

Russian secret service, ministry said vying to control "illegal" banking sector

Anonymous. *BBC Monitoring Former Soviet Union* (Aug 1, 2011).

Text of report by the website of Russian newspaper Novaya Gazeta, often critical of the government on 22 July

[Article by Leonid Nikitinskiy entitled "Who is Mister Dvoskin?"]

A fierce war is in progress among the security services over the control of illegal banking operations. The size of the operation is comparable to the VVP [GNP] of Russia. The war has a key front man and scores of victims. Here you will learn:

how the "second budget" of Russia is crafted; why the "Black One Hundred" of the FSB [Federal Security Service] Director is protecting a person who is facing up to 35 years of imprisonment; why the highest leadership of the MVD [Ministry of Internal Affairs] gave up its best intelligence officer; what happens to directors of banks who refuse to transform their banks into "coffers of the security services"; and what the FSB came to talk about with MVD spetsnaz [special forces] troops right in the building of the Investigative Committee.

Forward

With this investigation by Leonid Nikitinskiy, "Novaya Gazeta" begins a series of articles concerning how and for whom the "parallel budget" of Russia is funded and how the main corruption schemes function, schemes that over the last 10 years have been streamlined into a vertical management structure that has become the only functioning vertical management structure in the country.

According to the rough estimates of experts (and no one has computed this with precision), the "parallel budget," i.e., the flows of "grey money" and "black money" for ultimate beneficiaries who are officials, top security service leaders, and the top criminal hierarchy, is fully comparable in its overall amount with the budget that is compiled for various purposes every year by the Government and confirmed by the Federal Assembly. Its fundamental difference is that the "parallel" financial flows end up in the accounts of off-shore companies in foreign banks, and not in hospitals and schools.

This phenomenon has been discussed seriously and factually three times. It was discussed several years ago, in the context of the scandal surrounding the "Diskont" Bank, through which serious people pumped serious sums of money. The scandal subsided, and its only consequence was the expulsion from the country of the journalist, Ms Morar, who had published a journalistic investigation on this subject. The second time it was discussed was after the murder of the Deputy TsB [Central Bank] Chairman Kozlov, who had decided to step on the tail of the money laundering banks. (This all ended with merely the investigation of the murder itself and the imprisonment of the banker Frenkel, who was far from the main participant in the extensive scheme.) And it surfaced for the third time in connection with the "Magniskiy Affair," after

Magniskiy exposed one of the segments of the "parallel budget" and consequently died in prison. It was precisely the "Magniskiy Affair" that served as the detonator of public and expert interest in this problem. New names and new details began to surface both about previous cases, as well as about thus far unknown criminal cases. And the principals in these cases unexpectedly began to speak out. And it became understandable why not a single investigation was ever brought to a conclusion: because the corrupt vertical management structure is headed by the top managers of the state, and the main executors are officers of law enforcement organizations and the intelligence services.

The Editors

In this sketch (actually, in several sketches combined by one actor) there will be so much that is incompletely understood, lied about, or shrouded by state secrecy, that it would be best to start with the obvious. The number of luxury automobiles that each one of us see on the streets and the number of palaces that we observe on all sides could not belong to simply fortunate businessmen. Such good fortune does not happen. Bribes collected from everyday citizens would also be insufficient for this, and the attempt to reduce the corruption problem to one of kickbacks is one more state lie. The real source of the conspicuously displayed luxuries is the plundering of the state budget at various levels and in the most varied of forms.

But money from the budget does not always have the most convenient form from the point of view of its future use: it is not in cash. Under the pretext of some kind of contract, billions of roubles must be transferred into the accounts of privately owned firms and/or "cashed out." For this purpose inside the country hundreds of privately owned one-day firms created for fictitious individuals are used, and overseas companies in off-shore zones are used, where it is very difficult to locate the ultimate beneficiary, i.e., the actual owner of the money.

An entire industry of illegal banking operations is engaged in legitimizing, withdrawing, and "cashing out" of funds. The turnover of capital, in the estimate of experts, is comparable to the GNP. After all, without a guarantee that the funds will be made legal, there would not be any reason for the corruption. To counter this, limitations of banking secrecy have been constructed, which exist both in international and in Russian legislation. How they are being applied is another issue. Speaking of this, one must at least understand that the "ultimate beneficiaries" to one extent or another are everyone who receives money off the books or gives it without a check, that is, all of us as well. Extreme taxation (and entrepreneurs have estimated that taxes and assessments, if they were to be paid in full, would account for 95 kopecks for each rouble of profit) will necessarily raise cash conversion costs [obnal] not only for corruption, but for the entire economy. The higher the taxes, the harder it will be to identify the flow of criminal "black money" derived from theft or, for example, from narcotics trafficking, in the aggregate of "grey money," and the higher will be the profits from "cash conversion and transfer."

This indeed is a parallel budget that endangers the security of the state. But not just the state. For attempting to impose order in the banking arena, Deputy Chairman of Central Bank of the Russian Federation Andrey Kozlov was killed, as were dozens of other people as the story continued to evolve. It is not excluded that this is where the motives originated for the attempt on the lives of organized crime leaders Vyacheslav Ivankov (Yaponchik) and Ded [Grandfather]

Khasan. Major figures get off lightly, most frequently with years of imprisonment. After all, it is not only the organized "vory v zakone" [tr. note: criminal elite] who are linked to the "cash conversion and transfer" industry, which today commands rates up to 10 per cent and more of the sum of money being laundered.

The illegal banking operations industry, beginning in the 1990's, was created gradually, and it has its own veterans and maestros. But only in the mid-2000's, from someplace in the USA, someone appeared here who has apparently assumed one of the most important positions, our main character Yevgeniy Dvoskin. Who is he? Is he "Yaponchik's nephew," as stated in a number of publications? An agent of the FSB? And/or the opposite, of the FBI?

After several months of work I was not able to find a precise answer to these questions. But this does not mean that he does not exist. One needs only access to several existing documents that are often found nearby. For example, to materials of the classified "Sharkevich Case," which are reposing in the archives of the Moscow city courts. But this exceeds the capabilities of a journalist. And those representatives of the state who have been searching for an answer to the question "Who is Mister Dvoskin?" have thus far received only [prison] terms.

