

Columbus Dispatch (Ohio)
December 24, 1994, Saturday

TAX SCAM DENIED BY SUSPECT; AUTHORITIES SAY RUSSIAN PARTNERS SOLD BOOTLEG OIL

BYLINE: Robert Ruth, Dispatch Staff Reporter
SECTION: NEWS LOCAL & NATIONAL, Pg. 1C

A 41-year-old New Yorker, accused of helping set up phony companies in Columbus and New Jersey to sell bootleg diesel oil in Ohio, pleaded not guilty yesterday in Columbus to three federal tax-evasion charges.

According to an indictment, Roman Kalika and his co-defendant, Eugene Slusker, 28, established three dummy companies in 1990 to buy 587,746 gallons of diesel fuel from a legitimate company - Lykis Oil of Milford, Ohio.

The two suspects, Russian immigrants from the Brighton Beach section of Brooklyn, then sold the oil in June and July of that year to 12 truck stops throughout Ohio without paying \$ 206,148 in federal and state excise taxes, the indictment says.

The indictment came on May 4 of this year. Slusker pleaded guilty on Sept. 30 before U.S. District Judge James L. Graham to one count of conspiracy to evade federal excise taxes.

Federal authorities in 1991 had charged Slusker with engaging in a similar bootleg operation in Long Beach, Calif., according to Oil Express, a petroleum industry trade publication.

Federal authorities also have linked him to at least two other Russian immigrants who allegedly have been involved in other bootleg oil and gasoline operations, the Oil Express reported.

Although organized crime from Russia was not mentioned in yesterday's hearing for Kalika before Graham, federal and state law enforcement officials have expressed concern about Russian gangsters' infiltration of the wholesale oil business in the United States.

These bootleg operations not only cost states and the federal government millions of dollars in lost tax revenue, but also undercut legitimate oil wholesalers, law enforcement officials say.

After Kalika's hearing in federal court, Kevin Durkin, Kalika's attorney, said his client has no police record and is not linked to Russian gangsters. Durkin characterized Kalika as a refugee who immigrated to the United States in 1977.

Kalika faces up to 15 years in prison and fines of up to \$ 450,000 if convicted of all charges. Slusker faces up to five years in prison and \$ 250,000 in fines.

Graham agreed with objections from Assistant U.S. Attorney Bradley D. Barbin and denied a request that Kalika be released on bond.

Testimony showed that in recent years, Kalika had stabbed himself and was hospitalized for psychiatric problems.

Court documents filed by the government describe Kalika and Slusker as dangerous criminals who could "harm . . . potential government witnesses." The documents also said the government fears the two men might flee the United States.

Kalika was arrested in New York on Dec. 5 and is being held in the Franklin County jail.

Columbus Dispatch (Ohio)
January 2, 1995, Monday

FEDERAL CASES POSSIBLY TIED TO ORGANIZED CRIME

BYLINE: Robert Ruth, Dispatch Staff Reporter

SECTION: NEWS LOCAL & NATIONAL, Pg. 2B

LENGTH: 786 words

Law enforcement officials for years have warned that the tentacles of East Coast organized crime often reach into the country's heartland.

Allegations in two recent federal cases in Columbus appear to back up those warnings.

The cases involve two Russian immigrants - Roman Kalika, 41, and Eugene Slusker, 28, who are charged with selling bootleg diesel fuel in Ohio - a 56-year-old Far West Side man - Joseph Balestra, accused of supplying weapons to New York Mafiosi.

The three defendants' alleged links to New York do not surprise U.S. Attorney Edmund A. Sargus Jr. "Much of today's crime is of an interstate variety," said Sargus, who oversees federal prosecutions in central and southern Ohio.

Selling untaxed fuel and gunrunning are two of the most widespread interstate crimes, he added.

The U.S. Justice Department is especially concerned with bootleg fuel, Sargus said. Illegal fuel sales not only cost states and the federal government millions of dollars in lost revenue but also threaten the economic stability of legitimate oil wholesalers, he said.

"People who are doing it the honest way are being underpriced, literally being put out of business, by the crooks," Sargus said. "Honest people are being penalized for paying taxes."

A four-count indictment charges Kalika and Slusker with creating phony companies in Columbus and Union City, N.J., to sell bootleg diesel fuel to 12 truck stops in Ohio.

Slusker pleaded guilty Sept. 30 to one conspiracy charge. Kalika has pleaded not guilty to three related tax-evasion charges and is being held without bond. His trial before U.S. District Judge James L. Graham is scheduled to begin Feb. 13.

After setting up the three "shell" companies, the two defendants illegally obtained copies of Internal Revenue Service forms allowing them to buy 587,746 gallons of home heating oil, the indictment alleges.

Slusker and Kalika then transferred the oil among their three phony companies, forged other IRS documents and eventually sold the oil as diesel fuel to truck stops without paying \$ 206,148 in taxes, the indictment charges.

Heating oil used in homes and diesel fuel used in trucks are identical in chemical makeup. But there is a major difference in price because no tax is imposed on home heating oil, while diesel fuel is taxed by states and the federal government.

Kalika's attorney, Kevin Durbin, recently denied that his client is linked to New York gangsters. Kalika does not have a criminal record and has been in this country since 1977, Durbin said.

Government prosecutors have not publicly mentioned any mob links. However, investigators privately make several points:

Before their arrests, both Slusker and Kalika lived in the Brighton Beach section of Brooklyn, N.Y., which is the center of activity for New York's so-called "Russian Mafia."

The alleged Slusker-Kalika operation in Ohio was similar to diesel fuel scams involving other Russian immigrants throughout the United States.

For instance, a fuel-selling operation that cheated the federal government, New York, New Jersey and Pennsylvania out of \$ 48.5 million in taxes set up the same type of phony companies that Slusker and Kalika are accused of establishing.

The East Coast operation's ringleader, Jacob Dobrer, a native of Kiev, Ukraine; 16 other people; and three companies were convicted in that case.

Slusker pleaded guilty to a federal conspiracy charge involving a similar fuel-selling setup in Long Beach, Calif.

Slusker's California scam was uncovered through the aid of a government informant, an October 1991 indictment says. Some of the meetings between the informant and Slusker and his co-defendants were secretly recorded through wiretaps.

During an Oct. 11, 1991, meeting, the wiretap recorded one of Slusker's co-defendants, who is also a Russian immigrant, threatening the informant.

"If you make another time wrong, I kill you," the indictment quoted the co-defendant as saying in a heavy Russian accent. "If something wrong, you get a bullet in the head."

Slusker served about one year in jail for the California conviction.

Balestra of 5349 Plumway Court is free on \$ 350,000 bond following his arrest in November on charges that he was a major arms supplier for four New York Mafia families involved in narcotics trafficking, counterfeiting, truck hijacking, armed robbery and extortion.

One of Balestra's alleged arms deals was negotiated April 21 in the lobby of the Embassy Suites Hotel at 2700 Corporate Exchange Dr., the government charges.

Some of Balestra's alleged customers were linked to the "Pizza Connection" drug ring that smuggled heroin to New York from Europe.

Columbus Dispatch (Ohio)
August 15, 1995, Tuesday

CLAIMS BY BOOTLEGGER IN DISPUTE; RUSSIAN MAFIA CASE

BYLINE: Robert Ruth, Dispatch Staff Reporter
SECTION: NEWS LOCAL & NATIONAL, Pg. 4C
LENGTH: 427 words

A diesel-fuel bootlegger's recent claims that he had reformed and was involved in legitimate investment deals apparently were exaggerations, according to evidence introduced in federal court yesterday.

The evidence was introduced during a brief sentencing hearing for Eugene Slusker, a reputed member of the Russian Mafia. Slusker pleaded guilty in September to selling 587,746 gallons of untaxed diesel fuel to truck stops throughout Ohio.

