Confidencial* itself<sup>41</sup> but instead aggressively steamrolled *Vedomosti* with the help of the tame Russian courts, and his henchmen. *Vedomosti* and the author of the Russian article were forced to apologize. Fridman lectured the newspaper on freedom of speech<sup>42</sup>, promising to stop any further charges against the journalists. However, Fridman had lied - legal charges and harassment continued not against the newspaper, but on an individual level against its reporter.

Unfortunately, *Vedomosti* management caved. They replaced the editors involved in the story with less independently minded journalists. In fact, one could argue this episode paved the way to the total transformation of *Vedomosti*, from a leading independent Russian business paper into a lap dog publication for the Kremlin. It became in total service of the kremligarchs; a transformation which ultimately came to full fruition in 2020<sup>43</sup>.

39 <https://www.newyorker.com/news/news-desk/the-contested-afterlife-of-the-trump-alfa-bank-story>

40 <https://www.justsecurity.org/72262/the-trump-alfa-bank-server-mystery-resurfaces/>

41 <https://www.vedomosti.ru/technology/articles/2017/04/14/685661-fridman-ispanskii-sled>

42 <https://www.rbc.ru/business/24/05/2017/592560859a7947dd84bb1606>

43 <https://rsf.org/en/news/rsf-decries-interference-editorial-independence-leading-russian-business-daily>



Vladimir Milov discusses Petr Aven, Mikhail Fridman. Screenshot: Milov's YouTube, 2021

There are still many outstanding questions about Fridman and his companies in Spain. According to Jose Grinda Gonzales, a leading Spanish prosecutor who visited Washington in 2018 to describe his fight against Kremlin-connected actors in Europe, Spanish prosecutors have maintained a large file on Fridman and his company's activities for years<sup>44</sup>.

Gonzales's team have found that Alfa-controlled telecom entities in Spain paid inexplicable payments to son of Vladimir Kolokoltsev, Russia's Minister of Internal Affairs. A separate criminal investigation has been opened into the telecommunications company Zed Worldwide. Another Fridman proxy, businessman Peter Wakkie, was detained and interrogated in regard to that case in 2017<sup>45</sup>. The prosecution described the alleged attack on Zed Worldwide as a "raid" using techniques "typically used by the Russian mafia" in order to illegally take over a firm<sup>46</sup>. In other words, deliberately and secretly undermining a company's value in order to take it over, once the company is forced to declare bankruptcy<sup>47</sup>.

Another case relates to DIA, a supermarket chain subject to a suspected illegal corporate raid. In 2019, Spain's High Court began investigating allegations that Fridman had acted to depress the share price of DIA while trying to take control of the supermarket

44 <https://www.hudson.org/events/1560-dismantling-russian-transnational-crime-organizations-a-conversation-with-jose-grinda-gonzalez52018>

45 <https://jamestown.org/program/spanish-arrests-russia-connected-individuals-illustrate-complex-dynamics-madrids-relations-moscow/>

46 <https://www.timesofisrael.com/russian-jewish-tycoon-grilled-by-spains-top-court-for-alleged-corporate-raid/>

47 <https://www.france24.com/en/20190807-spain-probes-russian-billionaire-fridman-corruption>

chain<sup>48</sup>. Even while the investigation remains ongoing, last year DIA staff still continued to complain about “abusive treatment” by Fridman’s management<sup>49</sup>. Fridman’s legal defense team deny any wrong-doing and instead viciously attack opponents in both the Zed Worldwide and DIA cases, presenting counter accusations of corruption, fraud and mismanagement.

The future of the Zed Worldwide and DIA cases appears to be the focus of a major internal battle within the Spanish legal system, with pro-Kremlin media in Russia amplifying rumors that the cases may be shut down. In December 2020, Russian pro-Kremlin media outlets reported that the Spanish court closed down the case against Fridman, that he was no longer a suspect and that soon the case on DIA would likely be closed down<sup>50</sup>. There was no information to confirm this in Western media. Then in February 2021, the Spanish prosecution reportedly appealed the closure of the case saying that it had obtained new compromising evidence on Fridman. Two associates of Fridman were summoned by the court<sup>51</sup>. Just a day later, Judge Manuel García-Castellón ordered that the summon be annulled, because of an unspecified “technical error.”<sup>52</sup>

While both cases are yet to play out in full, the news above should be extremely worrying to US policy-makers. In 2019 I coordinated and contributed five cases for a seminal study on how the Kremlin and its network of organized crime figures and oligarchs were successfully and ruthlessly undermining Western law

48 <https://www.reuters.com/article/us-spain-court-fridman/spanish-court-to-probe-russian-tycoons-bid-for-dia-super-market-chain-document-idUSKBN1X11ZB>

49 <https://www.eureporter.co/world/spain/2020/07/15/something-is-rotten-in-the-chain-of-dia-mikhail-fridmans-retail-asset-in-spain-faces-more-claims/>

50 <https://ria.ru/20201215/fridman-1589385899.html>

51 <https://www.themoscowtimes.com/2021/02/18/spains-reopened-case-against-russian-tycoon-mikhail-fridman-technical-error-a73000>

52 <https://www.dw.com/ru/%D0%BC%D0%B5%D0%BD%D0%B5%D0%B4%D0%B6%D0%B5%D1%80%D0%BE%D0%B2-%D0%B8%D0%B7-%D0%BE%D0%BA%D1%80%D1%83%D0%B6%D0%B5%D0%BD%D0%B8%D1%8F-%D1%84%D1%80-%D0%B8%D0%B4%D0%BC%D0%B0%D0%BD%D0%B0-%D0%B2%D1%8B%D0%B7%D0%B2%D0%B0%D0%BB%D0%B8-%D0%B2-%D0%B8%D1%81%D0%BF%D0%B0%D0%BD%D1%81%D0%BA%D0%B8%D0%B9-%D1%81%D1%83%D0%B4-%D0%BF%D0%BE-%D0%BE%D1%88%D0%B8%D0%B1%D0%BA%D0%B5/a-56621164>

enforcement and judicial branches of power<sup>53</sup>. A whole chapter was devoted to the efforts of the prosecutor Jose Grinda Gonzales and his colleagues to keep at bay a wide network of Russian mafia affiliates in Spain. In 2018 a highly questionable acquittal of all key suspects in the decade long investigation took place, raising questions about the capacity of the Spanish court system and police to withstand unprecedented political and criminal pressure from Moscow<sup>54</sup>.

As a result of that 2018 verdict, the Chairman of the State Duma Viacheslav Volodin even challenged the accusations of Senator Benjamin Cardin<sup>55</sup> that prominent member of the Duma Vladislav Reznik was linked to the highest echelons of the Russian mafia<sup>56</sup>. Top officials in Duma demanded apologies from the Senator and promised legal action to bring him to justice<sup>57</sup>. It is in the strategic interests of the US government to see that FBI and other law enforcement agencies assist their Spanish counterparts, who are facing an uphill battle, and help to counter this negative impact from kremligarchs.

53 <https://www.4freerussia.org/misrule-of-law/>

54 <https://www.4freerussia.org/wp-content/uploads/sites/3/2019/06/MisruleOfLaw-Web.pdf> pp.18-23

55 For exact accusations see <https://www.foreign.senate.gov/imo/media/doc/FinalRR.pdf> p.55 and p.134

56 <http://duma.gov.ru/en/news/29535/>

57 <http://duma.gov.ru/en/news/29977/>

## Iskander Makhmudov and Andrey Bokarev

Reasons to be included under sanctions:

- Proximity to Putin
- Proximity to other sanctioned individuals/entities
- Facilitating US sanctions evasion
- Alleged involvement in organized crime
- Undermining of French political system

In my past reports I have written how Iskander (also known as Iskandar) Makhmudov and his business partner Andrey Bokarev helped Putin associate Gennadiy Timchenko to transfer assets, and circumvent the impact of sanctions placed on him by the US government for his role in the 2014 Russian attacks on Ukraine<sup>58</sup>. I also wrote that there is an ongoing investigation into Makhmudov's extensive money laundering and other criminal links with the sanctioned oligarch Oleg Deripaska, and the Izmaylovskaya organized crime group in Spain<sup>59</sup>.



Iskander Makhmudov. Source: Wikipedia.org, UGMK, 2016. CC 4.0

Since those reports, more evidence has come to light suggesting Makhmudov is at the epicenter of Kremlin's activity to circumvent sanctions and undermine Western institutions. In March 2019, Swedbank's system was used by Makhmudov's controlled entities to move \$1.58 billion through money-laundering schemes<sup>60</sup>. By November 2019 further media reports showed that Makhmudov's operations

58 <https://www.martenscentre.eu/wp-content/uploads/2020/06/russia-elections-russian-oligarchs.pdf>

59 <https://www.underminers.info/publications/2018/6/20/report-by-i-zaslavskiy-and-s-stedman-on-interpreting-criteria-for-sanctions-on-kremlin-oligarchs> pp.7-8

60 <https://www.occrp.org/en/daily/9396-swedbank-scan-dal-doubles-implicates-organized-crime>



Andrey Bokarev. Source: Kremlin.ru

through Swedbank and Bank of America had triggered a report by Swedish state broadcaster SVT and Swedbank's own internal review into whether the bank facilitated a breach on US sanctions with regards the operations of the Kalashnikov military plant, sanctioned by the US government after the 2014 attacks on Ukraine<sup>61</sup>.

