

The Center for Public Integrity

<http://www.iwatchnews.org/1999/12/14/3319/fbi-tracked-alleged-russian-mob-ties-giuliani-campaign-supporter>

The Center for Public Integrity is investigating how billions of dollars of allegedly corrupted money from the former Soviet Union have found a haven in the United States, despite strict anti-laundering laws. Last month, the Center reported how a small San Francisco bank became a conduit for questionable funds as it, like many other banks around the country, aggressively pursued the cash from the former Soviet Bloc. Today the Center reports on how political campaigns, also aggressively chasing after cash, end up with equally questionable contributions as suspected Russian organized crime figures seek to move into the U.S. political mainstream. In future articles, the Center will show how the failure to sift the good money from bad is being replayed all over America.

A prominent commodities trader who acknowledges a business history with a reputed Soviet Bloc crime figure and a notorious arms dealer has been one of New York Mayor Rudy Giuliani's top campaign supporters. Giuliani is expected to be the Republican candidate next year for a U.S. Senate seat from New York.

Commodities trader Semyon (Sam) Kislin and his family also lavished thousands of dollars in contributions to Democratic Senator Charles Schumer, to the Clinton-Gore re-election campaign, to former Republican Senator Alfonse D'Amato and to a number of state and city politicians. Kislin sits on the New York City Economic Development Board.

Kislin is not alone among emigres from the former Soviet Union who have successfully established themselves in the United States while law enforcement agencies, particularly the FBI, track their alleged associations with organized crime. The Center for Public Integrity has obtained confidential law enforcement documents detailing the activities of dozens of the emigres, but authorities rarely make cases and still less share the intelligence outside their departments.

A 1996 Interpol report claims that Kislin's firm, Trans Commodities, Inc., was used by two reputed mobsters from Uzbekistan, Lev and Mikhail Chernoy, for fraud and embezzlement. And a confidential 1994 FBI intelligence report on the Brooklyn, N.Y., mob organization headed by Vyacheslav Ivankov, the imprisoned godfather of Russian organized crime in the United States, lists Kislin as a "member/associate" of Ivankov's gang. It claims that his company co-sponsored a Russian crime boss and contract killer for a U.S. visa and asserts that he was a "close associate" of the late notorious arms smuggler Babeck Seroush, who later settled in Russia.

In a telephone interview on December 17, Kislin confirmed he had employed Mikhail Chernoy at Trans Commodities, but said he didn't know Ivankov. "I never met this guy; I never saw him in my life," he said. He said that someone had forged his signature to obtain the hit man's visa. And, he confirmed, "I used to do business with Babeck Seroush."

Smuggling semiconductors

Seroush was indicted in 1984 by Giuliani, then the U.S. Attorney for the Southern District of New York, on charges of conspiring to smuggle semiconductors and night-vision goggles to North Korea. But West Germany, where he was living, declined to extradite him to the United States.

A federal law enforcement official who has investigated Seroush said that he was an Iranian-born communist who had immigrated to the Soviet Union in the 1970s and specialized in smuggling military high-tech equipment for the Red Army.

Kislin said he met Seroush, who he said also trafficked in narcotics in Russia, through the arms dealer's former wife, who was a personal friend. "I used to go to their house on the West Side in New York City," he said.

He said one deal with Seroush involved the shipment of 40 low-powered computers to Russia via Germany in the late 1970s, when even those had to be licensed by the State Department. He said he obtained the license and arranged for their shipment to Germany. He said that during transit the computers were illegally replaced by more powerful ones not covered under the license. "They were caught in Germany and they were put in jail. But they never called me, they never asked how I did business with him."

Reports by the FBI and Interpol, the international law enforcement intelligence-sharing agency, claim that Trans Commodities, Inc., had laundered millions of dollars and was used for fraudulent banking documents by the Chernoy brothers in the early 1990s as the brothers engineered the takeover of much of Russia's metals industry, notably aluminum, through alleged embezzlement, money laundering and murder.

Kislin said he had been thoroughly investigated by the FBI and has never been charged with a crime. He acknowledged that Trans Commodities employed Mikhail Chernoy as the company's manager between 1988 and 1992, but said he knew Lev Chernoy only in passing. "Mikhail Chernoy is the best man I ever knew," he said.

The FBI report claims that in the early 1990s, Mikhail Chernoy was "doing business as Transcommodities (sic), a New York based trading company which is known to have laundered millions of dollars from Russia to New York."

The 1996 Interpol report, citing Russian police, says that the Chernoy brothers were “also involved in business—ferrous metals—with the American company Trans Commodities Inc. The Tchernyis (sic) were suspected of letter of credit fraud in conjunction with this company as well as incorporation of fictitious companies and fictitious contracts and embezzlement of funds.”

Denies laundering funds

Kislin denied that his firm had ever laundered funds. “Never, never,” he said.

New York FBI spokesman Joseph Valiquette, told that the Center was preparing an article about Kislin based in part on FBI documents, declined to comment.

What the FBI and other law enforcement organizations knew or suspected was never shared with the public.

To his neighbors and friends, the 64-year-old Kislin, who immigrated from Odessa, Ukraine, in 1974, is an enormously successful businessman who generously shares his wealth with charitable causes.

And to Giuliani, Kislin is one of his staunchest supporters. Kislin and his wife, Ludmila, gave Giuliani a total of \$14,250 in direct contributions between 1994 and 1997.

In addition, when Giuliani’s campaign chest approached the maximum he could spend for re-election in