This well-known pressure is also the reason why this large and complex body of material cannot be stretched out over several issues of this newspaper, but must be published immediately in its entirety.

Less than a week has elapsed since the time of my only meeting with Dvoskin, and the meeting was not long. But we believe that it will not be the last one. If he wishes to tell "Novaya [Gazeta]" something else conclusive, he will have this opportunity. In the final analysis, it is not Dvoskin who is of interest, but the struggle for control over the flows of "conversion and transfer" money, where the interests of "the government," the intelligence services, and organized crime are intertwined and where it is already impossible to understand the role each one plays.

The First Episode: The Plant

On 23 November (and not October, as indicated in a peculiar website in the ".com" domain) 2007, a man about forty years old known as Aleksandr Solovyev parked his "Lexus" on the corner of Mokhovaya and Neglinka streets. The package carried in the hands of another man who was waiting in the street could not have contained a million dollars, so "Solovyev" did not even get out of his vehicle, but instead said something to this man through his window. According to "Solovyev" he did not plan to take the package, and he had already refused a million dollars three times, explaining to Dvoskin, who was offering the bribe, why he could not forward it to Investigator Gennadiy Shantin of the SK [Investigative Committee] of the RF [Russian Federation] MVD. But just as he turned on the ignition and got ready to leave, a certain Modin (Dvoskin's driver and bodyguard) managed to toss the package into an open window. From all sides on the very busy Neglinka intersection (at about 1600 hours) officers in civilian clothing rushed to the vehicle.

In the course of our meeting, which was arranged at my request by "Solovyev's" lawyers, I did not ask why he did not remain there, but instead locked the doors of the vehicle and, almost snagging one of the freshly dressed agents, he violated all of the rules as he dashed away from Neglinka. But one can guess that he needed time for one or two telephone calls. Although it would be written in the bill of indictment that he tried to hide, in his words, "Solovyev" himself stopped his vehicle, and after locating an area in the vicinity of Kamenniy Bridge that offered good protection from the provocation, he surrendered to officers of Directorate "M" of the RF FSB, who oversee the work of the militia.

Prior to that time only two other individuals, not counting himself and the RF Minister of Internal Affairs, knew that the real name of "Aleksandr Solovyev" was Aleksandr Sharkevich. He is a so-called plant, an illegal in his own country. Even the FSB was not supposed to know anything about Sharkevich and his status, other than what the leadership of the MVD could tell them during joint operations. But from the moment of his arrest dozens of people would find out about this, prosecutors and investigators, judges, sixteen jurors (including the alternates), Sharkevich's attorney and Dvoskin (he would testify as a victim). Soon thereafter, by order of the Minister of Internal Affairs (no one else had such a right) Lieutenant Colonel Sharkevich would be fully declassified for the sole purpose, evidently, of not allowing him to again demand a jury trial for his second indictment, as he did for his first one.

Dvoskin had probably learned everything about "Solovyev" already. Investigator Shantin found a reference in the search of one of the banks associated with Dvoskin that contained detailed information about Sharkevich. Even the numbers of military units were listed where Sharkevich had served at one time. Such information could be obtained only from personnel files stored in a special safe in the RF MVD. Some one had given him up.

Sharkevich did not answer many of my questions, fearing that he would violate the state secrets law (in contrast to those who previously gave a multitude of leaks of information about him), which could immediately bring him a new prison term. And he could only know secret information about the organization of his service and its employees by chance anyway.

The general idea of his cover story, as the jurors heard, was that he was "solving cases regarding a corrupt officer of the law enforcement organizations with connections." This would not elicit surprise, since there are thousands of such people (operating without any cover at all). As part of his assignment Sharkevich specifically investigated banks through which special schemes (that involved both cashless as well as cash transactions) financed not only terrorism, but also facilitated bribes and kickbacks for the most highly placed state officials. In conversation he stressed that he did not begin the investigation of any of the "figures" who fell in his purview until after reporting to his overseers (who, as we recall, were only three people, including the Minister of Internal Affairs). We can make an important conclusion that the investigation of Dvoskin was also sanctioned by one of these three. Sharkevich explained that his task (in contrast to that of Shantin, Tselyakov and Nosenko, see below) was not to bring Dvoskin to trial. On the contrary, as part of his cover, he was to assist him. During their meetings their conversations were recorded (without court sanctions) by Dvoskin, not Sharkevich. At any rate, these were the only such recordings presented to the jurors.

As part of the proceedings Sharkevich was not permitted to tell the jurors that he was not arrested immediately, but he was tormented by spetsnaz troops for an hour and a half. The investigators and the FSB officers demanded a statement that he was supposed to give the bribe (there was a sum of about 349,500 Euros in the bag) to Shantin, to his leaders in the RF MVD Investigative Committee, and to Tselyakov and Nosenko, operational agents who worked with him in his group. Sharkevich resisted this for an hour and a half, hoping (this is our guess) that MVD head Nurgaliyev would call FSB Director Bortnikov. He did not dash away from Neglinka in vain.

The jurors did not know any of this, but evidently Sharkevich's beaten face and his convulsions that were evident on the recording of the official interrogation made an impression on them. The attorneys offered the conclusion that phosphorescent powder marking the bills in the bag got on Sharkevich's fingers by accident when his hands were secured with handcuffs. After all, there was no reason and no time for him to get into the bag during the few minutes while he was driving at terrible speeds through the centre of Moscow.

During his arrest and later in the high security SIZO [detention centre] 99/1, as well as later during the trial, Sharkevich generally denied knowing Tselyakov and Nosenko in order to avoid giving an excuse for the arrest of Shantin. And this was almost the truth. Now after being acquitted in the courts, he said that he saw Tselyakov only in passing at the MVD Investigative Committee, and that he saw both of them, Tselyakov and Nosenko, together only once. They evidently believed that he was an FSB employee, and that he was supposed to somehow warn them that Dvoskin's group was preparing a provocation against them or even a physical elimination. And this was done by Sharkevich near the MVD Investigative Committee building not long before his own arrest.