In an Aug. 4 hearing before U.S. District Judge James L. Graham, Slusker, 29, of New York, testified that he has put together several multimillion-dollar deals while working for New York investment and brokerage companies.

One deal involved the launching of a casino ship off Florida, Slusker told Graham at the earlier hearing. Another deal concerned the manufacture of reusable ink ribbons for word-processing printout machines.

Graham recessed the hearing for 10 days while federal authorities investigated.

Yesterday, Assistant U.S. Attorney James Wright introduced two documents that rebutted Slusker's claims.

In a letter to authorities, Jim Turcharelli, vice president of Vision Investments, said Slusker never worked for his company. On Aug. 4, Slusker claimed to have worked for the company for 14 months.

A written report by Fred Hoppel, an agent for the Internal Revenue Service, said a building that supposedly housed HSP Investments had been vacant for 14 months. Slusker also had claimed to work for that company.

Graham warned that years could be added to Slusker's sentence if portions of his sworn testimony are shown to be lies or exaggerations. Slusker faces up to five years in prison and a \$ 250,000 fine.

Graham recessed the hearing until Aug. 25 so that Slusker's attorney, Robert S. Wolf of New York, could have time to respond to the government's new evidence. After the hearing, Wolf said, "It will be addressed at the next hearing."

Slusker made the investment-deal claims in an effort to explain his whereabouts. Authorities had chastised him for failing to inform probation officers of changes in his residence and employment while he was free on bond.

Graham, in that earlier hearing, revoked Slusker's bond and ordered him to remain in the Franklin County jail until he is sentenced.

Slusker and a co-defendant, Roman Kalika, 41, were charged last year with cheating Ohio and the federal government of \$ 206,148 in fuel taxes. Kalika also pleaded guilty. He was sentenced by Graham in May to 18 months in prison. Both defendants emigrated from Ukraine.

BCSC target Pacific International in new Mafia indictment

Canada StockWatch

by Brent Mudry

February 6, 2003

In the latest case of U.S. authorities chasing Mafia-linked clients of Canadian brokerages, an associate of New York's Colombo organized crime family and nine others have been charged with securities fraud and money laundering in four penny stock pump-and-dump promotions through greased brokers. Eight targets were arrested in predawn raids Thursday by the agents of the FBI and the U.S. Postal Inspection Service in New York and Miami, while one was already in custody and another is at large.

The United States Department of Justice claims the ring rigged four Nasdaq promotions: Healthwatch Inc., Scottsdale Cigar Co. Inc., Clinical Aesthetics Centre Inc. and Metro Global Media Inc.

In a superseding indictment unsealed Thursday in United States District Court for the Eastern District of New York, authorities claim the alleged fraudsters, several of whom are well known to Canadian regulators, used offshore accounts at Mark Valentine's now defunct Bay Street brokerage Thomson Kernaghan and Pacific International Securities, a controversial Howe Street brokerage now in the midst of a landmark Canadian regulatory prosecution. Pacific International spokesman and compliance director, Richard Thomas, who was unaware of the Rizzo indictment until provided it by Stockwatch, declined immediate comment, citing the current BCSC proceeding.

This latest indictment traces out the alleged co-conspirators of Francesco (Frank) Rizzo, detained without bail since his Dec. 16 arrest on a criminal complaint identifying him as an associate of the Colombo La Cosa Nostra, or LCN, family. Mr. Rizzo, 43, of Glen Cove, N.Y., was arraigned on Jan. 31 on an earlier securities fraud indictment in this case.

The nine new defendants include repeat securities violators Angel Luis Lorie, 60, of Miami, and Gerard Burns, 54, of Scottsdale, Ariz., previously identified by the British Columbia Securities Commission as star bad-boy clients of Pacific International, Russian national Eugene Slusker, Glen Vincent Benussi, and five brokers at Centex Securities, a now-defunct U.S. brokerage fond of Vancouver deals: Douglas Alfieri, Louis Caesar Ceparano, David Brian Miller, Frank Matthew Savasta and Peter Jason Worrell.

In the arrest operation, Messrs. Burns, Alfieri, 38, of East Rockaway, N.Y., Ceparano, 38, of Melville, N.Y., Miller, 30, of New York, and Worrell, 30, of Syosset, N.Y., were arrested in New York and set for arraignment Thursday afternoon by U.S. District Court Judge Joanna Seybert at the federal courthouse in Central Islip, N.Y. Mr. Lorie, Mr. Benussi, 39, of Wellington, Fla., and Mr. Savasta, 33, of Lantana, Fla., were arrested at their homes in Florida, and set for initial arraignment in U.S. District Court for the Southern District of Florida before being shipped off to New York. FBI agents are seeking Mr. Slusker, alias Gene Shuskar, 36, a Russian national last known to be in Brooklyn, N.Y.

The arrests are the latest career achievements for Pacific International clients Ms. Lorie and Mr. Burns, alias Gerald Burns, prosecuted together by the United States Securities and Exchange Commission in 1997 for flogging \$2.7-million worth of worthless stock to Spanish investors. (Mr. Burns has also used other aliases, including Leonard Thoubburon and Gerard Thoubburon.)

The Rizzo ring was gearing up around the time the SEC targeted Mr. Burns and Ms. Lorie in for flogging worthless stocks to Spanish victims. On Sept. 30, 1997, Ms. Lorie Burns and Diversified Capital Resources Inc., a Miami-based investment banking company she headed and controlled, were barred by a federal judge in Florida from "recklessly offering or selling securities" and from acting as unregistered broker-dealers.

The same day, the SEC barred Ms. Lorie from participating not just in any penny stock offering, but

also from the securities industry in general. The lifetime ban included acting as a promoter, finder, consultant, or other person who engages in actions with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

The SEC complaint, filed Sept. 29, 1997, claimed Mr. Burns and Ms. Lorie sold \$2.7-million worth of share of VDS Enterprises Inc., based on false financials filed with the regulator. (All figures are in U.S. dollars.) The victims were told that VDS had acquired a garbage business in Venezuela, its anticipated annual revenues of \$45-million to \$50-million, it had assets of \$16.43-million, shareholders' equity of \$14.75-million and service contracts for \$100-million, none of which was true. In October, 1998, Mr. Burns was barred from acting as an officer or director of a public company, fined \$100,000 and ordered to pay disgorgement of \$2.7-million.

Ms. Lorie did not keep her nose clean for long. The SEC targeted her again in August, 2001, when it filed an action charging her, American Healthcare Providers Inc., her son and three others in an Internet market manipulation scheme. The SEC claims the group made at least \$1.47-million in illicit profits by pumping American Healthcare stock through bogus press releases and Internet chat site postings. The stock endured a 10-day SEC suspension in June, 2000, after the company falsely announced a major contract with a New York health program.

Mr. Burns is no stranger to handcuffs. He went to prison in May, 1988, on fraud charges stemming from the sale of unregistered securities, and was released in December, 1991. More recently, he and partner David Rowe were the key figures in the Cambridge International Bank and Trust debacle, an offshoot of Van Brink's First International Bank of Grenada prime bank scheme.

Mr. Burns and Mr. Rowe, investigated by the BCSC, the FBI, the SEC and numerous state securities regulators, were arrested in March, 2001, in the Cambridge case, a prosecution led by the U.S. Attorney's Office for the Northern District of California. The Cambridge indictment claims Mr. Burns and Mr. Rowe raised at least \$30-million from more than 300 investors in the U.S. and Canada, and the scheme involved accounts at Vancouver brokerage Union Securities, First Heritage Savings Credit Union, in the Vancouver suburb of Langley, and Lines Overseas Management Ltd. in Bermuda.