### **Makhmudov is at the epicenter of Kremlin's activity to circumvent sanctions and undermine Western institutions.**

Makhmudov is thought to have used his business network of around two hundred companies to send almost €1m from Russia to major shareholders in Kalashnikov USA via Swedbank's branch in Estonia<sup>62</sup>. The payments were sent from companies registered in the British Virgin Islands before being deposited in accounts at Bank of America, controlled by key figures at Kalashnikov USA. The mechanism used in the case was similar to when the Danish bank Danske Bank was found to have laundered \$200 billion, connected to Azerbaijani and Russian elites, through its Estonian branch between 2007-2015<sup>63</sup>.

As for Kalashnikov, the well-known weapons manufacturer keeps close ties to the Kremlin: its former CEO, Aleksey Krivoruchko, is now Russia's Deputy Minister for Defence. But at the time sanctions were placed on Russia in 2014, Kalashnikov USA promised that its relationship with its former Russian partners had ended. However, global investigations show kremligarchs such as Iskander Makhmudov

61 <https://www.wsj.com/articles/swedbank-may-have-breached-us-sanctions-against-russia-svt-reports-11574278116#:~:text=STOCKHOLM%E2%80%94%20Swedbank%20AB%20may%20have,by%20Swedish%20state%20broadcaster%20SVT>

62 <https://www.svt.se/special/swedbank/kalashnikov/>

63 <https://www.ft.com/content/519ad6ae-bcd8-11e8-94b2-17176fbf93f5>

were still abusing European banking systems to subvert sanctions and send money to one of Russia's most well-known arms manufacturers<sup>64</sup>. In March 2020, an internal investigation conducted by Clifford Chance revealed that 4.8 million US dollars' worth of Swedbank transactions in the Baltic states may have been used to launder large amounts of mainly Russian cash, and circumvent US sanctions<sup>65</sup>.

As a result of their transactions with Makhmudov's entities, Swedbank, Sweden's oldest bank, is now under investigation by both the Department of Justice (DOJ) and the FBI<sup>66</sup>. Evidently, the US Treasury Department's Office of Foreign Assets Control is also conducting its own investigation. The Nordic-Baltic countries also announced they would be engaging the IMF to conduct an analysis of cross-border money laundering<sup>67</sup>.

The Swedish government has also become embroiled in the scandal after it was revealed state-owned mining giant LKAB had bought significant amounts of coal from Carbo One, the same Cyprus-registered company at the centre of Makhmudov's Swedbank money laundering scheme (Makhmudov's representatives denied any illicit activities)<sup>68</sup>.

Also, in 2019, the French political system endured a major scandal and multiple investigations after it was revealed that Makhmudov's entities had channeled €300,000 to the head of security for *En Marche*, the political party headed by the French President Emmanuel Macron<sup>69</sup>. French media suggested that officials had begun investigating this payment by Makhmudov, which was likely intended to help protect his own assets in France and Monaco, as well as promote the

64 <https://www.rferl.org/a/major-swedish-bank-under-us-investigation-for-suspicious-russian-money-transfers/30282501.html>; <https://www.svt.se/special/swedbank/kalashnikov/>

65 <https://eng.lsm.lv/article/society/crime/internal-swedbank-investigation-reveals-possible-sanctions-violations.a351477/>

66 <https://www.reuters.com/article/europe-moneylaundering-us-investigation-idUSKBN28P1Z6>

67 <https://www.intellinews.com/nordic-baltic-countries-engage-imf-to-analyse-cross-border-money-laundering-2009>

68 <https://www.bloomberg.com/news/articles/2019-02-27/swedbank-scandal-deepens-as-dirty-flows-linked-to-yanukovich?sref=XalkB7Wb>

69 <https://www.thetimes.co.uk/article/putin-ally-sent-300-000-to-security-chief-of-macron-s-party-bsjs6788r>

interests of the Kremlin in France<sup>70</sup>.

Results of the 2019 investigations into Makhmudov's operations have not been made fully public. However, there is no doubt that Makhmudov's and Bokarev's links with the Russian government remain extremely close. Their companies continue to receive multiple lucrative state contracts, favors in export trade arrangements, and indulge in deals with other regime insiders.

### **Makhmudov and Bokarev continue to systematically transfer property from other members of the Kremlin's elite sanctioned by US government into their own safekeeping.**

Between 2017 and 2020, for example, the Kalashnikov company changed hands from Makhmudov and Bokarev to regime-friendly intermediaries, and eventually ended up in November 2020 with Alan Lushnikov, a close associate of Gennadiy Timchenko<sup>71</sup>.

In 2020, Andrey Bokarev acquired a 25% share in the railway operator company Modus-Trans, a stake that was sold by US-sanctioned individual Artyom Chaika, a son of former Russian General Prosecutor Yuri Chaika<sup>72</sup>. Also, in 2020, Transmashholding and Movista Group, both entities in which Bokarev is a key beneficiary, acquired further lucrative contracts in the transport sector from the Russian government<sup>73</sup>.

Earlier this year, Norwegian media published alarming reports that Transmashholding had bought Bergen Engines, a motor-building subsidiary of Rolls Royce that produces equipment used by NATO vessels in the region. This has raised concerns from security experts<sup>74</sup> and human rights and anti-corruption activists, including myself<sup>75</sup>. The story is developing, with call in the Norwegian parliament with

70 <https://sg.news.yahoo.com/france-probes-links-between-russian-oligarch-disgraced-policeman-190544471.html>

71 <https://thebell.io/ofisialnym-vladeltsem-kalashnikova-stal-byvshij-chinovnik-i-menedzher-kompanij-timchenko>

72 <https://www.rbc.ru/business/02/03/2020/5e5cd3059a7947fe9d8f8acd>

73 <https://www.business-vector.info/andrej-bokarev-poshibal-transportnym-109140/>

74 <https://e24.no/norsk-oekonomi/i/41mAzq/russere-overtar-motorfabrikk-forsvaret-maa-vurdere-kontrakter-pa-nytt>

75 <https://e24.no/norsk-oekonomi/i/PRjlmz/bergen-engines-salget-advarer-mot-skitne-penger-fra-russland>



Vladimir Putin meeting Andrey Bokarev. Source: Kremlin.ru

for further assessment of the deal from the government. After a public outcry and major scandal, in late March 2021 the government permanently blocked sale of Bergen Engines to the Russian company, citing security concerns<sup>76</sup>.

A year earlier, in 2019, Makhmudov and Bokarev planned to obtain a 22.5% stake in the new Russian port in Taman through their Russia-based coal company KuzbassRazrezUgol and make large investments into their new asset<sup>77</sup>. The port occupies a key strategic location for the Kremlin on the Russian side of the Kerch Strait, which connects the Black and Azov seas.

The Taman port is another example of where Makhmudov and Bokarev's interests combine with those of the Kremlin, as state owned Russian Railways announced in 2019 it will purchase 10% of the new port. The Russian government is expected to invest a total of \$2.3 billion in the project. Due to the economic downturn, the status of the project is unclear, but kremligarchs continue to have an interest because the government wants them in the project. Occupied Crimea lies less than twenty kilometers away across the water. The port marks the latest attempts by Russia to stamp their authority over the region following the development of a controversial road bridge across the straits.

It is clear that Makhmudov and Bokarev continue to be part of the Kremlin's elite and systematically transfer property from other members of that elite sanctioned by US government into their own temporary safekeeping. They are being rewarded for this, as in May 2020, their own key assets have been included on the formal list of companies that have so-called "systemic" value to Russia, and will receive subsidies from the state for that

reason<sup>78</sup>. A major reason behind the formation of that list is to help kremligarchs close to Putin that are suffering from the impact of US and EU sanctions.

76 <https://www.maritime-executive.com/article/norway-permanently-blocks-sale-of-bergen-engines-to-russian-company>

77 <https://bm.ge/en/article/russian-consortium-to-take-over-port-of-taman-in-the-kerch-strait/38911>

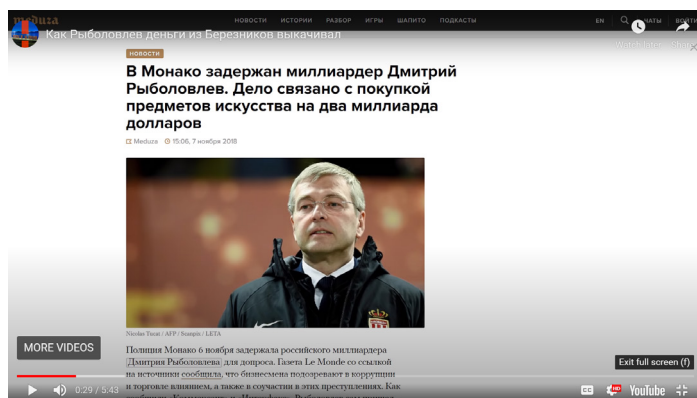
78 [https://www.znak.com/2020-05-04/kak\\_vlasti\\_v\\_krizis\\_reshili\\_podderzhat\\_blizkie\\_k\\_gosudarstvu\\_i\\_korrumpirovanye\\_kompanii](https://www.znak.com/2020-05-04/kak_vlasti_v_krizis_reshili_podderzhat_blizkie_k_gosudarstvu_i_korrumpirovanye_kompanii)

# Dmitry Rybolovlev

Reasons to be included under sanctions:

- Proximity to Putin
- Proximity to other US sanctioned individuals/entities
- Support for Aleksandr Lukashenka
- Undermining of multiple Western judicial systems
- Potential facilitating of US sanctions evasion (requires further investigation by US government)

Two years ago, as part of a deep study into how Putin's oligarchs undermine Western judicial systems, I wrote that Dmitry Rybolovlev's case is a vivid testimony of the erosion of legal institutions in several key Western jurisdictions<sup>79</sup>.