Among the jurors, as Sharkevich presumed, there were plants, but they were not able to incline their colleagues to their position. On 13 March 2009, by a vote of 10 against two, he was acquitted of the main accusation for which he had thus far already served a year and a half in the SIZO. Nevertheless, the jurors had to answer "yes" to the judge's question as to whether or not cartridges found during a search of his home were his. Judge Natalya Olikhver ignored the verdict of the jurors for leniency in this matter and assessed the cartridges for a presentation pistol as being worth two and a half years of general-security imprisonment. That pistol had been awarded to Sharkevich for preventing a terrorist attack at the risk of his own life in the centre of Moscow in 2003. Later, a rayon court added another year based on another old case, and as a result Sharkevich spent three years in the closed SIZO 99/1.

Sharkevich gained his freedom on 22 November 2010, and now he is an MVD pensioner. Answering my question, why exactly was he chosen as the link for the provocation against Shantin, Sharkevich said, "You can write that I was verifying for certain whether Shantin, Tselyakov and Nosenko would take money from Dvoskin. If they had taken it, I would have been obligated to report this to the Minister. But they refused, and for this I am glad."

I think that the street-wise jurors simply trusted Dvoskin (who arrived at the court under the protection of the FSB) even less that they trusted Sharkevich. We will outline Dvoskin's version

of these same events separately, but for the time being we shall return to a topic that the jurors did not know, and could not and should not have known.

Episode Two: Investigator Shantin

Investigator Gennadiy Shantin was also undoubtedly within a hair's width of being jailed. One time he even judiciously hid out. But he avoided this fate thanks to Sharkevich, on one hand, and to Tselyakov and Nosenko, on the other hand, who did not testify against him. Prior to his retirement from the MVD Investigative Committee in the autumn of 2008 he investigated a case associated with illegal bank operations, for which he received the nickname "The Professor." In this capacity we will also be given a short introductory lecture by Shantin regarding "cash conversion."

Illegal bank operations, which are conducted through bank intermediaries that have been "burned" as a result of the loss of licenses and liquidation, do not remain unnoticed to anyone. This is only a question of access to information and diligence, since all cashless operations, as well as withdrawals of funds for cash, are recorded. Employees of the Central Bank can see a full picture of illegal operations anytime they wish virtually on-line. And it is not too difficult to come across those who are behind the "junk" firms being used. But only the key players of this industry know precisely whose money is being passed within the flows of billions of roubles. And they will ask representatives of the authorities and law enforcement organizations, and those who monitor the openly criminal world, the exact same question: "And do you know whose money this is?!" That question, as a rule, usually ends all investigations.

This question was constantly posed to Shantin himself as well. Possessing a huge volume of already accumulated information, he did not even try to transform it into investigative cases without the concurrence of the leadership, who, in turn, did not by any means always know the exact answer to the above question. It became possible to use information about specific individuals, among whom Yevgeniy Dvoskin is one of the most interesting, after the killing in September 2006 of Deputy Chairman of the Central Bank Kozlov. The shock and scandal caused by this created sufficient "political will" to give Shantin directions to dig deeper into this rubbish heap.

With the money carried in suitcases from Makhachkala to Moscow by couriers (who were themselves robbed from time to time, including by MVD employees) more than one new airplane could have been bought, instead of the old Tu-154 that crashed while landing at "Vnukovo" Airport at the beginning of December 2010. Undoubtedly, this channel was well known, but it was not until 2007 that an order by Deputy General Prosecutor Viktor Grin transferred "the Dagestan Banks Affair" to Shantin for investigation. From that moment he received the procedural authority to collect and secure evidence and to conduct inquiries and searches.

One of the first people summoned to the leadership of the DEB [Economic Security Department] of the MVD the day after the killing of Kozlov, was Major Dmitriy Tselyakov, an operational agent who had joined Shantin's investigative group. Before transferring to the RF MVD Department for Combating Organized Crime and Terrorism (the DBOPiT, which was disbanded

at the end of 2008, in part as a result of its association with the events being described), Tselyakov served in the FSO [Federal Protective Service], and at one time he was the bodyguard for the Chairman of the Constitutional Court V.D. Zorkin. He interacted extensively with many financial figures from the special banking sphere, he "put them on PTP" (monitoring of telephone conversations), and attempted to glean something intelligible from the chaotic eavesdropping materials.

As part of one of the PTP's exactly 30 minutes after the killing of Kozlov, a conversation was recorded between a certain Dzhumber Elbakidze (nicknamed Dzhuba) and another individual called Flamingo. Flamingo related to Elbakidze a conversation with FSB officers who allegedly told him that "As the weakest link, Frenkel will take responsibility for the killing." Shantin interrogated Frenkel in the SIZO in March of 2007 as part of this case, and Frenkel reported that indeed not long before the killing he discussed the possibility of eliminating Kozlov with Dvoskin and Ivan Myazin (Dvoskin's partner in the banking operations). FSB officers helped Elbakidze, as Tselyakov would testify in court, escape to Georgia, and together with Shantin they began to intensively study Dvoskin as part of the "Dagestan Banks Affair." Since the green light had been given to the investigation, there was no problem with information.

In October 2007, the former chief of the MVD Investigative Committee Anichin received a notice from the Rosfinmonitoring [Federal Financial Monitoring Service], in which Dvoskin was identified as a direct participant in many illegal financial operations, having personally cashed multimillion sums in promissory notes. According to this document, in September 2007 alone, the turnover of capital that was pumped through the banks "burned" by his group amounted to 350 billion roubles, and it identified expensive real estate sites that they acquired in Moscow over a short period of time. A search was conducted in Dvoskin's home in "New Riga" and a pistol was confiscated (later various forensic tests would give different answers to the question of whether or not it could be considered a military weapon) and 70 cartridges. Shantin's group conducted a seizure at the Rostov UFMS [Federal Migration Service Directorate] where a passport was issued that Dvoskin used and which generated very many questions. Materials were also accumulated at the MVD Investigative Committee that were linked to an FSB investigation of Dvoskin for crimes committed in the USA (details concerning the American part of his biography are presented below).