In the latest unflattering revelations about Mr. Burns, the current indictment claims he and Mr. Slusker, the Russian on the loose, secretly owned portions of Centex Securities, a brokerage, based in the San Diego suburb of La Jolla, Calif., recently shut down by the National Association of Securities Dealers. (Mr. Slusker also controlled a Centex account in the name of A.K. Arthur International Co.) The Rizzo ring operated out of Long Island, N.Y., branches of two dubious national brokerages, both since shut down, Centex and Jaron Equities.

The new indictment is especially embarrassing for Canadian brokerages Pacific International of Vancouver and Thomson Kernaghan of Toronto.

Pacific International is in the late stages of a lengthy precedent-setting hearing by the BCSC, which claims the brokerage had the misfortune of attracting and servicing far more than its Howe Street share of penny stock crooks, securities violators, criminals and other riff raff. The Canadian regulator launched its prosecution in July, 2001, in the wake of Stockwatch reporting numerous U.S. indictments and SEC prosecutions featuring Pacific International as an alleged stock and money laundering conduit for Mafia associates and other securities violators.

Shalom Weiss, recently extradited from Austria to Orlando, Fla., to start an 845-year prison term leads a list of 14 dubious clients noted by the BCSC in its notice of hearing, followed by Mr. Burns and Ms. Lorie. While Pacific International has not yet opened its defence at the BCSC hearing, it is expected to argue that despite allegations in FBI, SEC, U.S. Justice Department and other regulatory documents,

Mr. Weiss and Mr. Burns were never clients of the brokerage.

Thomson Kernaghan was shut down last summer by the Ontario Securities Commission and the Investment Dealers Association of Canada, largely stemming from numerous dubious transactions involving its head, Mr. Valentine. In the week following the OSC action, Stockwatch unveiled many dubious penny stock deals which caught the interest of Mr. Valentine and his brokerage.

Mr. Valentine is currently under house arrest with electronic monitoring in Florida, after waiving extradition in the wake of his Aug. 14 arrest at Frankfurt's airport as a key target of Operation Bermuda Short, a two-year joint RCMP-FBI undercover sting targeting 60 North American penny stock players for agreeing to bribe a mutual fund manager or to launder funds for a Colombian cocaine cartel. While legendary shorter Mr. Valentine and his Bermuda-based offshore front Paul Lemmon inspired the name Bermuda Short, Mr. Lemmon has since pled guilty and agreed to rat on Mr. Valentine.

The current indictment claims the Rizzo ring conspired to commit securities fraud through dealings at Jaron and Centex in New York, and from additional locations in the Miami area, and conspired to launder more than \$2.6-million of their illicit profits, between March, 1997, and May, 1998. Messrs. Rizzo, Benussi, Burns, Slusker and Lorie alleged gained control of large blocks of free-trading shares of Healthwatch, Scottsdale, Clinical Aesthetics and Metro Global, with the assistance of the indicted Centex brokers and unindicted unidentified Jaron brokers.

"The defendants used bank and brokerage accounts in the United States, Canada and the Channel Islands of Guernsey in the United Kingdom to launder approximately \$2.6-million in proceeds from the fraudulent sales of these stocks," states the U.S. Justice Department.

The targeted penny stocks performed quite well under the magic spell of the Rizzo ring, under the plug was pulled. Scottsdale Cigar shares peaked at \$5.37 in December, 1997, then plummeted to 44 cents by March, 1998. Shares of Clinical Aesthetics peaked at \$10 in November, 1997, before falling to 50 cents by the following March. Metro Global shares doubled to \$4 in January, 1998, then abruptly fell to \$2.50.

Alas, these stocks were hardly blue chip material and required hefty 30-per-cent kickbacks to interest the Centex brokers.

The indictment notes that Ms. Lorie, operating out of an office in Miami, used nominees to open foreign brokerage accounts. These included accounts in the names of VISP SA and Southcross Ltd. at both Thomson Kernaghan in Toronto and Pacific International in Vancouver. (A Howe Street source suggests the indictment may be partially incorrect, as Pacific International never handled an account in the name of VISP SA.)

Mr. Burns allegedly controlled trading of the targeted penny stocks at Centex. "He also controlled trading of the companies' stock deposited into the 'VISP SA' and 'Southcross Ltd.' brokerage accounts established by the defendant Angel Luis Lorie at Thomson Kernaghan and Pacific International," states the indictment.

Mr. Berussi, who acquired the office space used to house a Centex branch at Valley Stream, N.Y., controlled accounts at Centex and Barclays Bank PLC in the name of Barson's Holdings. He allegedly used the Barclays account and an offshore account in the name of Rum Ltd. at Bank of Butterfield in Guernsey as conduits to secretly transfer the proceeds of penny stock sales at Jaron and Centex to a bank account controlled by Mr. Rizzo, the Colombo Mafia associate, in the name of Emerald Security Consultants Inc. at Chase Manhattan Bank.

"Defendants GERARD BURNS, ANGEL LUIS LORIE, GLEN VINCENT BENUSSI and EUGENE SLUSKER established domestic and foreign brokerage accounts, including the VISP SA and

Southcross Ltd. accounts at Thomson Kernaghan and Pacific International, the Barsons brokerage account and the A.K. Arthur account to execute prearranged trades of stock in, among other companies, Scottsdale Cigar, MGMA (Metro Global) and CLES (Clinical Aesthetics) between these accounts, all for the purpose of artificially inflating trading volume in these stocks, generating market interest in these stocks, and fraudulently converting securities into cash by selling these stocks to members of the investing public that were led to believe that the companies had services and assets in excess of their true value," states the indictment.

The indictment also claims Mr. Rizzo, Mr. Benussi and Mr. Slusker, "together with others whose identities are known to the Grand Jury," hired brokers at Jaron and Centex, including defendants Messrs. Alfieri, Ceparano, Miller, Savasta and Worrell, to use "manipulative and deceptive practices" to artificially boost the stocks through a series of rigged trades.

"It was a further part of the conspiracy that the defendants FRANK RIZZO, GLEN VINCENT BENUSSI, GERARD BURNS, ANGEL LUIS LORIE AND EUGENE SLUSKER paid, promised to pay and caused others to secretly pay DOUGLAS ALFIERI, LOUIS CAESAR CEPARANO, DAVID BRIAN MILLER, FRANK MATTHEW SAVASTA and PETER JASON WORRELL, among other brokers, cash kickbacks and other forms of compensation substantially in excess of ordinary brokerage commissions, amounting to approximately 30 per cent of the sales they made of the Companies' stocks, to induce them to sell the Companies' stocks."

Among other things, the dirty brokers forgot to tell their sucker clients about their kickbacks, which included an \$1,150 watch Mr. Savasta received. In January, 1998, Mr. Rizzo, Mr. Burns and all the other defendants except for Ms. Lorie, traveled to Las Vegas for some sort of a shindig. The indictment notes the brokers were greased with a number of the bribes on Feb. 6, 1998, and Mr. Alfieri, apparently a stickler for detail, prepared a list a week later of the outstanding kickbacks owed to him and his five fellow Centex brokers for flogging the stocks.

All defendants, of course, including Mr. Rizzo, Mr. Burns and Ms. Lorie remain presumed innocent until proven guilty. If convicted however, they face maximum sentences of five years in prison for conspiracy to commit securities fraud, 20 years for money laundering, fines of up to twice the illicit profits gained, and civil forfeiture of up to \$2.6-million in real and personal property involved in the money laundering or traceable to the money laundering conspiracy.

10 Charged in Stock Swindle / Scam linked to crime family

Robert E. Kessler

Newsday

02-07-2003

An associate of Colombo organized- crime family captain John "Sonny" Franzese and nine others were charged yesterday with running a stock scam that swindled people across the country, most of them elderly, out of millions of dollars, officials said.