Article on Dmitry Rybolovlev. Screenshot: Navalny's Perm team, YouTube, 2018

This key kremligarch, who has been connected with the Kremlin and Russian security services for decades, notably spent eleven months in prison in 1996, after allegedly ordering the killing and providing the weapon in a gangland murder in his home city of Perm, targeting one of his business associates involved in the potassium market. Although, as the court proceedings showed, Rybolovlev was reportedly implicated in legally documented business relations with individuals connected to the criminal world and subsequent criminal conflict<sup>80</sup>, the main witness against him then flipped his testimony, leading to Rybolovlev's release. Notably, on his release a decade later,

<sup>79</sup> <https://www.4freerussia.org/monacos-minister-of-justice-implicated-by-kremlins-oligarch/>

<sup>80</sup> <https://mbk-news.appspot.com/region/po-klichke-rybana-puti/>

that witness emerged with a third shareholding in a company controlled by Rybolovlev's close associates<sup>81</sup>.

Having emerged from the Russian legal system with his own name intact, and shed his reputation for mixing with organized crime figures, Rybolovlev continued in the chemical industry. He would go on to inflict a major environmental catastrophe through his potash company Uralkali in the Perm region, in 2006. Instead of facing any consequences, Rybolovlev received preferential treatment over potential environmental fines from the government, enlisting the help of his close friend Yuri Trutnev, the then Minister of Natural Resources and the Environment. His friendship with Trutnev is one of the main reasons why Rybolovlev can be considered today a kremligarch.



Vladimir Putin meeting Yuri Trutnev. Source: Kremlin.ru

Many Russian and western observers have tried to draw international attention to the scale of this industrial incident. For example, author Oliver Bullough visited the site of one of the catastrophes at Rybolovlev's potash plants in Berezniki. He later noted in his book *Money Land* that the oligarch's negligence of proper safety procedures at his salt mines had led to large swathes of the city literally falling into huge sinkholes, which had formed above the mines<sup>82</sup>. Many innocent people suffered after having to abandon their homes, with no or negligible compensation. The multiple sinkholes in the ground caused by the Uralkali accidents were so large they were visible from space.

Sinkholes and explosions caused by underfunded labor safety measures at Uralkali under Rybolovlev led to a horrifically dangerous

<sup>81</sup> <https://novayagazeta.ru/articles/2016/10/05/70066-rybolovlev-sbrosivshiy-cheshuyu>

<sup>82</sup> Oliver Bullough, *Money Land: Why Thieves & Crooks Now Rule the World & How to Take It Back* (Profile Books, 2018), pp. 219-220



Explosion at Uralkali's mine under Rybolovlev. Screenshot: Navalny's Perm team, YouTube, 2018



First big sinkhole at Uralkali, city of Berezniki, 2006. Source: Wikipedia. CC 4.0

environment for miners and inhabitants of Berezniki, as was shown by 2018 investigation of Navalny's team in Perm region<sup>83</sup>.

However, when a federal government commission set up by the Kremlin reviewed the case, Rybolovlev was absolved of responsibility for any of the damages. The authorities even allowed him to safely leave the country, despite ample and obvious condemning evidence. *Der Spiegel* wrote in 2018 that "rumors still circulate in Western intelligence circles today that Rybolovlev bought his way out from under the multibillion-dollar cloud hanging over him"<sup>84</sup>. Despite promises from the government for a thorough investigation and tough action, Rybolovlev's companies did not provide even the modest compensation he had initially agreed to throughout 2007-2009.

With the blessing of the Kremlin, Rybolovlev

83 <https://shtab.navalny.com/hq/perm/996/> Navalny's team in Perm also accused Rybolovlev of draining the budget of the city of Berezniki, hastening its dilapidation.

84 <https://www.spiegel.de/international/world/as-monaco-dmitry-rybolovlev-and-his-influence-in-monaco-a-1238822.html>

was then gifted an opportunity to start a new life with a supposedly clean slate in the West, after selling his stakes in fertilizer company Uralkali in two transactions amounting to a surprisingly generous figure of \$6.5bn<sup>85</sup> and without any discount for the damages caused by the industrial accident.

### **The Kremlin allowed Rybolovlev to safely leave for the West with billions of dollars, despite ample condemning evidence.**

The sale was made to another Kremlin-connected oligarch Suleiman Kerimov and his partners in 2010<sup>86</sup>. Both Kerimov's and Rybolovlev's cases, in my view, are a testimony that only the US legal system, and not the French, Monegasque or Swiss systems, have the ability to take on such heavyweight kremligarchs. Notably, Kerimov has been sanctioned under CAATSA legislation since 2018 for his proximity to the Kremlin and alleged money-laundering operations in France<sup>87</sup>. After a lot of legal back and forth in which Moscow has exerted unprecedented political pressure on Paris, the French court system has essentially retracted their own accusations of money laundering, and allowed Kerimov to avoid any acceptance of guilt, while Kerimov's Swiss-based company has agreed to a tax evasion settlement<sup>88</sup>. Only the US stands firm.

The same cannot yet be said of Rybolovlev, who is not under US sanctions and actually has today extensive US private and commercial investments. With money taken out of Russia in 2010, Rybolovlev may have primarily relocated to Switzerland, Cyprus and Monaco, but

85 <https://www.bloomberg.com/news/articles/2010-06-14/uralkali-climbs-in-london-as-owner-rybolovlev-offloads-controlling-stake>; [https://www.vedomosti.ru/business/articles/2010/12/30/vmeste\\_dorozhe](https://www.vedomosti.ru/business/articles/2010/12/30/vmeste_dorozhe); <https://www.wsj.com/articles/SB10001424052748703886904576030862387026264>

86 There are multiple sources on this case and the sale deal, such as NYT article <https://www.nytimes.com/2012/04/11/world/europe/russian-city-on-watch-against-being-sucked-into-the-earth.html>; and Novaya Gazeta article in Russian <https://novayagazeta.ru/articles/2016/10/16/70202-vyshli-dengi-iz-provala>

87 <https://www.4freerussia.org/the-curious-case-of-suleyman-kerimov-in-france>

88 <https://globalinvestigationsreview.com/news-and-features/investigators-guides/france/article/kerimov-linked-swiss-company-signs-dpa-in-france>; <https://www.fr24news.com/a/2020/05/french-court-signs-legal-agreement-with-swiss-company-accused-of-tax-evasion-on-behalf-of-russian-billionaire.html>



Dmitry Rybolovlev in 2006. Source: purchased from Kommersant photo bank



Dmitry Rybolovlev in 2012. Source: Franck Nataf, Wikimedia.org. CC 3.0

also began buying large amounts of American real estate. In 2008, before leaving Russia, he had already bought the historic villa estate *Maison de L'Amitie* in Palm Beach, Florida for an astonishing \$100m. In 2011, he bought a ten-bedroom penthouse near Central Park for a record-breaking \$88m, the most expensive property ever sold in New York City at the time<sup>89</sup>, and the same year purchased a \$20m

89 <https://nypost.com/2016/01/09/russian-oligarch-lists-88m-central-park-penthouse>

villa in Hawaii bought from Hollywood star Will Smith<sup>90</sup>. His expensive art collection also grew rapidly, and he purchased Monaco's elite football club, AC Monaco.

After Rybolovlev was allowed to peacefully move to the West, he took his corrosive business practices to his new places of residence. In Cyprus, Rybolovlev bought his way into the island's elite by purchasing a 10% stake in the Bank of Cyprus. To push through the sale, Rybolovlev employed<sup>91</sup> a notorious Cypriot lawyer, Andreas Neocleous, who in 2017 was convicted of bribery in an unrelated case<sup>92</sup>. Leveraging his political connections, Rybolovlev managed to convince the Cypriot authorities to change the law protecting the confidentiality of financial trusts, which reportedly benefited his interests<sup>93</sup>.

### **Rybolovlev's activities are undermining the rule of law in multiple Western jurisdictions.**

Rybolovlev is at the heart of a corruption scandal relating to his former wife<sup>94</sup>, who he was able to have arrested by the Cypriot police in the midst of the negotiations of the most expensive divorce settlement in history. He accused her of having stolen a diamond. She was able to prove that Rybolovlev had given her that diamond, and she was eventually released<sup>95</sup>.