In September "Professor" Shantin attempted to arrest Dvoskin using MVD spetsnaz forces, but FSB officers acting as his guardians interfered with this, and in the aftermath Dvoskin dashed off with them in a special vehicle disguised as an ambulance. (Dvoskin denies this episode.)

And shortly thereafter FSB spetsnaz troops arrived to speak with the MVD spetsnaz right in the Investigative Committee, in the building known as "Ogareva-6" in the novel of the same name. The seizure at the UFMS was conducted on 14 November, Sharkevich was arrested on the 23rd, and on 26 November the "Dagestan Banks Case" was confiscated at the MVD Investigative Committee along with all of its material evidence. These materials, as well as the "Bankir [Banker]" and "Dzhoker [Joker]" operational monitoring files, and even Shantin's private telephone and computer, were incorporated in the "Sharkevich Case" in the Prosecutor's Investigative Committee.

We will not even attempt to get an official answer concerning the future fate of the "Dagestan Banks Case," recognizing that the Investigative Committee will dispose of this with something unintelligible that will cite the investigation, and the FSB will cite state secrecy.

But Shantin, having lost the ability to proceed in this direction, was able to cast a new net for Dvoskin in another place.

Episode Three: Banker Zavertyayev

Mikhail Zavertyayev, the head of the "Intelfinans" Bank prior to the end of 2007, probably made a peculiar impression in the covert and deceitful world of intermediate banks. He loved to publicly and loudly disclaim about the damage inflicted to the RF economy by illegal flows of money abroad, and about his own solutions for combating this. He wrote scientific articles on this subject. He was, in a word, a mathematician.

And this is what he was until he joined the banking industry in 1994. For more than ten years Zavertyayev worked in responsible, but not leadership positions in the huge banking business (specifically, at "Menatep"), where profit is formed due to capitalization. There, among the directors, honesty is valued more than the knowledge of how to cultivate clients, and they have their own security service to track this. Therefore, for me Zavertyayev's eccentricity was more like a guarantee that he, in contrast to the majority of the major characters of our commentary, would be totally sincere and understandable.

"Mathematician" Zavertyayev raved about the idea of creating a "fiduciary" (from the root "fido," or trust) bank, where his personally designed system would not, in principle, permit the receipt for payment of suspicious documents.

Having grown sufficiently wealthy in his former work, he purchased (incidentally, from the wife of a deputy who was also a veteran of the security organizations) the "Intelfinans" Bank in May 2005, when they were having trouble making ends meet there. After several months he managed to get the bank included in the deposit insurance system. This occurred a year before the killing of Kozlov, who had strict standards in this respect [tr. note: in respect to admitting banks to the deposit insurance system]. A succession of solid clients who Zavertyayev had previously worked with in larger banks passed through "Intelfinans." They believed in his "fiduciary" idea and they primarily wanted stability. Among the clients was NIKED, a controlled-access institute engaged in the design of nuclear reactors, and it was onto its guarded territory that "Intelfinans" moved.

Zavertyayev suggested that they reconstitute the bank as a concept for financing the "state aid programme for RF citizens residing on the territory of South Ossetia," something that only "the mathematician" could truly believe in. His wife, who was from this area herself, introduced Zavertyayev to the brother of the President of the unrecognized republic that was then still part of Georgia. The President asked Zavertyayev to first put together the share obligated by the bank for their trusted party, a certain Belyayev, under the condition that it would be subsequently transferred to South Ossetia.

At first everything appeared very family-like, and being accustomed to honesty in large banks, Zaverlyayev even gave Belyayev considerable line of credit for deposits into the required capital fund. But after the bank was reorganized, Belyayev refused to transfer this share. Not a kopeck for the "programme to aid RF citizens" at "Intelfinans" showed up, and Belyayev himself turned out to be some kind of dubious oil trader who owed a hundred and fifty million roubles to the "Gosrezerv" [State Committee for State Material Reserves] organization.

Belyayev demanded a guarantee for this sum from "Intelfinans," and he attempted to organize a coup at the bank using fake minutes of a meeting, and when this did not succeed, he faked the guarantee as well. Based on this incident, a criminal case was initiated. As usual, the first investigator tried to turn the case against the plaintiff and even detained Zaverlyayev for ten days in a cell based on an accusation of extortion. In 2010 Zaverlyayev recovered 10,000 roubles for this from the treasury through a rayon court.

As revealed in 2007, even before his acquaintance with "Intelfinans," Belyayev somehow obtained a guarantee for "Gosrezerv" from another little-known bank that had just then been "burned" by the Dvoskin group. Thus, Belyayev became a debtor to this group and to the people who came with it, as Zaverlyayev later explained. Belyayev had promised to pay Dvoskin off using the "Intelfinans" Bank, which was also in danger of being "burned" after new deposits of billions of roubles had been pumped through it. But the eccentric Zaverlyayev balked at this, despite the offer of sufficiently huge kickbacks.

All of this is only Zaverlyayev's version, but there are facts as well. "Intelfinans" was seized not just one or two times. The first attempt was done as early as 2006, and in the summer of 2007 the bank was in the hands of a group of raiders for an entire month and a half. But Zaverlyayev was able to notify Central Bank about this, and it subsequently proved to be too risky to use "Intelfinans" for dubious banking operations. In addition, he appealed to NIIKED, and the electricity and water was turned off inside the bank building, and the raiders had to retreat.

But one by one, increasingly determined men arrived at the bank (each time leaving behind some sort of traces in the security system of the controlled-access site), and in the accounting department operators began to appear who Zaverlyayev had not accepted for work at the bank. Dvoskin (according to Zaverlyayev) arrived on 5 December 2007, just after Zaverlyayev had stopped a bank withdrawal that circumvented his direct instructions of a large sum going to an obvious front organization [poganka: literally a "toadstool"]. During this meeting the man who Zaverlyayev believed was Dvoskin was almost blind with rage, and something like a fight broke out between them. The banker knocked down the visitor, but his bodyguard struck the banker on his head with the butt of his pistol.