Eight of the accused were arrested yesterday by the FBI and the Postal Inspection Service on charges of securities fraud and money laundering. They are accused of operating the scam out of two defunct brokerage houses: Jaron Equities, formerly in Uniondale, and Centex Securities in Valley Stream. The victims lost at least \$2.6 million, officials said.

Anthony LaPinta of Hauppauge, an attorney for one of the defendants, Gerard Burns, 55, of Scottsdale, Ariz., and Ozone Park, said, "These were legitimate transactions by investors who were aware of the risks in a volatile stock market."

The swindle involved controlling large blocks of shares in inexpensive and lightly traded stock and then boosting their value by reporting phony trades, officials said.

The overvalued stock was then sold largely to senior citizens who had previously purchased little-traded stocks.

When the victims tried to sell their own shares, brokers used various stalling tactics because there were few legitimate buyers. Finally, the profits were laundered through overseas bank accounts, officials said.

Frank Rizzo, 42, of 12 Mechanic St., Glen Cove, the Colombo family associate who was one of the masterminds behind the swindle, is already in custody on related charges, according to Assistant U.S. Attorneys James Miskiewicz, Paul Kaufman and Suzanne Jaffe Bloom.

The stock scam operated between March 1997 and May 1998 and involved blocks of stock in HealthWatch; Scottsdale Cigar Co.; Clinical Aesthetics Centre; and Metro Global Media, officials said. The share prices of the stocks fluctuated wildly, officials said. Scottsdale Cigar was valued, for example, at \$5.37 a share in December 1997 and 44 cents a share in March 1998, officials said.

A 10th suspect, Eugene Slusker, of 1311 Brightwater Ave., Brooklyn, is being sought.

Defendants Burns and Louis Ceparano, 39, of 26 Threepence Rd., Melville, pleaded not guilty yesterday at an arraignment before U.S. Magistrate Arlene Lindsey at U.S. District Court in Central Islip.

Lindsey ordered Burns held pending a bail hearing. Ceparano was released on \$400,000 bail. Other arraignments were scheduled for later in the day.

Swindler wanted by Russia, USA arrested - newspaper

Vesti TV

Monday, July 21, 2008 T13:32:11Z

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Swindler wanted by Russia, USA arrested - newspaper

Text of report by state-owned Russian news channel Vesti TV on 21 July

One of the biggest crooks of the present, Odessa-born Yevgeniy Dvoskin, has been detained in Monaco, the Kommersant newspaper said. For years he was wanted by Russian and US law-enforcement agencies. He had dozens, if not hundreds of securities frauds under his belt and was also accused of laundering incredible sums of money (over 2m dollars). The (Russian) Kommersant newspaper said quoting the FBI that Dvoskin had been detained two weeks ago but his arrest was kept secret.

The investigation committee under the Russian Prosecutor's Office is already preparing an extradition request to Monaco. The US law-enforcement agencies also want to get hold of Dvoskin. He might get up to 25 years in prison there.

(Editorial note: Dvoskin is a Ukrainian citizen, after he moved to Moscow he obtained a Russian passport as well.)

(Description of Source: Moscow Vesti TV in Russian -- State-owned, 24-hour news channel launched in 2006 by the All-Russian State Television and Radio Broadcasting Company (VGTRK), which also owns Rossiya TV and Radio)

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Highlights: Russian, CIS Organized Crime 16-31 Jul

The following highlights include summaries of monitored reports on organized crime in Russia and the Commonwealth of Independent States during the period 16-31 July 2008. For assistance with multimedia elements, or to request translations of any reports mentioned in these highlights, please contact OSC's Customer Service Center at (800) 205-8615, (202) 338-6735, or by email at OSCinfo@rccb.osis.gov.

International -- OSC Summary

Tuesday, August 19, 2008 T11:29:57Z

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Legendary Fraudster Caught Yevgeniy Dvoskin (obozrevatel.com)

Yevgeniy Dvoskin, who was arrested in Monaco, faces fraud, racketeering and blackmail charges, and is also accused of murdering Russian bankers and laundering several billion dollars for Russian crime gangs. He is wanted not only in Russia, but also in the United States, where he has been arrested 15 times, getting away with fines after his numerous aliases caused judicial confusion. He was thrown out of the United States in 2001 and then moved from Ukraine to Moscow where he became involved with Dzhumber Elbakidze's gang, which specialized in money-laundering. Before Dzhumber Elbakidze, aka "Dzhuba," moved to Nice, his gang had controlled a dozen Moscow banks that were transferring dirty money to Georgia and other countries. Some of these banks were stripped of their licenses by Andrey Kozlov, the central banker who was murdered not long after. Many commentators were quick to link Dvoskin's arrest to the Arbat-Prestige affair and the arrest of Semen Mogilevich, in particular, but this suggestion is groundless or, at the very least, premature (24 Jul, <http://www.argumenti.ru/> www.argumenti.ru ; 26 Jul, obozrevatel.com).

DIALOG Update Date: 20080819; 08:36:43 EST

Descriptors: Crime

Geographic Codes: DNK; FRA; MCO; RUS; UKR

Geographic Names: Denmark; France; Monaco; Russia; Ukraine; Europe; Eurasia; North Europe; South Europe; Central Europe

Company Names: CHEROKEE INFORMATION SERVICES INC

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FBI Tracks 4 Suspects to Russia

24 April 2009

By Nikolaus von Twickel

The Moscow Times

FBI officials are in Moscow this week asking investigators for help in tracking down reputed crime bosses that are thought to be hiding in Russia, Rossiiskaya Gazeta reported Thursday.

In meetings with Interior Ministry officials, the agents from Washington are discussing the whereabouts of four fugitives, including Konstantin Ginzburg, whom they regard as the leader of the Russian mafia in the United States, the government newspaper said, citing a source in the Interior Ministry.

A ministry spokesman said Thursday that he could not comment on the report. A U.S. Embassy spokesman also refused to comment. The embassy's legal attache is the FBI's official representative in the country.

The FBI is also interested in locating reputed mobster Yevgeny Dvoskin, wanted since 2003 when a New York court indicted him on charges of securities fraud and laundering \$2.3 million, according to earlier media reports.

In 1995, Dvoskin shared a U.S. prison cell with Vyacheslav Ivankov, one of the country's most notorious reputed crime bosses, better known as "Yaponchik," the Rosbalt.ru news site reported last week.

Dvoskin, a native of Ukraine, was arrested last summer in Monaco and was involved in a "shady banking business in Russia," the report said. Currently, he is a witness in a multibillion-dollar money-laundering case, Rosbalt.ru and Rossiiskaya Gazeta reported. The only publicly known money-laundering case of such dimensions is the Russian government's \$22.5 billion lawsuit against the Bank of New York Mellon, which is currently being heard by a Moscow court.

Ginzburg, who is 37 and goes under the nickname "Gizya," is believed to be the leader of organized crime groups from former Soviet countries in the United States, a position once claimed by Ivankov, the reports said.

"The FBI hopes to get detailed information about all of Ginzburg's connections and to establish how dangerous he is for the U.S.," both reports said, citing no one.

The remaining two suspects sought by the FBI, Viktor Vulf and Alexander Gribov, are suspected of defrauding U.S. citizens of millions of dollars. Vulf has been accused of setting up fraudulent firms together with his wife, Natalya, and making off with \$50 million, the news reports said.

Rosbalt.ru reported that the couple had set up a Florida real estate firm, Sky Development Group, which is thought to be behind a massive real estate fraud scheme uncovered in 2006.

U.S. media at the time reported that a Russian-born couple calling themselves Victor and Natalia Wolf had set up a firm by that name and sold property in Florida's Citrus County that the company did not really own.

The Wolfs slipped out of the United States in October 2006, leaving more than 100 fraud victims and

taking more than \$20 million from fraudulent transactions, the Florida-based St. Petersburg Times reported in December of that year.

Most of the victims were from the Russian-speaking immigrant community, the paper said.