In 2015, Rybolovlev launched a series of legal attacks in Monaco and a dozen other jurisdictions against his art dealer Yves Bouvier, accusing him of fraud. While Rybolovlev would lose against Bouvier some five years later (the legal procedure in Monaco against Bouvier was fully cancelled in mid-2020 while prosecutors in Geneva just dropped the final outstanding

90 <https://www.businessinsider.com/dmitry-rybolovlev-sued-by-wife-over-hawaii-mansion-2013-8?IR=T>

91 <https://www.mondaq.com/cyprus/securities/242868/everyone-has-lost-the-bank-of-cyprus-has-led-the-way>

92 <https://www.occrp.org/en/daily/9301-founder-of-disgraced-cypriot-law-firm-buys-the-cyprus-mail>

93 <https://cyprus-mail.com/2014/02/24/russian-billionaires-estranged-wife-detained-in-cyprus-over-25m-ring/>

94 [https://www.mediapart.fr/en/journal/international/181118/how-oligarch-dmitry-rybolovlevs-aides-plotted-his-wifes-arrest-cyprus?page\\_article=2](https://www.mediapart.fr/en/journal/international/181118/how-oligarch-dmitry-rybolovlevs-aides-plotted-his-wifes-arrest-cyprus?page_article=2)

95 It is worth noting that during the divorce procedure, his wife made a sworn deposition alleging that Rybolovlev routinely brought groups of under-aged girls onto his yacht.



complaint filed by Rybolovlev against Bouvier<sup>96</sup>), the legal battle eventually turned against Rybolovlev himself, after evidence was exposed showing that he may have corrupted Monaco ministers, police officers and members of the judiciary to coordinate attacks against the art dealer.

Rybolovlev therefore became the prime suspect in the resulting largest corruption case in the history of Monaco (nicknamed “Monacogate” by French newspaper *Le Monde*<sup>97</sup>). The story of Monacogate is so infamous it has even featured in a recently released graphic novel, ‘Monaco – Luxe, crime and corruption’<sup>98</sup>. Ten people in the case have already been charged and three high-level officials, including the Minister of Justice Philippe Narmino, have resigned. Corruption and the instrumentalization of the judiciary and law enforcement by Rybolovlev’s agents has been reportedly under investigation in Switzerland<sup>99</sup>, France<sup>100</sup> and Monaco<sup>101</sup>. In addition, he is allegedly suspected of having tried to corrupt Swiss judges in charge of his divorce case in 2014<sup>102</sup>. Recent reports also suggest he now faces a Swiss criminal probe of his role in the illegal arrest of Bouvier in Monaco<sup>103</sup>.

Rybolovlev’s activities are undermining the rule of law in multiple Western jurisdictions. Despite this, Rybolovlev continues to operate

---

96 <https://www.theguardian.com/artanddesign/2021/jan/29/bouvier-affair-swiss-prosecutors-to-close-legal-dispute-over-art>; <https://www.bloomberg.com/news/articles/2021-04-26/russian-billionaire-faces-swiss-probe-over-foe-s-monaco-arrest>

97 [https://www.lemonde.fr/police-justice/article/2017/09/14/le-milliardaire-russe-dmitri-rybolovlev-au-centre-d-un-monacogate\\_5185432\\_1653578.html](https://www.lemonde.fr/police-justice/article/2017/09/14/le-milliardaire-russe-dmitri-rybolovlev-au-centre-d-un-monacogate_5185432_1653578.html)

98 <https://www.avoir-alire.com/monaco-luxe-crime-et-corruption-helene-constanty-thierry-chavant-la-chronique-bd>

99 <https://www.tdg.ch/economie/entreprises/affaire-bouvier-revient-commence/story/29024815>; <https://www.dailymail.co.uk/news/article-7792879/Russian-oligarch-suffers-major-setback-legal-battle-against-Swiss-art-dealer.html>

100 <https://www.leparisien.fr/faits-divers/nouveaux-soupcons-de-corruption-dans-l-affaire-rybolovlev-18-06-2019-8096010.php>; <https://www.prnewswire.com/news-releases/russian-billionaire-accused-of-multiple-counts-of-fraud-and-collusion-in-french-courts-300872099.html>

101 <https://www.bloomberg.com/news/articles/2020-07-08/russian-billionaire-loses-appeal-as-swiss-claims-vindication>

102 <https://www.monaco-tribune.com/en/2020/07/rybolovlev-vs-bouvier-case-dismissed-in-monaco/>; <https://www.dailymail.co.uk/news/article-7792879/Russian-oligarch-suffers-major-setback-legal-battle-against-Swiss-art-dealer.html>

103 <https://www.bloomberg.com/news/articles/2021-04-26/russian-billionaire-faces-swiss-probe-over-foe-s-monaco-arrest>

freely in Europe, extending his influence in the highest echelons of power. He also continues to operate in the United States – with a \$500m investment into biotechnology firm Apple Tree Partners being announced in 2018<sup>104</sup>, and a former Uralkali executive being installed on the board shortly afterwards<sup>105</sup>. Meanwhile, the kremligarch continues to enjoy connections with the Kremlin. He flees to Moscow for safety when necessary, until recently had a diamond mining operation in Russia, and has even negotiated property deals with insiders like the US-sanctioned Gennadiy Timchenko<sup>106</sup>.

This patronage from the Kremlin is nothing new: from 2000-2010 the Kremlin effectively cultivated Rybolovlev as Alexander Lukashenka’s biggest business partner in global cartel potash exports which sustained the Belarusian dictatorial regime with massive hard currency cash flows. For example, in 2008 Lukashenka thanked Rybolovlev’s Uralkali for helping with exports by granting it additional tax favors. The Belarusian president was reportedly especially grateful to Rybolovlev entities for providing him with US dollars for exports at the time when the US had placed wide-ranging sanctions against the dictator<sup>107</sup>.

The fact that Rybolovlev managed to penetrate French, Monegasque, Cypriot and Swiss political establishment and neutralize their national legal systems makes him a relevant candidate for sanctions under CAATSA criteria, but it is also alarming that such controversial figure is so active in the US, and even benefiting from American state funds. In 2016, Rybolovlev invested in a billion-dollar battery company in Concord, North Carolina, called Alevo<sup>108</sup>. In 2017 this company secured \$10m of tax incentives at the county and state level<sup>109</sup>. Former Uralkali senior management were placed in powerful positions at the company, including as its new

---

104 <https://meduza.io/en/news/2018/06/18/russian-oligarch-who-bought-real-estate-from-trump-in-shady-2008-deal-has-allegedly-invested-half-billion-dollars-in-u-s-biotech>

105 <https://www.appletreepartners.com/team#Anna-Batarina-CFA>

106 <https://www.vedomosti.ru/realty/articles/2016/08/26/654540-stroitransgaz-voentorga>

107 <http://afn.by/news/i/100405>

108 <https://www.mcclatchydc.com/news/nation-world/national/article141308758.html>

109 <https://www.charlotteobserver.com/news/business/article135450384.html>

CEO for several months in 2017<sup>110</sup>. In 2017, Alevo filed for bankruptcy and laid off 290 American workers<sup>111</sup>. Its assets were seized by a Swiss-German collections company, which then mysteriously rebranded as Innolith, a company which later revealed that its management were also former Uralkali executives or Rybolovlev's business associates<sup>112113</sup>.

There is one further aspect in Rybolovlev's case worthy of special focus for US policymakers and the government. In late 2019, art dealer Yves Bouvier revealed that he believed that Rybolovlev's attack on him was not actually about their dealings of artworks, but instead were part of a plan to steal his "freeport in Singapore, and its technology to build a new one in Vladivostok"<sup>114</sup>. Apart from his art dealing business, Bouvier, often referred to as "the King of the freeports", has developed and operated the three largest and most technologically advanced freeports in the world – in Geneva, Singapore and Luxembourg.

**There is reasonable ground to suspect that Rybolovlev and Trutnev are facilitating Kremlin's campaign to control freeports to circumvent US sanctions regime.**

A month after Putin's announcement of the creation of a freeport, Rybolovlev launched his legal attacks on "the King of the freeports"<sup>115</sup>. After the failure of Rybolovlev's legal attacks against Bouvier, Trutnev came with an official delegation to meet Bouvier in his freeport in Singapore in 2016 and asked him to build the Vladivostok freeport.

110 <http://www.energystoragenews.org/articles/4081136/alevo-appoints-vladislav-baumgartner-as-chief-exec/>; <https://www.charlotteobserver.com/news/business/article177376756.html>

111 <https://www.miamiherald.com/news/nation-world/national/article168094632.html>

112 See <https://www.linkedin.com/in/anna-kolonchina-40a8076/?originalSubdomain=uk> & <https://innolith.com/team/anna-kolonchina/>

113 <https://innolith.com/innolith-appoints-konstantin-solodovnikov-as-ceo/>

114 <https://www.prnewswire.com/news-releases/major-development-in-the-rybolovlev-affair-case-against-yves-bouvier-in-monaco-dismissed-after-investigation-found-to-be-systematically-biased-300974735.html>

115 <https://henryjacksonsociety.org/wp-content/uploads/2020/01/HJS-Russian-Influence-Report-web.pdf> pp.22-23.