An ambulance took Zaverlyayev away to Sklif [tr. note: the Scientific Research Emergency Medical Services Institute imeni N.V. Sklifosovskiy in Moscow]. During the three months that Zaverlyayev was in the hospital, 11.7 billion roubles were pumped through "Intelfinans," authorized by the chief accountant of the bank. She was complicit in performing the illegal operations exclusively with certain "unidentified individuals." (She is now undergoing trial.) The investigation concluded that Zaverlyayev's identification of Dvoskin, whom he had seen for the first time, was not sufficiently creditable. Moreover, Dvoskin's alibi for 5 December was

confirmed by an investigator from the "Sharkevich Case." Allegedly, at that very moment he was, for some reason, inspecting material evidence, a telephone and some keys, at the SKP [Prosecutor's Investigative Committee].

But the one "Zavertyayev Case" episode of 5 December far from settles the matter. And if the investigators had chosen to do so, Dvoskin could have been identified theoretically by others than Zavertyayev alone. The banker is inclined to explain such aggressive behaviour due to the fact that the raiders were in a hurry to go someplace, and at that time they evidently did not have another suitable bank for their purposes. As Zavertyayev supposes, it was precisely through "Intelfinans" that a significant part of an overseas withdrawal of billions of roubles was being fraudulently returned. And it was the tracking of this money that attorney Magnitskiy paid for with his life. (According to our data, this was not the money [being tracked by Magnitskiy]. However, another version, that the bank was being used for running other money from a scheme involving the participation of the customs inspectorate, appears convincing.)

As "Dvoskin's" emissaries predicted to Zavertyayev, he lost the bank. But in February 2008, materials in this case turned up at Investigator Shantin's office, which he treated with great attention. Within the context of the "Zavertyayev Case" one more effort was made to arrest Dvoskin in March, but it ended the same way as the first attempt. Moreover, from the explanations of the FSB officers protecting Dvoskin, it became known that based on an order of the RF SKP he had been placed under the witness protection programme since 19 December 2007. The protection was afforded by the Sixth Service (Physical Protection) of the RF FSB USB [Internal Security Directorate], which is closely associated with the leadership of the agency and is known in the Lubyanka as the "Director's Black One Hundred."

Episode Four: Operational Agents Tselyakov and Nosenko

Shantin's group, having been stopped in its main initiative, attacked Dvoskin from the rear. From Rostov an official answer arrived (the correspondence arrived after the searches in the MVD Investigative Committee, and therefore it was not confiscated) concerning the fact that the Russian passport issued in June 2002 in the name of his mother (or grandmother, or his wife who Dvoskin replaced in Odessa in 2001) was drawn up without the necessary confirmations, and it was revoked. A bit earlier an official answer from the USA arrived, confirming that Dvoskin, known there as Slusker (or Shuster, Altman, Kozin, and a total of about nine surnames), was wanted for securities fraud and laundering of profits, for which he could be sentenced to a total of up to 35 years in prison. It was also confirmed that one of the Slusker's previous sentences was served in the same prison that held Vyacheslav Ivankov (Yaponchik).

Evidently, the dirtiest trick played on Dvoskin by Shantin's group was not the revoking of his foreign passport (his protectors could easily succeed in getting him another one), but the report to the USA, where he had dropped out of sight using the name of Slusker, that he had a new name, Dvoskin. From that time on any attempt to leave the country would become an extremely risky enterprise. But for some reason, there was an urgent reason for him to do so, specifically to go to Monaco. According to our information, Tselyakov informed the US Embassy in Moscow in May 2008 that Dvoskin was in Monaco (where he was soon arrested). And this is something that Tselyakov's colleagues could not forgive.

Of course, it was somewhat simpler for agent Sharkevich to operate since his "corruptibility" was directly spelled out in his cover story. For Tselyakov and Nosenko, like any agent who wanted to find out and understand something in the complex banking world, being "compromised" would cost them dearly. Tselyakov and Nosenko were attested for bribery at the beginning of June 2008. Describing the case resulting in their sentencing for fraud in 2010 would take us too far afield, especially since it has no direct relationship with Dvoskin or with Shantin. (It was associated with another group of individuals engaged in illegal banking operations.)

Here we will only note that if all information of this kind were developed in the same manner and with the same violations of the law, there would not be a single operational agent experienced in banking affairs in the MVD (or FSB, Central Bank, etc.). It was precisely the heavy-handed, provocative nature of this case and the exact coincidence of the dates that allows one to conclude that the true reason for Tselyakov and Nosenko's arrest was their work in Shantin's group. Before June 2008, no one had bothered them.

Just recently, in June 2011, Nosenko was refused freedom on UDO [parole], after serving half of his term, although there were no legal obstacles to freeing him, and in such cases judges are usually inclined to be lenient with MVD employees. Released from isolation, Nosenko (as well as Tselyakov, who soon can make his appeal for UDO) would present too great of a danger for Dvoskin and his sponsors at the present time.

The scene of Dvoskin's testimony in 2010 at the Presnenskiy Court was very interesting and unusual. To establish his identity he presented a driver's license. Moreover, he was unable or unwilling to answer many questions associated with his family connections, his [residential] registration in Rostov, and the circumstances of his stay in the USA. And Dvoskin's statement itself in the "Tselyakov and Nosenko Case" was without substance. But his accusations also could not be presented at the trial, since otherwise the FSB would not be able to explain on what basis Dvoskin was being protected in the witness protection programme now that that the "Sharkevich Case" had already passed through all stages of the appeal process.

Presently, as Dvoskin explained at a meeting, his government protection has been removed, but he has his own, private protection (undoubtedly, protection that is linked to the former events). But currently his situation within the country is not so dangerous. Shantin's group has been abolished, and those who possibly backed him and Dvoskin in the complex game between the leadership of various law enforcement organizations and the intelligence services have probably come to some kind of consensus and they now prefer not to stir up this issue.