Gribov was linked to a ruse where a fake mail-order pharmacy claimed insurance payments in New Jersey and New York for psychiatric treatments that never happened. He and a suspected accomplice, Boris Sokh, are thought to have collected more than \$2.5 million before the scheme was uncovered in 2006. The reports said Sokh was arrested and Gribov fled the country.

The FBI's chances of getting hold of the suspects were unclear. Russia has in the past regularly refused to extradite its citizens on the grounds that the Constitution forbids it.

FBI hunts Russian mafia to Moscow

BYLINE: Dmitry Karelin

SECTION: NEWS

LENGTH: 492 words

DATELINE: Gazeta.Ru

A group of FBI agents is in Moscow to hold talks on possible cooperation with their Russian colleagues in cases involving two suspected mafia leaders, a government daily said on Thursday.

The Rossiyskaya Gazeta newspaper reported that the talks would take place at the same time as a meeting of a Russia-U.S. working group on cross-border organized crime.

The paper cited a source in the Interior Ministry as saying that the first man the FSB agents want to locate is one Yevgeny Dvoskin, also known as Yevgeny Slusker, who emigrated to the United States in 1990. During slightly more than 10 years in the country, Dvoskin was arrested 15 times by police and served a number of short prison sentences.

In 1995, Dvoskin found himself in the same cell as Russian crime boss Vyacheslav Ivankov, also known as Yaponchik (Little Japanese), according to the paper.

While there is no information on what influence Ivankov had on his cellmate, the FBI says that after his release, Dvoskin was responsible for illegally bringing about the depreciation of the shares of four large companies, which he then bought up at bargain prices. He was not charged and was eventually deported for breaking immigration regulations in 2001.

Two years later, he was put on a U.S. wanted list for fraud and money-laundering. However, by this time, he was already living in Russia and, according to the paper's Interior Ministry source, operating a "shady banking business." Investigations are currently ongoing into charges of money-laundering and the illegal transfer of several million dollars from Russia.

The paper said that the FBI was also interested in another suspected Russian crime boss, one Konstantin Ginzburg, who also goes by the nickname of Gizya.

U.S. agents believe that 37-year-old Gizya is the current "big boss" of U.S.-based criminal gangs made up of immigrants from former Soviet republics. The FSB suspect that it was Ivankov who handed over control of the gangs to Ginzburg. Rossiiskaya Gazeta reported that the FBI hoped to find out more about Ginzburg and how much of a threat he poses to the United States.

In 2002, Ginzburg was detained in the Moscow Region during a meeting of crime bosses but was released shortly afterwards, along with some 30 other detainees.

The paper said the FBI is also seeking two Russian businessmen. The first, Viktor Vulf, is wanted on charges of creating tens of fictitious construction firms in the United States, and collecting at least \$50 million in deposits from immigrants from former Soviet republics. He and his wife then fled with the money and are suspected to be living in Russia.

Alexander Gribov is accused by the FBI of setting up a chain of medical centers that existed only on paper in order to fraudulently claim money from insurance companies. Along with an accomplice, who has since been arrested, Gribov is believed to have stolen some \$2.5 million. The FBI has grounds to believe he is also living in Russia.

Russia: Financiers, Police Feature in Web of Corruption, Bribery Cases
Article by Yekaterina Karacheva: "Investigative Hodgepodge. New Cases and Characters
Appear in Large-Scale Investigation of Corruption and Financial Machinations"

Vremya Novostey Online

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The Investigations Committee under the MVD (Ministry of Internal Affairs), VremyaNovostey has learned, has instituted a criminal case against the well-known businessman and financier Yevgeniy Dvoskin. His name has recently been mentioned several times in connection with a whole string of scandalous investigations concerning both financial machinations and corruption. However, hitherto the law enforcement agencies have not officially filed complaints against him, while in one criminal case he features as a victim.

But now the Investigations Committee has suspicions that Mr Dvoskin had something to do with a group of unidentified persons who once extorted 10 million rubles from Mikhail Zavertyayev, former chairman of the board of Intelfinans Bank. Nobody has yet been charged, but according to available information, the Investigations Committee is planning to conduct a number of investigative operations in the near future.

The Investigations Committee instituted this criminal case on 5 June this year on the basis of a statement received from Mr Zavertyayev more than a year ago. It is not clear why things have begun moving only now. It can only be assumed that a part was played by Mr Zavertyayev's own numerous complaints and by the development of other criminal cases in which Mr Dvoskin also features.

Be that as it may, the investigators have put forward the following story. In December 2007 Intelfinans chief Mr Zavertyayev discovered information that a loan of 10 million rubles had been issued by his bank to a certain Nigma OOO (limited liability company) without justification. Mr Zavertyayev discovered that that firm had received the loan without the loans committee -- to which he himself belongs -- having been convened. In the course of the investigation an employee of the bank admitted that she had been unable to refuse a request from "a friend of hers" to issue the loan to Nigma, after which Mr Zavertyayev "gave instructions to annul the deal." A few days later, according to Mr Zavertyayev's statement, some strangers came to his office together with Yevgeniy Dvoskin. Threatening reprisals, they allegedly demanded that the banker give them the 10 million ruble loan. When Mr Zavertyayev refused he was cruelly beaten -- they smashed his head in and injured his kidneys right there in the office. Mr Zavertyayev was in the hospital for a long time, and when he was discharged at the beginning of 2008 he learned that this bank's license had been revoked for the unlawful encashment of large sums, and that these transactions had been carried out with the use of his forged signature.

Then the Investigations Committee instituted two criminal cases against persons unknown in connection with financial machinations through Intelfinans. In the course of the investigation it was established that between 5 and 25 December 2007 alone, more than 11.7 billion rubles had been put through Intelfinans. In total, according to the investigation's information, something like 100 billion rubles was encashed through the bank and taken abroad, and neither the dispatcher nor the recipient has yet been identified

for sure. Apparently the funds were transferred from the accounts of two limited liability companies -- Vist and Lion -- and the end recipients were several foreign firms -- Bridgeboard Ltd, Anondemey Ltd, Apus Ltd, Eridanus Ltd, and Oktans Commercial Ltd (company names as transliterated), accounts for which were opened in Latvian and offshore banks. Several cases were also instituted with regard to Intelfinans employees involved in the encashment of money, but none of these cases has yet come to court.

Mr Zavertyayev's statement about his beating and the extortion of money from him, in which he asked that criminal proceedings be taken against Dvoskin, has remained unsatisfied for a long time. It cannot be ruled out that the reason is another criminal case in which Mr Dvoskin also featured and which ended in a major corruption scandal.

Also in 2007, the Investigations Committee instituted a case with regard to fraud in Dagestan, and one of the witnesses being questioned in this case said that "someone called Dvoskin" was behind the money encashment transactions. After this, two agents from the central apparatus of the Russian Federation MVD (both with the rank of major) -- Dmitriy Tselyakov, deputy chief of Section 7 at the 10th Operational Investigations Bureau (for combating corruption) of the Department for Combating Organized Crime, and Aleksandr Nosenko, superintendent for particularly important cases in Section 4 of the 8th Operational Investigations Bureau of the Department for Economic Security -- launched operational proceedings and bugged Dvoskin's telephones. For their part, the Investigations Committee investigators issued a warrant for a search of Dvoskin's rented dacha at the Rus leisure complex in Solnechnogorskiy Rayon, Moscow Oblast. As a result they found and confiscated "a full-scale model of a Mauser pistol, not suitable for firing, and bullets for a TT pistol."

A few days later Dvoskin "was approached by an agent of the Russian MVD central apparatus who introduced himself as Solovyev." He offered assistance in releasing the suspect from accountability for possession of bullets. Admittedly police officer Solovyev asked for a reward of \$1 million for his help, supposedly for the Investigations Committee leadership.