Vladimir Putin meeting Yuri Trutnev, others. Vladivostok, 2019. Source: Kremlin.ru

If one pieces together all these events, there is reasonable ground to suspect that this may not be a coincidence. Trutnev is Rybolovlev's patron to whom the oligarch owes his life with impunity in the West. Bouvier's freeports constitute a highly desirable brand and asset that in the wrong hands could present a unique ability for Putin's regime to step up its trade with Asia in gold, diamonds and other precious commodities through barter schemes, without dollar denominated bank transfers being required. Putin's "oligarchic" network is constantly seeking new ways to circumvent US sanctions<sup>116</sup>, including barter schemes with Iran<sup>117</sup> and various cryptocurrency ventures. A highly secure facility that would allow individuals and businesses to store diamonds, gold and precious metals in Vladivostok, to barter with Asia, would have presented the Kremlin with a major new conduit to avoid the international banking system and US sanctions.

While Bouvier made these allegations while still an interested party in the legal battle against Rybolovlev, which he has since reportedly mostly won, I believe his 2019 allegation should be closely analyzed by relevant government agencies. Missing the potential of freeports to provide a loophole for the Kremlin's benefit would be a major blow to the US sanctions regime and national security overall.

116 Sanctioned Rotenberg brothers have used art, real estate and multiple other channels to circumvent US sanctions <https://www.wsj.com/articles/how-two-sanctioned-russian-billionaire-brothers-bought-art-anyway-11596035186>

117 <https://en.radiofarda.com/a/russian-and-iran-turn-to-barter-trade-/30008556.html>

## Mikhail Gutseriev

Reasons to be included under sanctions:

- Proximity to Putin
- Support for Aleksandr Lukashenka

Businessman Mikhail Gutseriev enjoys sophisticated links to the Kremlin regime and complex relations with some top insiders. Between 2007 and 2010 he took refuge in London as his relations with the Kremlin soured at the time. Some of his businesses suffered corporate raids. His son died in a mysterious car crash a few days after an arrest warrant was issued for Gutseriev in 2008.

However, Gutseriev later resolved his political and economic issues with Moscow, and since then has received multiple favors, along with his family, from the Kremlin. Even though Gutseriev has made some enemies and faced setbacks, he has powerful allies, most notably his major backer Sberbank CEO German Gref. Gutseriev also has extensive ties in his native northern Caucasus – in Kazakhstan, where he is from, and also Azerbaijan – all supported by the Kremlin. Reportedly, he also handles various sensitive business operations in the Caspian region, and in the Caucasus, for the Kremlin's benefit.



Mikhail Gutseriev. Source: RussNeft, Wikimedia.org. CC 3.0

A testimony to Gutseriev's acceptance at the highest echelons of Russian power is his membership on the supervisory board of the powerful All-Russian Volleyball Federation<sup>118</sup>, headed by Nikolai Patrushev, former head of the FSB and key member of the Security Council.

However, in my view, what matters most to the US and its allies currently is that, with the

118 <http://www.volley.ru/pages/274/>

Kremlin's blessing, Gutseriev's oil and potash business with Belarus have become strategic joists for Lukashenko's brutal dictatorial regime.



Mikhail Gutseriev, Alexander Lukashenka. Source: Belarus president's press service

One year ago, Gutseriev's Russneft oil company became the sole supplier of crude to Belarus. He has also set up a second large potash exporting business that crucially provides invaluable hard currency to Lukashenka's depressed economy<sup>119</sup>. Meanwhile Gutseriev's London-registered GCM Global Energy PLC has a number of interests in Belarus, including a deal for a £1bn potash factory that is due to open this year<sup>120</sup>. It also owns luxury hotels and business centers in Minsk, and a business jet terminal at one of the airports.

**With the Kremlin's blessing, Gutseriev's oil and potash business with Belarus have become strategic joists for Lukashenko's brutal dictatorial regime. In 2020, Gutseriev helped to deploy Russian propagandists in Minsk.**

Mikhail Gutseriev, according to reports, became close to President Lukashenka in 2007, when he left Moscow after a dispute with another kremligarch. He then helped Lukashenka resolve a conflict with the Kremlin over a major potash business.

During suppression of popular protests, Gutseriev helped multiple members of the Russian state propaganda to come and operate in Minsk in September 2020<sup>121</sup>. In March 2021,

119 <https://news.yahoo.com/britain-urged-probe-wealth-russian-130409290.html>

120 <https://www.telegraph.co.uk/politics/2020/11/29/britain-urged-probe-wealth-russian-family-whose-son-had-worlds/>

121 <https://isans.org/articles-en/in-the-face-of-a-kremlin-threat.html>; <https://isans.org/articles-en/how-the-russian-state-media-rescued-belarusian-broadcasters-from-political-pluralism.html>

Belarusian opposition media outlet NEXTA made an investigation that showed Gutseriev to be a nominal owner of one of the biggest palaces of Lukashenka in Shershuny<sup>122</sup>, reminding everyone a similar story how kremligarch Arkady Rotenberg pretended to be an owner of Putin's palace in Gelendzhik.

Gutseriev also attended Lukashenka's secret inauguration last year. Belarusian press wrote that Lukashenka calls Gutseriev on the phone as a close friend, asking him for personal favors, and that Gutseriev has, among other things, brought Russian entertainers to Lukashenka, including Grigoriy Leps (Lepsoverdize), a US sanctioned singer and member of the Eurasian brotherhood criminal group<sup>123</sup>. With Gutseriev and his entities remaining outside sanctions, the Belarussian dictator will continue to enjoy an important lifeline of hard currency flows into the country.



Mikhail Gutseriev at Alexander Lukashenka's inauguration, 2020. Screenshot: NEXTA YouTube, 2021.

Belarusian opposition and UK and EU politicians and activists are urging broad western sanctions on Gutseriev as a major enabler of Lukashenka's regime. For this Belarusian connection alone, amid iron-fisted suppression of peaceful opposition in the country, Gutseriev and his family members that assist his businesses deserve to be quickly placed under US sanctions<sup>124</sup>.

122 <https://www.youtube.com/watch?v=JEbKtZRAGGI>

123 <https://www.kp.by/daily/27122.5/4205793/>

124 <https://www.telegraph.co.uk/news/2020/10/12/two-belarusian-entrepreneurs-links-opposition-released-lukashenkos/>

## Ruben Vardanyan

Reasons to be included under sanctions:

- Proximity to Putin
- Potential involvement in large-scale money laundering (the Troika Laundromat) and alleged corruption inside Russia (requiring further investigation by US government)
- Involvement in disinformation and other subversive operations in the West

As with Mikhail Gutseriev, Ruben Vardanyan has long established and close connections with Kremlin insiders. However, his role in the "Troika Laundromat" alone is sufficient for US government to be concerned, and investigate him further<sup>125</sup>.



Ruben Vardanyan. Source: Yerevantsi, Wikimedia.org. CC 4.0

Records from the Troika Laundromat leaks show that Vardanyan's subordinates, mainly employees at his bank, built and ran the Troika Laundromat, an all-purpose financial criminal system that consumed \$4.6 billion between 2006 and 2013. Vardanyan headed the bank until 2012 when he sold it to Sberbank<sup>126</sup>.

There is no known investigation into Vardanyan or Troika Dialog on this issue from the United States, and there are no charges against Vardanyan. Vardanyan insists he is not aware of any criminal activity with his bank and that the bank adhered to the rules of the international markets at the time. However, documents show Vardanyan used the Laundromat himself. He

125 <https://www.occrp.org/en/troikalaundromat>

126 <https://www.occrp.org/en/troikalaundromat/profiles/ruben-varpanyan>

defends this by saying he too was simply a client of Troika Dialog.

The scale of money-laundering is truly immense. In total, over \$30 billion was laundered through a sophisticated mechanism of almost three thousand companies serving multiple global and domestic goals for Kremlin insiders and various kremligarchs. For example, Vardanyan-controlled bank Troika Dialog laundered some of the money from a US\$230 million theft from Russia's Treasury, which was uncovered by lawyer Sergei Magnitsky before his death in a Russian jail, as well as funds from other well-known frauds that took place in Russia. Under one scheme, companies belonging to Vladimir Putin's close friend Sergei Roldugin received nearly \$69 million<sup>127</sup>.

### **Twenty-two European parliamentarians urged EU Commission to sanction Vardanyan and other persons involved in the Troika Laundromat.**



Ruben Vardanyan. Screenshot: Alexey Navalny, YouTube, 2020

A notable group of twenty-two European parliamentarians do not believe Vardanyan is innocent. They have demanded that the EU Commission investigate him and his Lithuanian associates, who have now received asylum in Russia<sup>128</sup>. In a wide-ranging call to action, they stated “we believe that it is necessary to take urgent measures against the private individuals involved in this case such as Ruben Vardanyan who led the Troika Dialog... we urge the Commission to immediately start all necessary procedures in order to ensure that these and other persons involved in the Troika Laundromat case are put under the EU

128 <https://www.forbes.ru/milliardery/373417-deputaty-ev-roparlamenta-prizvali-vvesti-sankcii-protiv-rubena-varpanyana>

sanctions<sup>129</sup>.”