Episode Five: The USA

Following the reverse course of Dvoskin's biography, I set out for the USA, where I had scheduled several appointments. At the Department of Justice several FBI officers attentively listened to everything I related about the Russian period in the life of the former Slusker, but on their part they were not very talkative and they only confirmed that the FBI is continuing to investigate him (now as "Dvoskin") through Interpol. Their colleagues in New York were even able to clarify that the order for Slusker's arrest was issued in that city on 5 February 2000 by Judge Arlene R. Lindsay (No 03-0063).

Former FBI agent Michael McCool arrived at another meeting at New York. He had retired and was able to talk about this in a little more detail. Exactly 10 years ago he was an expert in the "Russian Mafia" and he knew Eugene Slusker very well. My story about how Dvoskin prospered when he moved to Russia elicited amazement from the agent. He remembered Slusker in the USA as an ordinary thief who participated in gasoline swindles and in trafficking soft narcotics.

Finally, at one more meeting in New York, some immigrants that I knew arranged for me to meet with attorney Boris Palant in May of this year. He was the very person who secured the denial of Dvoskin's extradition to the USA from Monaco in September 2008.

But before discussing that, I'd like to mention the most interesting thing that occurred after my departure from the USA. On a peculiar website, Rumafia.com (It has thus far been impossible to determine its owner), there appeared (for no cited reason) the most detailed of all of the available publications about Dvoskin. I ran across this using one of my search tools at the beginning of June. It was dated 14 May, but a number of signs indicated that it was posted on the Internet at a later date, and not before my own departure from the USA.

In this publication, on the one hand, the entire American period of Slusker's biography was described in detail and apparently accurately. But Dvoskin's activities in Russia were replete with certain errors. Attentively studying this report, I was amazed to discover that some of my own discussions during my meetings in the USA were posted there, even with the reproduction of individual inaccuracies, which today I would be able to correct.

The version of the American biography that appeared on the website for the most part was a copy of what had already been written in American Russian-language publications and Russian newspapers. But what was new and important was the information that Slusker and Elbakidze (Dzhuba) Ivankov had met in the USA as early as the end of the 1990's, and not in Russia at the beginning of the 2000's, as it was earlier believed. This helps us to understand how Dvoskin (he personally denies a close association with Elbakidze) showed up so quickly in the centre of an empire of illegal banking operations that had been set up in Russia long before the time of his appearance. But such information, if true, could not have been added simply from American [public] sources, but only from the files of certain American intelligence services.

In essence, this mysterious and clearly hastily prepared publication became a sort of answer to those questions which I asked in the USA and which officially no one there wanted to answer. So the trip was, after all, not without results. By this report someone (possibly someone who was roused by my interest in Dvoskin) wanted somebody to know something. In this instance a signal was addressed to Dvoskin and to his former and current protectors in the Russian intelligence services: they should really not overlook the appearance of such information in this very special website.

Episode Six: Monaco

Now we will address attorney Boris Palant's story regarding the September 2008 events in Monaco, which sheds a great deal of light directly on Dvoskin's activities in Russia.

It seemed to me that Palant did not know in advance what I intended to ask him, but since this was my last meeting, someone could have warned him of the subject of my interest. Now I suspect that Palant was not being totally candid with me, but I can only reconstruct what he reported to me, as accurately and fully as possible.

Thus, Palant explained that he did not know anything about Dvoskin prior to the summer of 2008 when Dvoskin asked for his help in Monaco. Palant, an expatriate from Russia, is usually engaged in immigration matters, and the famous USA attorney Jerry Shargel was Slusker's defender in his many criminal matters. Palant began to get involved in the extradition case immediately after a vacation. He flew from Italy, where he spent 2008, in August, but first he flew not to Monaco, but to Moscow.

In Moscow he was met by Dvoskin's partners, who set him up in a good hotel and they drove him to an office for negotiations. (Lowering his voice a bit, Palant remarked that the office did not impress him as being as actively working office.) After they brought him up to speed, Dvoskin's partners accompanied Palant to the FSB, where an officer explained the urgency and the reason why Dvoskin was needed in Russia. Here he would be a witness in a criminal case linked to organized crime. Palant did not remember who specifically spoke to him, and where and on what street the "office" was located. (I think that in fact he did remember. He is a very attentive attorney.)

After returning to his hotel, Palant wrote the appropriate letter for the courts in Monaco, which restated the FSB arguments. But at a new meeting the person that he talked to just the previous evening said that the FSB would not be signing anything, and he allegedly directed him to the MVD where "some woman" signed the letter. Palant again "could not remember" the surname of the woman or the street where she worked. Based on his description, this was a female investigator, but she was not from the MVD. She was from the SKP, which was handling the "Sharkevich Case."

Based on sources other than Palant's account, he was lucky. Two weeks earlier, in response to a 10 July request from Monaco by e-mail from a French attorney Dominic Silvia, this same investigator answered that all of the information was classified. But nonetheless, in answer to a request from [Monaco] "attorneys" (among whom there was one Russian surname and one Russian first name with a French surname [Tatyana Dyuke]), an answer in the French language was sent from the FSB to Monaco over the signature of a Sevastyanov concerning the case in which Dvoskin was to testify as a witness. Palant evidently also spoke French, otherwise he simply would not have been allowed to testify in the Monaco courts.

We will return to his story. Palant flew from Moscow to Nice, and from there he travelled by automobile to Monaco (there is no airport there), where other attorneys were already working. In Monaco he was met by the wife of the defendant, Tatyana (he did not remember her surname), whose dedication to her husband made a favourable impression on him, as did the fact that she drove him around Monaco in a "[Rolls Royce](#)." In general he got the impression that Tatyana stayed there frequently, and they had a discussion in a leased apartment. It is possible that when Dvoskin arrived there in May, he had also been there before, and not just on the eve of his arrest. Otherwise, it would have been more logical to arrest him at passport control in Nice. (This is

correct. Tselyakov had informed the US Embassy in Moscow in May that Dvoskin was in Monaco.)