On 18 October 2007 Mr Dvoskin submitted a complaint to the Russian Federation MVD Main Administration for the Central Federal District concerning extortion of a bribe. Investigators established that police officer Solovyev was in fact Lieutenant Colonel Aleksandr Sharkevich, an employee of that same 10th Operational Investigations Bureau (for combating corruption). On 20 October Dvoskin, according to this particular criminal file, handed Sharkevich the first tranche -- \$100,000 -- at a meeting in the Duset XO restaurant on Novinskiy Boulevard. On 23 November Dvoskin's driver took the "well-wisher" a further 349,500 euros. After that, Sharkevich was detained and taken for interrogation to the Moscow administration of the SKP (Investigations Committee Under the Prosecutor's Office), where he was charged with incitement to bribery, and the court authorized his arrest. During a search of his home they confiscated ammunition and documents containing information constituting state secrets. After that, they added another article to the charges against Sharkevich -- unlawful possession of ammunition.

During this investigation, on 27 November 2007 the SKP conducted a search at the Investigations Committee (under the MVD) itself, and confiscated documents and copies of documents confirming that MVD staffers had conducted investigative and operational measures against the victim Dvoskin without justification. After that, Dvoskin was included in the witness protection program and was assigned 24-hour protection by FSB (Federal Security Service) staffers. The actual case relating to extortion of bribes was handed over for further investigation to the Main Investigations Administration of the SKP, and was classified as secret. In the final version, Sharkevich was charged with fraud and the possession of ammunition.

This case was examined at Moscow City Court in camera with the participation of a jury, who in March of this year acquitted Sharkevich of fraud but found him guilty of the possession of ammunition. As a

result the police officer received two years in the colony.

However, that is not the end of Sharkevich's story. Vremya Novostey has learned that a Moscow businessman, on learning of Sharkevich's arrest, submitted a statement to the SKP saying that back in 2003 the convicted police officer had extorted a bribe from him too, to avoid the criminal prosecution of his business partner Nikolay Zimin (the surname has been changed). According to the complainant, Zimin was arrested for large-scale embezzlement, and soon Sharkevich himself approached his colleagues, introducing himself as a staffer of the Department for Combating Organized Crime. The police officer promised an acquittal in the Zimin case in court and received \$700,000 for that purpose, but the defendant, far from being acquitted, was sentenced to an actual (not conditional) prison sentence. As a result a new charge of fraud was brought against Sharkevich the other day, and yesterday the Zamoskvoretskiy Rayon Court authorized his arrest.

As for agents Nosenko and Tselyakov, recently the SKP completed an investigation of their case, in which Lithuanian citizens Vadimas Kastuevas and Alexandras Baidenko are also charged. According to the investigators they extorted 1.5 million euros from Petr Chuvilin, first vice president of the Industrial Credit Bank (Inkreditbank) Commercial Bank OOO and general director of the Spartak hockey club. Despite the defendants' statement that they have been "slandered and the case is fabricated," the SKP sent it to the courts.

(Description of Source: Moscow Vremya Novostey Online in Russian -- Website of liberal, small-circulation paper that sometimes criticizes the government; URL: <http://www.vremya.ru/>)

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**Russian Financial Analyst "Appalled" by Corrupt Interior Ministry Officials
Aleksy Viktorov, Aleksandr Pavlov interview with Yevgeniy Dvoskin, a Russian financial
analyst, time and place not given: "Yevgeniy Dvoskin: 'I Am Appalled by What Corrupt Interior
Ministry Officials Are Doing with the Law'"**

Nezavisimaya Gazeta Online

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Some people consider him a hero. Others an international Mafioso. Some people in uniform shudder when his name is mentioned. And journalists invariably demonstrate a heightened interest in him. Although they sometimes write the most contradictory things about him. Our interview today is with Yevgeniy Dvoskin, a person who has declared war on "bent cops".

(Interviewer) Yevgeniy, to the best of our knowledge you have officially been under state protection for almost two years now. What kind of a feeling is that - being under observation, being constantly with strange people?

(Dvoskin) I would not wish it on anyone. For example, a friend arranges a meeting at a restaurant with you, you go there but they will not let the bodyguards in: they say, you cannot come in with weapons, this is a private establishment, we have our own rules. You have to make yourself scarce, and ask your friend to go somewhere else. How will he look at you after that? But I have chosen this path myself and I understand that this is necessary and I am not complaining.

(Interviewer) What did it all start with?

(Dvoskin) With the illegal search of my home. On 8 September 2007 I was abroad with my wife. I got a telephone call: Yevgeniy Vladimirovich, hello, this is investigator such-and-such, we are conducting a search at your home. I say: but I am abroad. No problem we will break down the door. There is no need to break down the door, I say, the nanny is there with our child and two dogs. We will shoot the dogs, they say. I say you do not need to shoot anyone, they will open the door for you.

Fifteen people go round, the search starts. Our fourteen-month-old child is there with the nanny. The nanny incidentally, was taken to the village government building after the search, for five hours of questioning. Our daughter was left alone in her cot. When the nanny returned home, she saw that the child was completely blue from crying. We then spent a year trying to restore her peace of mind, she constantly woke up at night after this, and started to cry. I do not understand what they could have spent five hours talking to the nanny about. She hardly speaks Russian, my child's first word was in Ukrainian. Moreover, no one took responsibility for these actions: they sent an answer that everything was done in line with the law.

During the search process they "found" 70 cartridges lying in the most conspicuous place. I have four children, dogs. Can you imagine that a normal person would keep such things openly in their home in that case, without fearing an accident?

(Interviewer) And who were the witnesses?

(Dvoskin) Two people who arrived with them in the bus acted as witnesses. It later turned out that these same witnesses accompanied the same group on a search at the home of my partner and friend

in Krylatskoye. Then they wanted to take a walk along the Istra.

(Interviewer) Mobile witnesses...

(Dvoskin) Yes. The funniest thing is that when the investigation into my complaints was carried out, it turned out that not a single one of the witnesses existed: there were not even any passport numbers in the report, nothing.

(Interviewer) That means the report was invalid.

(Dvoskin) Nothing is valid. When I returned I lodged a complaint with the Prosecutor's Office, asking on the basis of what criminal case the searches were carried out at my house. And they answered me officially that there were no cases relating to me. So the search was conducted on a case where I am not listed in any documents as either a witness, or a suspect, or anything.

After what happened, my colleague introduced me to a certain Solovyev who said he was a lieutenant-colonel with the Interior Ministry and he stated that I had very serious problems which needed to be solved. It subsequently turned out that Solovyev is Colonel Sharkevich in the DBOPiT (Department for the Fight against Organized Crime and Terrorism), which has now already been disbanded, and he suggested that I hand over 1.5 million dollars to him for the matter of the cartridges to be resolved.

(Interviewer) But why do you think that they suddenly started taking an interest in you, if you were not part of a criminal case?

(Dvoskin) I can only guess of course. At that moment I had declared quite a significant income, on which I was paying tax. But I am sure that this was not information from the tax service. It is possible that there was a list of people that they were working on commercially, as it were.

To be honest, I did perhaps give some thought to whether I should resolve the matter with this colonel or not. It was clear that this was the police, it was clear that they could spoil my life. I would perhaps have bought it on the conditions proposed. If it had not been for the episode with my child. If they had not handcuffed my mum during the second search - they wanted to take her off for interrogation. They did not let the ambulance into the village for my father at that time. How can you do business with such people? And I decided to see it through to the end. I have been living with this for two years.

(Interviewer) What did you do then?

(Dvoskin) I understood clearly: money was being extorted from me. I also understood that I was not dealing with bent cops, but with uniformed gangsters who had harmed my child. For me there are two important things in this life - these are my family and my parents. Nothing else exists for me. So they planted cartridges on me and I am supposed to resolve matters with them? I went and gave a statement that money was being extorted from me. Sharkevich was arrested in the act of receiving 395,000 in marked money, which my driver was handing over. He even asked me over the phone: listen, why is the package so small? I answered that the money was not in dollars but in euros. Where does a policeman get such money from?