Another recipient of money laundered through the scheme was the UK's Prince of Wales, Charles. Britain's heir to the throne received \$200,000 in donations from Vardanyan through a British Virgin Islands shell company, Quantus Division Ltd., which was then used to restore a stately home in Scotland<sup>130</sup>. Prince Charles received the money through Vardanyan's shell company based in the British Virgin Islands, Quantas Division Ltd, a key cog in the “Troika Laundromat”. Vardanyan also raised a further £1.5m via his own UK-based charity to refurbish one of the estate's outbuildings, providing sixteen luxury rooms that could be rented out to visitors. In return for the donation, Prince Charles named the outhouse The Dilijan Building, after a school in Armenia sponsored by Vardanyan<sup>131</sup>. The money came from Vardanyan and other Russian donors – though it did not pass through the Troika Laundromat<sup>132</sup>.



Ruben Vardanyan. Screenshot: Alexey Navalny, YouTube, 2020

Prince Charles was not an isolated case. Vardanyan, through attempts to position himself as a philanthropist, has long curried favour with Western elites, from politicians to film stars. He hosted George Clooney in Armenia's capital, Yerevan, for the inaugural presentation of the “Aurora Prize for Wakening Humanity in 2016”, which awards an

129 <http://hokmark.eu/letter-to-juncker-on-the-troika-laundromat-case/>

130 <https://www.theguardian.com/world/2019/mar/04/how-prince-charles-stately-home-restoration-linked-him-with-russian-money-troika-laundromat>

131 <https://www.theguardian.com/world/2019/mar/04/how-prince-charles-stately-home-restoration-linked-him-with-russian-money-troika-laundromat>

132 <https://www.theguardian.com/world/2019/mar/04/how-prince-charles-stately-home-restoration-linked-him-with-russian-money-troika-laundromat>

individual winner \$1 million in recognition for their humanitarian work. The prize's selection committee includes Clooney, as well as former French Foreign Minister Bernard Kouchner, ex-US Ambassador to the United Nations Samantha Power, and former Irish President Mary Robinson<sup>133</sup>. In the long term, such co-opting of elites has grave security implications for the West.

**Vardanyan helps the Kremlin with financing its disinformation network and is closely associated with US sanctioned Vladimir Yakunin, Sergey Chemezov and Viktor Vekselberg.**

Vardanyan helps the Kremlin with financing its disinformation network. Vardanyan sits on the board of Vladimir Yakunin's fake think tank, the Dialogue of Civilizations Foundation, which acts as a propaganda outlet in Germany and across the West<sup>134</sup>. Dialogue of Civilizations has been ambitiously expanding its influence across the Balkans and other parts of Europe, and even had plans to open a branch in New York. Vardanyan is reportedly the foundations second largest donor after Yakunin<sup>135</sup>.



Vladimir Putin meeting Vladimir Yakunin. Source: Kremlin.ru



Vladimir Putin meeting Sergey Chemezov. Source: Kremlin.ru

In 2016-2019 Vardanyan's structures in Cyprus controlled a major stake in UFS, a rail ticket distribution company. According to Navalny's team investigation before Yakunin was sanctioned in the West, his family controlled this company, a fact that Yakunin's representatives denied. If true, it means that Vardanyan facilitated sanctions evasion for Yakunin<sup>136</sup>. This hypothesis requires further investigation by the US government.

As for long established connections with Putin's inner circle, Vardanyan has become close business partners and friends with the US sanctioned Sergey Chemezov, who is CEO of the Russian state defense manufacturer Rostec. Among other activities, Chemezov and Vardanyan run a joint hunting resort and their families go on joint vacations in Spain<sup>137</sup>. He has worked closely with German Gref in Sberbank. He has been on the board of a number of big Russian companies such as Novatek, Sibur, AvtoVAZ, Sukhoi and many others.

Skolkovo is a technology-focused business park launched in Moscow 2010 as Russia's proposed answer to Silicon Valley. One of Skolkovo's earliest major backers was energy baron Viktor Vekselberg, who was placed on a sanctions list by the US in 2018<sup>138</sup>. Vekselberg created controversy when it was alleged he may have been behind payments from Trump's personal

133 <https://auroraprize.com/en/prize/detail/faq>

134 <http://dofc-foundation.org/2015/08/13/rubena-var-danyan-joins-the-board-of-the-endowment-for-the-world-public-forum-dialogue-of-civilizations/>

135 <https://www.dw.com/en/what-you-need-to-know-about-a-putin-supporters-think-tank-in-berlin/a-45548703>

136 <https://www.vedomosti.ru/business/articles/2016/06/30/647354-fond-rubena-var-danyana-sov-ladel-tsem-50-distributore-biletov-passazhirskie-poezda>

137 <https://meduza.io/feature/2019/03/28/akulinino-na-kosta-brava>

138 <https://home.treasury.gov/news/press-releases/sm0338>

lawyer to the porn actress Stormy Daniels<sup>139</sup>. In the end, Vekselberg was sanctioned by the US Treasury for his proximity to the Kremlin and alleged corruption in the energy sector<sup>140</sup>. Vardanyan is a founding partner of the Moscow School of Management Skolkovo<sup>141</sup>. Since 2019, he has also held the post of Vice-chairman at the Skolkovo advisory board.



Ruben Vardanyan, Viktor Vekselberg and others at Skolkovo.  
Source: purchased from Kommersant photobank

Vardanyan's management school was one of many organizations set up under the Skolkovo initiative. Another institute, the Skolkovo Institute of Science and Technology, came under scrutiny from the FBI in 2014 after partnering with Massachusetts Institute of Technology (MIT)<sup>142</sup>. The FBI sent out a number of warnings about potential Russian espionage following widespread investment in US institutions and start-ups by Russian venture capital firms<sup>143</sup>. Skolkovo continues to invest widely with Vardanyan heading the supervisory board at Skolkovo Institute for Emerging Market Studies (SIEMS)<sup>144</sup>.

Another of Vardanyan's technology investments involves the development of controversial facial recognition technology. Along with Rostec, Vardanyan is a major shareholder in Ntechlab<sup>145</sup>, which provides facial recognition surveillance programs to the Moscow city

139 <https://www.npr.org/2018/05/09/609724032/what-you-need-to-know-about-alleged-russian-payments-to-trumps-lawyer-cohen>

140 <https://home.treasury.gov/news/press-releases/sm0338>

141 <https://iems.skolkovo.ru/en/iems/about/leadership/>

142 <https://www.rferl.org/a/fbi-wary-of-possible-russian-spies-in-lurking-in-us-tech-sector/25388490.html>

143 Ibid.

144 <https://finparty.ru/personal/ruben-var-danyan/>

145 <https://armenpress.am/eng/news/927203>

authorities<sup>146</sup>. Notably, the first test of the FaceTime application by Ntechlab was at a large music festival in Russia hosted by the kremligarch Mikhail Fridman (see information about him above). The event sparked controversy immediately<sup>147</sup>.

"Facial recognition technology is by nature deeply intrusive, as it enables the widespread and bulk monitoring, collection, storage and analysis of sensitive personal data without individualized reasonable suspicion," said Natalia Zviagina, Amnesty International Russia's Director." In the hands of Russia's already very abusive authorities, and in the total absence of transparency and accountability for such systems, it is a tool which is likely to take reprisals against peaceful protest to an entirely new level," she added<sup>148</sup>.

However, Vardanyan's investment was protected when the Russian court ruled that facial recognition technology does not violate privacy rights<sup>149</sup>. In fact, the company received \$15 million from two sovereign wealth funds in September last year. One was the Russian Direct Investment Fund, the other was an unnamed fund from the Middle East, which does not bode well for civil liberties across the globe.

### **Vardanyan's structures allegedly passed tens of millions of dollars in bribes to the President of Tatarstan, Rustam Minnikhanov.**

Last but not least, Aleksei Navalny's anti-corruption fund (FBK) released a wide-ranging investigation last year which showed how Vardanyan's structures allegedly passed tens of millions of dollars in bribes to the President of Tatarstan, Rustam Minnikhanov<sup>150</sup>. Vardanyan has been deeply involved in Tatarstan, since 2006 his Troika Dialogue company had big stakes in the KAMAZ truck company and in other local enterprises. Vardanyan refutes any wrongdoing or criminality in his actions in Tatarstan.

146 <https://www.forbes.com/sites/thomasbrewster/2020/09/22/this-russian-facial-recognition-startup-plans-to-take-its-aggression-detection-tech-global-with-15-million-backing-from-sovereign-wealth-funds/?sh=6883a6694b9e>

147 <https://www.bloombergquint.com/technology/billionaire-fridman-redefines-face-control-for-huge-russian-rave>

148 <https://www.bbc.co.uk/news/technology-51324841>

149 <https://www.jurist.org/news/2020/03/russia-court-rules-facial-recognition-technology-does-not-violate-privacy-rights/>

150 <https://navalny.com/p/6427>



Rustam Minikhanov, Ruben Vardanyan. Screenshot: Alexey Navalny, YouTube, 2020

Vardanyan is not the biggest fish in the Kremlin pool, but a very well-connected and visible figure. His proximity to the Kremlin is beyond doubt. US government should further investigate cases brought up by, amongst others, the investigative news organization the Organized Crime and Corruption Reporting Project, as well as Navalny's FBK, to assess his personal involvement in criminal activity.