The meeting with the defendant in the comfortable prison in Monaco began with a recitation of common acquaintances. "Well, how is Kirilych (Ivankov) there?" asked the attorney. "He's okay, but he is already aging. We go fishing together near Moscow." "Well, give him my regards." After this, Palant consulted with Dvoskin on the arguments they would use to secure the denial of his 13 September extradition to the USA.

Based on Palant's explanation, this position boiled down to three points. First, his defendant was needed very badly in Russia (and here is the letter). [Secondly,] in the USA, on the contrary, no one needed him, no one had appealed to his parents, nor to attorney Jerry Shargel (and indeed the 5 February 2000 order had long expired). Thirdly, according to Palant, he cited a precedent that was established some twenty years before, when someone else was not handed over to the USA from Monaco. But no one explained to me the basis of this precedent. But it was linked, evidently, to the fact that in Monaco money laundering was not considered a grave crime, but only a tort case. And indeed this was the basis of all of the prosperity of the cosy principality.

Palant somehow determined that the court was to convene on Friday, and he departed by plane without waiting for the formal decision, which was announced on Monday. Meanwhile, he insisted that he did not see any other Russians or any Americans in the court or anywhere else in Monaco. The interests of the USA were represented by the Monaco Prosecutor, and no one represented the interests of the Russian Federation, since, after all, Dvoskin was a private individual. But according to a version that someone published in the newspaper "Kommersant" almost on the heels of the events at the end of October 2008, during the time of Dvoskin's stay in the Monaco prison (from 29 June until 15 September), he was repeatedly and extensively visited by officers of the USA intelligence services.

I can't help but wonder if Palant stretched the truth. Such an attentive lawyer could not fail to notice the two FSB officers in tiny Monaco, who (according to our information) flew into Nice together with Dvoskin on a private airplane belonging to one of his friends, and they would not have left him there without supervision. All of these ambiguities leave room for doubt. Perhaps there was something else, other than the "precedent," that was behind the decision of the Monaco courts to deny Dvoskin's extradition to the USA. After all, it is known that Prince Albert of Monaco, who once even visited the North Pole with an expedition of Russian parliamentarians, is a "big friend of Russia," and the banks of the principality know how to keep the secrets of VIP capital of Russian origin.

Episode Seven: Dvoskin

Our common acquaintance attorney Mark Kruter helped me connect with Dvoskin. Kruter is the author of the book "I Am Defending Yaponchik" and other works which portray him [Dvoskin] as a victim in the court proceedings against Sharkevich. At Kruter's request, Dvoskin flew into Moscow for one day from Sochi (he claimed) specifically to meet me. He reported that for three years now he has not been engaged in business, but is raising his daughter, who at the age of four months suffered psychological trauma during the search of the "New Riga" residence by

Shantin's group. For five hours she lay alone and cried, while her nurse was taken away to be interrogated.

The Cartridges Were Planted

Dvoskin drove up to the editorial offices of "Novaya [Gazeta]" in the latest "Mercedes" model accompanied by a Jeep escort vehicle. (Our meeting occurred last Friday in a nearby cafe.) He refused to talk while being recorded or to be photographed, and we did not try to secretly record him or to take his photo, because we do not play at being spies. But he did tell us some things without being recorded.

Dvoskin did not deny knowing the deceased Ivankov, and he admired him, although information about their family ties was somewhat unclear. Dvoskin is too intelligent anyway to deny both his own not-so-clean American past, and his (let us say, indirect) participation in illegal banking operations. But he did not admit to any kind of special role in them. "How could I have held such a position in that business?" He also did not admit to a close acquaintance of Elbakidze's.

Like a true native of Odessa, Yevgeniy Vladimirovich was affable and loquacious, but there was much in his story that was confusing, and it did not clear up the circumstances of his departure from the USA and his appearance in Moscow. First, how could he have been expelled from the USA for using a false Canadian passport in 2001 (according to the widely disseminated version at that time), if an order for his arrest (evidently for the case involving stock fraud in 1997) had been issued on 5 February 2000? Dvoskin did not give a coherent answer to this question, and claimed that the document "was forged by Shantin's group." But for the RF MVD to forge an answer from Interpol, was a bit too much.

We know absolutely nothing about the short period of Dvoskin's life in Odessa, from where Dvoskin was allegedly expelled. Later he turned up in Rostov, although the OOO [Limited Liability Company] "Pelikan," which is connected with equipment for the gaming business, and which Dvoskin indicated as his place of work, is registered in Saint Petersburg. The circumstance of his obtaining Russian citizenship and a passport are very mysterious. Except for an answer from the Rostov UFMS [Federal Migration Service Directorate] to the effect that there were no source documents in the case (which were supposed to have been sent from the Russian Embassy in Kiev), there was an interrogation of a certain Tropina, a friend of Dvoskin's wife, in November 2007. She related that a friend of hers in the UFMS, at Dvoskin's request, illegally issued him a passport for 3,000 dollars. In his conversation with me Dvoskin confirmed that he indeed gave such a bribe, but only for accelerating the process, and the documents were legal. He claimed that he lost this passport in 2005 and in exchange he obtained a new one, and subsequently the Gagarinskiy court restored his citizenship, basing this on Tropina's account that she gave the previous statement under pressure. But in any event, when Dvoskin gave a statement in the Presnenskiy court in the Tselyakov and Nosenko matter in the fall of 2010, his passport evidently elicited some doubts. Otherwise, why did the judge, overruling the objections of the defence, permit him to establish his identity using a driver's license?

Such a prolonged (no less than seven years) mess involving the passport, which almost ended in Dvoskin's arrest in November 2007, is very strange, considering his protection by the FSB USB,

which had officially begun in December. Perhaps it was just simpler for them. Without a passport Dvoskin would not be running very far away and he would be under constant surveillance.

To sum up Dvoskin's first short story, without getting bogged down in details, it boils down to the following. Shantin, Nosenko and Tselyakov, who were close friend with Sharkevich, were persecuting him and wanted to put another person in his place (in the illegal banking business, and here Dvoskin acknowledged this role). Not someone any better, but their own man. First, Sharkevich extorted money from him, and when he [Sharkevich] was sold out to the FSB, Shantin started to do everything he could to extract his friend, and this explains (in his [Dvoskin's] logic) both the planting of the cartridges and the discrediting of Tropina's statement at Rostov.