It became clear that I was not the only victim of racketeers. I am now a witness in a second criminal case against Interior Ministry employees. Following a statement made by the banker Petr Chuvilin, Interior Ministry employees Tselyakov and Nosenko, whose manager Lt-Col Shantin also dealt with my searches, were arrested.

(Interviewer) It has been written in the press that a criminal case against you was also instigated this summer. You allegedly beat up a banker who did not want to carry out your illegal financial operations via his bank.

(Dvoskin) Those who organized this farce did not take into account that on precisely the day and the

time when, according to the banker, the attack on him occurred, I was giving evidence at the Prosecutor's Office. Moreover, I was already under state protection at that time. So those guys helped me settle scores with the poor businessman whose name, I think, is Zavertyayev. A very interesting story results there.

(Interviewer) And the details?

(Dvoskin) If you look into the details, if you study the case files, you will be horrified by what is being done with the law by those who are meant to be defending it. Thus, on 5 December 2007, this same "beaten-up" Zavertyayev gave a statement to the police that he had been beaten up by "unknown individuals". That is, he did not know who beat him up. And that is how the case progressed - in relation to unidentified individuals. They even wanted to close it several times since it was not possible to establish the identities of the banker's aggressors. And then suddenly, in June 2009 - almost two years later - he "remembered" who was the main malefactor and he gave a statement: two years ago: Dvoskin beat me up, I ask that a criminal case be instigated. At the same time, the old case with all his evidence, the evidence of witnesses etc. was being investigated in parallel. But even this is not everything. Only two years later did I learn that as early as the next day after this same Zavertyayev had given a statement that he had been beaten up and official explanations had been given to the police on this subject, even then - on 7 December 2007 - Bastrykin, the head of the Investigative Committee under the Prosecutor's Office, had received a document stating that I had brutally beaten up Zavertyayev two days before and the latter had identified me from a photograph!

(Interviewer) Why then did the eminent police chief not immediately arrest you if he possessed such secret information, which even the victim himself did not know?

(Dvoskin) Well that is the question. It was already after this that the Krasnoselskiy Internal Affairs Department in Moscow, which was investigating the case of the beating, issued me with a certificate stating that my name had not been mentioned in the case a single time. So I drew the conclusion that this banker was simply being used as a plaything by corrupt security agents. I was secretly told that sooner or later I would be shut up whatever happened - that is, they would get their revenge. Even if I was selling meat pies at Kievskiy Station. But I do not intend to sell meat pies.

There was another case when they wanted to detain me illegally. Three summonses to give evidence were lodged with the court, in which someone else's signature was placed underneath my name, confirming receipt. They tried to pass it off as mine but the forger was betrayed by the fact that the wrong address was on the summons - I do not live there so I simply could not physically have received them there.

(Interviewer) People say that you often take the newspapers to court, that you bring punitive action against them.

(Dvoskin) It is not about money, the point is objectivity. For example, last week an article was published in a well-known magazine where they tried to present me more or less as loose change in a mythical struggle between the security services. But how can we talk seriously about this when specific people are caught red-handed committing specific crimes?

(Interviewer) What would you do if you became interior minister?

(Dvoskin) People's salaries need to be increased, then they would appreciate the honor of the uniform.

(Interviewer) But there is no money, is there?

(Dvoskin) Unfortunately, we have money, we should not deceive ourselves. We are a country, which possesses resources, raw materials resources, with a big budget. And as a result, a young person today enters a police academy making a single calculation - earning money. This situation is aggravated

by the impunity of corrupt employees: they get away with everything. A traffic policeman who has taken a hundred roubles is arrested. Or you have the episode with Major Yevsyukov. What has to happen for departmental managers to notice the criminals in their ranks? They have to kill someone, destroy someone's life. For the father or mother, or wife, of the victim to start raising the alarm out of hopelessness. I have found myself in my current situation because I was backed into a corner: I could have accepted Sharkevich's financial terms but my life would have ended with that. When criminals kidnap someone they kill them after they have received the ransom - why do they need a superfluous witness? After I had given them the money for the injustice they would have had to put me in prison so that I kept quiet: it would be difficult to write letters to the president from there - they are not read. Lawlessness needs to be curtailed, submitted to the court of public opinion. From Nezavisimaya Gazeta's Files

The well-known financial consultant Yevgeniy Dvoskin is a witness in cases relating to crimes committed in office by employees in the Interior Ministry who monitor the banking sphere. With his assistance, top managers in the so-called banking group of the Investigative Committee (SK) under the Russian Interior Ministry and the Department for the Fight against Organized Crime and Terrorism (DBOPiT) have been arrested and brought to trial.

(Description of Source: Moscow Nezavisimaya Gazeta Online in Russian -- Website of daily Moscow newspaper featuring varied independent political viewpoints and criticism of the government; owned and edited by businessman Remchukov; URL: <http://www.ng.ru/>)

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Claims That Exposed Russian Spies in US Were Laundering Money for High-Ranking Officials Report by Ilya Barabanov, 05 Jul; place not given: "Who's Last? Siloviki Search for Someone To Blame in Fiasco"; accessed via The New Times Online

The New Times Online

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The arrest of Russian spies in the United States apparently threatens a new war among siloviki. The New Times has observed "active measures" to leak "correct" stories and provocations to the media.

A couple of hours after the news broke about the arrest of Russian spies in the United States, Petersburg businessman Vadim Glazkov called his business partner in Moscow, the banker Mikhail Zavertyayev, and told him sensational details about what the Russian citizens arrested in America had in fact been doing. Glazkov, who is the head of the Petersburg Fuel Company (PTK) and who worked for the KGB from 1984 to 1992 and later with Vladimir Putin in Petersburg city hall, told Zavertyayev that on 30 June he was flying to Moscow for the day and would bring along certain sensational documents. The essence of the story he laid out boils down to the following: the spies' main purpose was by no means information but money laundering, legalizing the huge sums being taken out of Russia by high-ranking officials practically led by Prime Minister Vladimir Putin. The banker Zavertyayev told The New Times correspondent this on the evening of 29 June in the lobby bar of the Petr I Hotel on Neglinnaya Street, across from the Central Bank.

Criminal Vertical

According to his story, the illegals and agents who settled in the United States were supposedly subordinate to the FSB (Federal Security Service), not the Foreign Intelligence Service. It took shape back in the 1990s, with the participation of crime boss Vyacheslav Ivankov (Yaponchik), who was killed in Moscow on 9 October 2009. "The arrestees can be divided into three conditional groups: old-timers who came to work back under Yaponchik; younger "spies," who were recruited, with the help of the Chekists, by financial swindler Yevgeniy Dvoskin, who is married to the cousin of Yaponchik's last wife; and very young people who were brought in by Dvoskin's aide, Ivan Mazin, who was in the United States from January to May 2010," the banker Zavertyayev asserted. The banker had and has reason not to like Yevgeniy Dvoskin. In late 2007 Zavertyayev's bank, Intelfinans, was seized by a raider group led by Dvoskin (The New Times reported on Dvoskin's raiding activities in detail in issue no. 41, 4 August 2008), after which the banker landed in the hospital for two and a half months with a bashed head. Zavertyayev has not been able to get his business back to this day and recounts how Dvoskin and K(deg) used seized banks (about 40 total) to take large sums abroad. Behind the financial swindles, according to him, was the FSB, and at the head of the chain was the service's first deputy head, General Sergey Smirnov; Vladimir Kryuchkov, who resigned from his post on 27 February 2010 (on General Kryuchkov's highly beneficial activities, see The New Times, no. 17, 24 May 2010), directly supervised the Yaponchik-Dvoskin connection. Also brought into the criminal scheme were highly placed TsB (Central Bank) officials. The scheme described by the banker looked like this: money was taken abroad through the seized banks and was distributed further around the world through the Austrian Raiffeisen Bank,* which is controlled by the Kovalchuk brothers. "About 65% of the money taken out went to the States, where it was supposed to be legalized by the group caught by the

American special services," Zavertyayev asserted.