Sanctioning him not only for his proximity to the Kremlin but also for his alleged corruption and international money-laundering operations would send a special message to all kremligarchs who are involved in businesses inside Russia, but who then send money illegally for the benefit of Putin's inner circle abroad.

## Alexander Vinokurov

Reasons to be included under sanctions:

- Proximity to Putin
- Proximity to other sanctioned individuals/entities
- Alleged corruption, insider deals and corporate raiding
- Suspected involvement of his family in organized crime and drug trafficking (requires further investigation by US government)

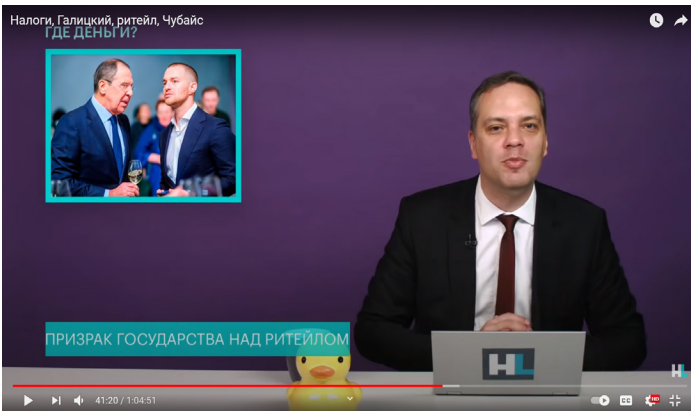
Vinokurov is a "minigarch" by Russian standards and is not (yet) a billionaire according to the official Forbes list. However, he is headed there thanks to his father-in-law, Sergey Lavrov, Minister of Foreign Affairs.

Vinokurov and his family have all the traits of Putin regime insiders who would fall under sanctions criteria. He has worked in top executive capacities for close associates of the Kremlin, including for Ziyavudin Magomedov, who owned Summa Capital (long before Magomedov fell from grace and was arrested). Then Vinokurov worked for A1, controlled by the Alfa Group kremligarchs mentioned above. He then opened his own ever-expanding business, which is now called Marathon Group. Marathon Group received significant backing from structures owned by Alfa bank kremligarchs.



Alexander Vinokurov. Source: Margo koko89, Wikimedia.org. CC 4.0





Vladimir Milov discusses raiding tactics of Alexander Vinokurov and patronage of Sergey Lavrov. Source: Navalny Live, YouTube, 2019

**Vinokurov’s Marathon Group received significant backing from his father-in-law Sergey Lavrov, Foreign Minister of Russia, and structures owned by Alfa bank kremligarchs.**

Vinokurov is now also partnering with Sergey Chemezov’s defense manufacturer Rostec and Andrey Kostin’s VTB Bank in multiple deals<sup>151</sup>. Both partners are Putin’s close associates under US sanctions. Anastasia Ignatova, step daughter of Chemezov is reportedly a co-owner of Marathon Group and partner through a chain of pharmacies<sup>152</sup>. Ignatova also features in OCCRP’s Laundromat story, related to Russian dirty money in Spanish real estate: in 2017 she bought a \$3.3 million villa in S’Agaro at below market prices in that country<sup>153</sup>.

**Vinokurov is now also partnering with Sergey Chemezov’s defense manufacturer Rostec and Andrey Kostin’s VTB Bank in multiple deals.**

Through multiple schemes Marathon Group and Rostec have created a virtual monopoly in the healthcare industry of Russia, at the expense of the public purse. For example, in 2017 they organized and partnered with National Immunobiological Company (Natsimbio), a pharmaceutical holding company. Its stated goal is to develop, manufacture, and sell

151 <https://www.vedomosti.ru/business/articles/2020/02/17/823214-marathon-group>

152 <http://infobiznesvsa.com/po-porucheniyu-prezidenta-i-pravitelstva-obogatilis-agalarov-rotenberg-magomedov-zyat-lavrova-i-padcheritsa-chemezova/>

153 <https://www.occrp.org/en/troikalaundromat/laundromat-money-leads-to-spanish-paradise>

immunobiological drugs<sup>154</sup>. In 2017 *Transparency International* Russia showed that Natsimbio and vested interests affiliated with it, including Vinokurov’s company, were setting up insider deals targeting the Ministry of Healthcare. The Russian government and Rostec had helped set up an artificial monopoly through various unexplained favors, which included transfer of assets, dilution of stakes, misleading pricing, and so on. The goal was to siphon of profits across the supply chain of vaccines and other drugs<sup>155</sup>.



Vladimir Putin meeting Sergey Chemezov. Source: Kremlin.ru



Andrey Kostin. Source: Kremlin.ru

Hundreds of millions of dollars subsequently passed through state contracts on drugs, vaccines and medical supplies. These included supplies of vital drugs on AIDS, hepatitis and other chronic conditions for inmates in the entire Russian prison system. Violations and delays from Natsimbio were so excessive that

154 <https://rostec.ru/en/about/companies/4517004/>

155 <https://transparency.org.ru/special/natsimbio/>

even the ultra-loyal state body the Federal Penitentiary Service (FSIN) filed a claim in the Russian courts against Natsimbio, but to no avail. In 2019, a Russian arbitration court rebuked penalties against Natsimbio<sup>156</sup>. The situation with essential drugs got so out of hand at FSIN that the government quietly returned rights of supply to the Ministry of Healthcare in 2020.

Natsimbio and its owners are planning to expand further. At the end of 2020, Natsimbio acquired a 100% stake in a company called Fort, a major producer of anti-flu vaccines<sup>157</sup>. They also announced that Rostec would triple the production of influenza antigens, produced by their pharmaceuticals business Natsimbio, by 2022. The implementation of those plans will enable Rostec to become “one of the five largest manufacturers of the main component of influenza vaccines, hemagglutinin, in the world<sup>158</sup>”.

At a time when vaccine supply has become so vital to global security, the mysterious success of an opaque entity like Natsimbio, backed by the Russian government through deliberate anti-competitive measures, presents a regional security risk beyond Russia.



German Khan, Alexander Vinokurov and Mikhail Fridman. Source: Facebook

156 <https://fingazeta.ru/business/medicine/457939?page=36>

157 <https://tass.ru/ekonomika/10392367>

158 <https://rostec.ru/en/news/rostec-is-to-enter-top-five-world-leaders-in-production-of-the-influenza-vaccines-main-component/>

Vinokurov and his family still retain close business ties with Alfa Group, with whom he has taken part in several joint corporate raiding campaigns<sup>159</sup>. In addition, Foreign Minister Sergey Lavrov’s daughter (and Vinokurov’s wife) Ekaterina Vinokurova has opened an art consulting company called Smart Art, which has received major sponsorships from Alfa Bank and lucrative projects from the government such as a ten year operatorship of the Russian Federation Pavilion in Venice Biennale<sup>160</sup>. Alfa Bank often acts as a key sponsor of cultural events promoted by Vinokurova’s company<sup>161</sup>. Meanwhile, for almost two decades Sergey Lavrov and Russian embassies in the US, UK and Germany have vehemently supported Alfa Bank’s supposedly philanthropic educational program, the Alfa Fellowship<sup>162</sup>

### **Vinokurov and his family retain close business ties with Alfa Group, with whom he has taken part in several joint corporate raiding campaigns.**

A notable fact about Vinokurov’s own family is that his late father Semyon Vinokurov, an Israeli Russian, was a junior partner, particularly within the pharmaceuticals sector,<sup>163</sup> to two figures with strong ties to organized crime: Shabtai Kalmanovich and Iosif Kobzon. Kalmanovich was a KGB spy, mafia member and a major partner of the FBI-wanted crime boss Semyon Mogilevich<sup>164</sup>. He spent five years in Israeli prison for his crimes. Kalmanovich was also close to Anatoliy Sobchak, former mayor of St. Petersburg, and likely therefore to Putin. Kobzon meanwhile was a singer with vast criminal links, which are reportedly the reason for the US government denying him an entry visa<sup>165</sup>. In 2020 Vladimir Popov, ex-

159 [http://www.moscow-post.su/economics/vinokurov\\_na\\_rejderstve22892/](http://www.moscow-post.su/economics/vinokurov_na_rejderstve22892/)

160 <https://smartart.ru/english>

161 <https://alfabank.ru/retail/2018/11/14/48899.html>

162 <https://alfafellowship.org/about/>. In my view, there are strong indications that Alfa Fellowship program is not an innocuous educational program and presents an intelligence risk to the West given the connections of Alfa Bank with the Russian security services.

163 <https://www.forbes.ru/finansy/igroki/308619-novyiyappi-kak-glava-a1-aleksandr-vinokurov-monetiziruet-svoitalanty>

164 <https://www.timesofisrael.com/israel-now-requires-fbi-checks-of-would-be-immigrants-whys-that-controversial/>

165 <https://www.nytimes.com/2002/04/25/world/moscow-journal-the-smoothest-soviet-crooner-still-in-good-voice.html>



Vladimir Putin, Iosif Kobzon. Source: Kremlin.ru

subsequent cover ups<sup>168</sup>, this presents US law enforcement with yet another interesting and worthwhile perspective to analyze.