Well, we recognize that a version such as this (although we have not yet investigated it) is no less of a scandal than the one that it directly contradicts, so it too has a right to exist. But this does not square with what happened to Sharkevich. Why for Shantin's sake was it necessary to burn such a valuable intelligence officer (said to be one of the best in the MVD)? Would that not also be a crime against the state? Why did Shantin earlier refuse ten million dollars (there is a recording of this in the case files)? And why, when Dvoskin later decided to offer him a million as a provocation, there was only 349,500 Euros in the bag? Why did this exact same sum plus one more note also figure in the provocative "Tselyakov and Nosenko Case?" Is it some sort of tradition, or perhaps this was the same money? And here perhaps only an understanding of how closely associated Sharkevich was with Shantin, Tselyakov and Nosenko would bring us closer to the truth. Or were Sharkevich's affirmations true that he was engaged in developing Dvoskin for another purpose and that he was on a parallel track. We have no way of knowing this (if we believe Sharkevich's word no less than Dvoskin's). But in the Internal Affairs Administrations of both the FSB and the MVD it would not be hard to learn this.

But for now the main argument in Sharkevich's favour is the verdict of acquittal by the jurors, and not his sentencing (that, like an indictment issued by a professional judge, would not have cost very much). Jurors, in direct contradiction to what judges, prosecutors, and investigators like to say about them, are attentively and deeply immersed in the details of a case. We do not know these jurors, but they know much that we do not now know. And they resolved the discrepancy between the Dvoskin and Sharkevich versions in favour of Sharkevich.

Summing up the Episodes and Some Conclusions

Former FBI agent Michael McCool probably told me far less than he knew about Eugene Slusker. But he was undoubtedly truthful when he said that in the USA Slusker, at least prior to meeting Ivankov, was only one of the "minions" of more or less organized crime.

But is it plausible that in Russia, that when he turned up in the heart of the "conversion and transfer" channels, he played a role of another sort? Although Dvoskin denies this, he was evidently introduced into this world specifically by Yaponchik, who after returning to Russia in 2005, was simply unable to pass up such an illegal business with such fantastic profits margins. But the illegal banking operations industry works both in overseas laundering and withdrawal of

purely criminal money, as well as in offshore laundering and withdrawal of the corrupt profits of the highest placed officials and the intelligence services. They will also try to put this system under their own control.

Shantin, Tselyakov and Nosenko, and even Sharkevich, were in the final analysis only sacrificial figures. The really huge players were hidden behind them. All of the episodes described above that were in some manner associated with Dvoskin have one and the same hidden motive. This is the savage war between the Russian intelligence services and the "law enforcement organizations" for control of the illegal banking operations. Even in Monaco, in September 2008, a skirmish occurred among the Russian intelligence services, and one of them attempted to use the FBI without its knowledge. But it is doubtful that the US intelligence services lag behind their Russian colleagues in professionalism, and it is impossible to exclude that Dvoskin is working for them (or, as American sources affirm, has worked for them in the past, or may still work for them in the future).

When Shantin and Tselyakov (first amicably) advised us not to get involved in this case, the argument was as follows: "Dvoskin is playing a special role in providing for Russia's security." And how! But not in strengthening it, but in materially undermining it. He too might have publicly answered the question that is frequently asked in this secret industry: "Do you know whose money this is?" But he should be thinking about more than just Russia's security.

In a case stored in a special secret archive of the Moscow Municipal Court, in recordings of meetings between Dvoskin and Sharkevich, Dvoskin named a level of his protectors that extended beyond the FSB. And it was he [Dvoskin] who made the recording, and not Sharkevich (although it is possible that Sharkevich did so as well). And he already knew who Sharkevich actually was. And here we should recall the report about Sharkevich that was confiscated in one of the banks by Shantin. So why, knowing that the recording would later become part of the case, did he name names? Whether he did this deliberately or not, hiding such loose ends in a secret court case guarantees more security than storing it as compromising material in a normal bank safe deposit box.

Tselyakov also named some names in the notes that he sent from the SIZO to Chairman of the National Anticorruption Committee Kirill Kabanov. Kabanov, of course, was not just this, but was also a member of the Presidential Council, where he is responsible specifically for the direction of the war against corruption.

But we too will not repeat the surnames from the records. This is because of what has been bothering us the whole time. We have no guarantee that Sharkevich, Shantin, Tselyakov, Nosenko and their overseers in the MVD were more radically honest in their work than were Dvoskin's overseers from the FSB or the SKP. We have no basis for such conclusions, we can only make a single, very general conclusion. The Russian so-called law enforcement organizations and the intelligence services are absolutely ineffective and even harmful in the war against corruption. No one there understands who among them at any given moment will either be combating corruption or participating in it themselves, and this generally amounts to the same thing.

But also in Tselyakov's letters from the SIZO, mixed in with condemnations of his fellow traitors (in this respect Sharkevich was more reasonable) there is a line of reasoning that banking control as such does not exist in Russia, and, "Who needs it to be like this?" After all, there are methods approved at the international level to reduce corruption by an order of magnitude, and to inflict blows (which is technically not so difficult) on the illegal banking operations industry. Of course, to experts (for example, in the Central Bank), such methods suggested by Major Tselyakov (who is inclined to attribute the breakdown in the country to behind-the-scenes global intrigues) may seem naive. But the questions (and not only those for the Central Bank) remain. Why is the war against money laundering being conducted as isolated cases or, at best, as a sham?

These are rather rhetorical questions (we recall Kozlov). If the money laundering system were to be destroyed, there would be no reason for such large-scale plundering the state budget as is being done today. And this is the main interest of the ruling class of officials and cops of all descriptions, and it is the foundation upon which the modern Russian state and public order rests.

Credit: Novaya Gazeta website, Moscow, in Russian 22 Jul 11

Novaya Gazeta website, Moscow, in Russian 22 Jul 11/BBC Monitoring/(c) BBC