To the Kremlin via Washington

This story also implied that the scheme to cash out using the illegals also became known to President Dmitry Medvedev, who at his recent meeting with US President Barack Obama made it clear that he would not object to the dissemination of this information. But that's still not all. As a result of the arrest of the 11 spies in the United States and the subsequent lawsuit, this story declares, Prime Minister Vladimir Putin should renounce his claims to the Kremlin in 2012. Apparently, the Americans took the side of Medvedev, with whose advent a "reset" began in bilateral relations, and they are actively helping him rid himself of his dangerous competitor before the campaign begins.

The documents that former Chekist Vadim Glazkov supposedly brought to Moscow from Petersburg were supposed to confirm this story. He planned to hand them over to journalists with the help of former FSB Captain Kirill Kabanov, who is the head of the National Anticorruption Committee and a member of the Presidential Advisory Council on the Development of Civil Society. Journalists were informed of this in bilateral meetings with a slew of influential American, British, and Russian media. And this was supposed to happen on 30 June. So that on the day when all the world media were discussing the degree of sexuality of the exposed agent Anna Chapman (Kushchenko), several publications at once on different sides of the ocean and gulf were working on the "financial-laundering" version of the spy scandal. It became obvious that a large-scale provocation was being prepared utilizing a dozen publications all over the world. And sooner or later this version would appear in some Western tabloid. For exactly this reason The New Times decided to talk about this story.

Ambiguously Said

Journalists never did see the evidence. Glazkov supposedly met in Moscow with FSB Director Aleksandr Bortnikov, who supposedly ordered him to give up his idea of dragging the world press into this story. And Glazkov -- no matter what, there is no such thing as a former Chekist -- obeyed his order. Bortnikov supposedly promised to take up the matter personally and punish those guilty and proposed not striking a blow at the reputation of high-ranking officials.

On 1 July it was obvious that the documents were not going to end up with the press. After this the sides' testimonies differ. Banker Zavertyayev calls the documents Glazkov brought evidence; Anticorruption Committee Chair Kabanov says that the report he brought contains a deciphering of Dvoskin and Mazin's telephone conversations with Anna Chapman and Mikhail Semenko, moreover the document's authenticity is greatly in question, according to him. In a telephone conversation with a journalist from a certain American publication at which The New Times correspondent was present, Vadim Glazkov expressed extreme surprise that information had reached the press in general about Dvoskin's connection with the arrested spies and stated that he had met with his old FSB colleagues and not personally with Bortnikov.

Operation or Provocation?

With the help of its sources, including bankers who also suffered from the actions of Dvoskin's raiders, The New Times attempted to verify the story offered journalists by Glazkov and Zavertyayev. Some of our sources assume that these kinds of financial machinations may very well have been going on; others think them unlikely. Still others simply twist a finger at the temple, reminding us that Prime Minister Putin's friendship with such powerful of the world as Silvio Berlusconi, the Prince of Monaco, and Gerhard Schroeder means he does not have to make use of the services of individuals being sought by Interpol. The New Times' sources in the United States insist that the arrested illegals were not engaged in the large-scale laundering of money from Russia; the charges brought against them were connected with the money they brought into the United States for expenses: the maximum one-time

amount was \$300,000, which is kopeks in comparison with the money being taken out of Russia. Mark Kramer, director of the Harvard Project for Cold War Studies, agrees with that point of view. He thinks that the charge of money laundering contained in the FBI documents presented to the New York court concern instances of bringing cash into the United States that went to pay for the agents' work and expenses. Kramer thinks that the FBI is utilizing the article on illegal financial operations (up to 20 years' prison) as a bargaining chip with the arrestees. If they testify, that article could be taken off the table. One former intelligence officer also considers the Glazkov and Zavertyayev's story fabricated. "The transfer of large sums of money to bank accounts in the United States is tracked very seriously," he says. "There is always a 'tail,' that is, a source of the money transfer, which the special services know how to trace back. This is why the intelligence service brings in the money for its agents in suitcases," a retired KGB colonel explained.

"Active Measures"

More than likely, there is some truth mixed in with the fabrication in the story offered to journalists. It is on this very principle that the "active measures" so beloved by Chekists are constructed. Question: Who ordered this measure this time? Also surprising was the fact that representatives of one of the clans of siloviki, even if they had dreamed up this story from start to finish, in order to justify their unprecedented fiasco in the United States, exhibited Prime Minister as the last in line. What are they, kamikazes? At the moment the few media that connected the Russian illegals arrested in the United States with the deceased crime boss Vyacheslav Ivankov and the internationally sought Yevgeniy Dvoskin went to press, a site appeared from the Rosbalt news agency, which belongs to the wife of Viktor Cherkosov, the former head of Gosnarkokontrol (Federal Service for Control Over the Trafficking of Narcotics and Psychotropic Substances), who was recently fired as head of the arms supplies commission. Cherkosov was the first member of the Putin team shown the door of the highest offices of Russian power. The same Cherkosov who allowed himself to go public and state that the country had "taken the Chekist hook and was hanging from it," and this "hook" was being eaten away by "internal rust." The corporation could not forgive Cherkosov this. Did the general try to inflict an answering blow? But people from his circle assert that the colonel-general has nothing to do with this, and the journalist, the author of the item on Rosbalt, has already submitted his resignation. Then who?

Anna Kushchenko married a Britisher, psychologist Alex Chapman, in 2002, and they divorced four years later, in 2006. According to Alex Chapman, his wife was under the powerful influence of her father, Vasiliy Kushchenko, who, as Anna told him, was a high-ranking associate in Russian intelligence who had worked under diplomatic cover in the Russian embassy in Zimbabwe. Chapman says that her father had tremendous influence over Anna. England's MI5, which is responsible for counterintelligence operations inside the country, is now checking to see whether papa Kushchenko recruited his own daughter, England's Daily Telegraph writes. On 26 June 2010, Chapman went to meet someone named "Roman," who, as we now know, was a secret FBI agent. By all accounts, she realized this. In any case, right after the meeting she bought a Motorola telephone under a fictitious name and an international SIM card for it. Evidently she called Moscow. Kushchenko-Chapman did not show up for their 27 June meeting. For the FBI this was a signal that she was getting ready to flee, so they arrested her immediately.

According to his LinkedIn page, 26-year-old Mikhail Semenko graduated from Amur State University and then studied at the Technological Institute in Harbin. In the United States he lived in Washington and worked for a firm that organizes private trips to China and Russia. According to the FBI, he was "used for secret contacts." Like Chapman, Semenko fell for a secret FBI officer, who suggested that he put \$5000 in a hiding place under a bridge. Unlike Chapman, he carried out the assignment, which, by all accounts, allowed the FBI to ask the court to arrest him.

* The New Times published its investigation into the removal of money from the country through the

Russian Diskont Bank and the Austrian Raiffeisen and the connection between this story and Andrey Kozlov's murder in a series of issues in 2007 and 2008. This investigation, along with the publication of an article, "The Kremlin's Black Till," became grounds for declaring the magazine's correspondent Natalya Morar "a threat to national security" and prohibiting her entry into Russia, which is still in effect.

(Description of Source: The New Times Online in Russian -- Website of outspoken Russian-language weekly news magazine owned by the Lesnevskiy family and featuring prominent anti-Kremlin journalists; URL: <http://newtimes.ru>)

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