KGB officer based in Canada, told *Radio Liberty* that prominent KGB officer Filipp Bobkov was a patron of Kobzon and among other things allowed him to bring large quantities of drugs from his singing tours in Afghanistan in the early 1980's while he was touring Soviet troops there<sup>166</sup>.



Shabtai Kalmanovich. Source: purchased from Kommersant photo bank

Given that pharmaceutical business of Kobzon and Kalmanovich almost certainly involved drug trafficking, and that the Russian Ministry of Foreign Affairs under Lavrov has been caught smuggling industrial quantities of drugs via diplomatic channels<sup>167</sup>, and then their

166 <https://www.svoboda.org/a/30443786.html>

167 <https://www.independent.co.uk/news/world/europe/russia-argentina-cocaine-smuggling-operation-plane-air-drugs-embassy-a8231406.html>; <https://www.dailyherald.com/article/20180302/news/303029897>; <https://novayagazeta.ru/articles/2019/02/04/79432-peredoz>

168 Mikhail Khodorkovsky's Dossier center which has collaborated with leading western media outlets, made a thorough analysis of the cover up that shows that the exposed cocaine smuggling from South America must have been known to senior Russian diplomats for years and that there was blatant cover up by Russian law enforcement after the drug channel was exposed by Argentinian officials, see <https://cocaina.dossier.center/>

## Annex – we should adopt the term kremligarch instead of “oligarch”

An oligarch is an ancient Greek word meaning power of the few. The term was revitalized in Russia in the nineties and meant a wealthy person, usually a businessman, who enjoyed a significant degree of independence, and had a say in high level political decision-making.

Arguably, there were such individuals in Russia under Boris Yeltsin. However, after the arrest of Mikhail Khodorkovsky and the exile of Vladimir Gusinsky, Boris Berezovsky and Leonid Nevzlin in the first four years of Vladimir Putin’s rule, I believe this term has become outdated and misleading. There are no longer any wealthy individuals in Russia who are even remotely independent. There is no free market economy in Russia nor a distinction between private versus state property whether you are an owner of a plant, kiosk or just a small apartment. Putin’s state can take all of your property at a whim as the judicial system is hijacked by his proxies.

In fact, there is hardly any meaningful competitive private business in Russia at all, as the main currency is loyalty to the Kremlin and the whole idea of a successful business today is only to have good relations with the state, security and law enforcement, who act as *krysha*<sup>169</sup>, or mob protection. A business can only be truly successful if it obtains tax favors, state contracts and shares spoils with its *krysha* in such a way that prevents state harassment and corporate raiding by monopolies, and other Kremlin-connected rivals. Former “oligarchs” are not even fully managing their own offshore accounts, as at any moment they could be asked to allocate funds for the latest Kremlin ad hoc task.

When used by Russian media and propaganda network abroad, the term “oligarch” is not misleading by accident, but often by design. It is used to deliberately manipulate perceptions in Western media and society. Such manipulation has two complimentary goals. First, to present an illusion that there are indeed powerful wealthy individuals still

169 A Russian mob term that gained international recognition during the epic court battle between Boris Berezovsky and Roman Abramovich in UK High court.

somewhat independent from Putin. While they may not be nice, it still conveys a false image of considerable and meaningful plurality of opinion and power in Russia.

Secondly, an “oligarch” sounds sexy and flashy, at least some journalists and entertainment industry find them attractive and thus, at least subconsciously, worthwhile of emulation or some degree of respect. Most worryingly, however, these two complimentary goals when fulfilled serve to normalize and make “oligarchs” at least partly acceptable in the West.

Catherine Belton, an author of a recent best-seller *Putin’s People* said<sup>170</sup> that she also avoids using the term “oligarchs”. In her view, these former oligarchs are now vessels of Putin’s state. She started calling them billionaires, tycoons or custodians of the Putin’s regime. She also prefers not to call them businessmen either. “You are no longer an operator of the business in a western sense, you are not chasing interests of self-profit, you are servicing Kremlin’s interests”.

Luke Harding puts forward a similar view<sup>171</sup> that “oligarch” no longer means what the term used to mean before Putin. Now “even before oligarchs could touch their wealth, they allow to be instrumentalized by Putin’s Kremlin”.

At different times in my prior research, depending on the domestic or external task the Kremlin asks from a former “oligarch”, I have been defining them as cash and asset handlers, front men (they are indeed overwhelmingly men, not women), operatives, agents, conduits of influence. When it comes to Kremlin’s ad hoc tasks in the West, I have also used the term “underminers”<sup>172</sup> as ultimately, they are tasked to undermine western democratic values and institutions.

Some of these terms can be most relevant for specific research to highlight a particular aspect of their activity, however, most relevant for this study I believe is the term *kremligarchs*. It is an all-encompassing umbrella definition that includes all of the above meanings and is

170 In a recent interview with the author.

171 In a recent interview with the author.

172 Underminers - undercover, noxious-to-democracy emissaries, ringleaders, magnates, and infiltrators from Neo-Gulag expansionist regimes. For more discussion of the term used see <https://www.underminers.info/goals>

easily understood by all western policy-makers, think-tankers and journalists (I have already tested it in private conversations). In simple terms, it shows that under Kremlin influence “oligarchs” have been forced to become kremligarchs, losing any residual independence in politics or from Russian security apparatus that they arguably enjoyed before Putin came to power.

## ABOUT THE AUTHOR



Ilya Zaslavskiy is head of Underminers.info, a research project on post-Soviet kleptocracy. He is also Senior Fellow at Free Russian Foundation, first Russian Associate of the Academy of Leadership of the Royal Institute of International Affairs (Chatham House) and a former member of the Advisory Council of the Kleptocracy Initiative, Hudson Institute .

His prior research on Kremlin-led economic projects and oligarchs has been cited in Senator Benjamin Cardin's 2018 report on implications of Putin's assault for U.S National Security<sup>173</sup>, and his multiple papers have been published by the Atlantic Council, Council on Foreign Relations, Martens Centre, Hudson Institute, Free Russia Foundation and other leading think-tanks and NGOs.

Zaslavskiy has provided policy briefings on post-Soviet oligarchic networks, oil and gas issues, sanctions, kleptocracy and exports of corruption to USG officials in the executive and legislative branches, to UK and EU parliamentarians and former UK Prime Minister. He has also provided his insights to US, UK and French due diligence and corporate intelligence companies and US and European human rights groups.

Until 2010 Zaslavskiy worked in Moscow on hydrocarbon projects under Kyoto Protocol and in the gas stream of TNK-BP, BP's subsidiary in Russia. In 2008-9 FSB together with Kremlin-connected oligarchs fabricated him as a spy as part of their corporate raiding campaign run with criminal methods. The judge and key prosecutor from his case are now on the US Congress list of gross human rights violators under Sergei Magnitsky Rule of Law Accountability Act of 2012.

In 2016 Russian Financial Security Service Rosfinmonitoring tried to covertly tarnish Zaslavskiy and other US and Russian activists as suspect accomplices of the terrorist organization ISIS<sup>174</sup>. In 2019 Zaslavskiy's protonmail was one of several email accounts of western investigators that Russian intelligence tried to hack<sup>175</sup>.

Zaslavskiy holds an M.Phil. in International Relations from the University of Oxford and an Executive Master in Management of Energy from BI Norwegian Business School. The latter study was paid for by BP as a compensation for the fabricated case in Russia.

173 <https://www.foreign.senate.gov/imo/media/doc/FinalRR.pdf>

174 <https://www.npr.org/2019/06/12/731578176/report-russia-exploits-western-legal-systems-institutions-to-its-advantage>

175 <https://www.ft.com/content/876fb2d8-af92-11e9-8030-530adfa879c2>

# DISCLAIMERS

This report is written by Ilya Zaslavskiy in private capacity and his biographic data above is given only for background information. Organizations mentioned above did not contribute to this report and are not affiliated with it.

This paper adheres to a lawful coverage of all individuals and entities under US laws and cites only responsible Russian and English language (or other global) sources that have names of real authors, publication dates, online links or are otherwise publicly available through libraries and other means. It seeks to publish only trustworthy information for the benefit of public interest and to educate policy-makers and wider civil society.

If you find an omission or other genuine mistake in this publication, please communicate through contacts at [www.underminers.info](http://www.underminers.info) and changes will be made promptly or the information in question will be removed if it is indeed reflected incorrectly. A corrective statement will be issued on our resources.

Otherwise, this publication is protected by the First Amendment to the US Constitution and other applicable laws. If there are frivolous libel allegations or other actions sponsored by kleptocrats to intimidate freedom of speech, they will be rebuked and made available for public and law enforcement scrutiny.



[www.underminers.info](http://www.underminers.info)

Project “Underminers” has been carried out by a group of investigative journalists and activists from 2016 under the auspices of Free Speech LLC, a US-based entity. Design by © Free Speech LLC.

© Free Speech LLC. Washington, D.C., April 2021