



ORGANIZED CRIME *in Russia*

Administrative and political corruption have encouraged the spread of criminality

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Despite the reprioritization of activities by law enforcement agencies and a new focus on countering terrorism and extremism, the problem of organized crime has not become any less urgent. It is no coincidence that the authors of the Russian Federation's (RF) Public Security Concept, approved by the RF president in November 2013, chose to include various aspects of organized crime in their list of key threats to public security.¹

As of January 2014, more than 250 organized crime groups were active in Russia, representing more than 11,000 members.² The most dangerous ones include corrupt civil servants and business people because of their impact on social, economic and criminal situations in Russia. These groups' criminal activities cover a broad spectrum, from contract killings and kidnappings of businessmen to the illicit drug trade and economic crimes. The most common financial crimes include fraud, smuggling of strategic commodities and resources, fraudulent bankruptcies and illegal takeovers, production of counterfeit coins and goods, and money laundering and illegal banking. Finance and credit remain the most highly criminalized spheres, including the consumer market, real estate, foreign trade, and the timber, fuel and energy fields.³

Geographically, traditional epicenters, measured by the number of crimes per 100,000 residents, are found in the North Caucasus, Central, Siberian and Urals federal districts. Statistics reveal a steady decline in the detection of

organized crime. Between 2008 and 2013, the number of recorded crimes committed by organized criminal groups fell by two-thirds — from about 30,700 to 9,100 — while economic crimes dropped to one-fifth — from about 18,300 to 3,500. The relative share of organized crime went from 0.9 percent to 0.4 percent.⁴ The low success rate is attributed to the elimination of the RF Ministry of Internal Affairs operating units, the liberalization of criminal legislation, the permanent reform of the police and an increased workload on law enforcement officers resulting in a less aggressive posture, and a reduced awareness of crimes being planned and committed. These are driven by citizens' lack of desire to cooperate with law enforcement agencies because of mistrust and the absence of the guarantee of personal safety. Suffice it to say that between 2009 and 2013, about 12,000 people involved in the criminal justice process were afforded state protection. Of these, only 7,800 were victims or witnesses. Over 1,000 charges⁵ were filed against people accused of threats against them.

A quantitative analysis of organized crime must take into account its high degree of latency. Recent events in Kushevskaya (Krasnodar Krai), Gus-Khrustalny (Vladimir Oblast), and Sagra and Berezovsk (Sverdlovsk Oblast) offer convincing evidence to support this thesis. For a long time, the authorities in these areas failed to react to local organized crime group activities, thus making life easy for them.





Ibragim Makhmudov, center background, and Rustam Makhmudov, right, accused of murdering journalist and human rights activist Anna Politkovskaya, attend their second trial in Moscow in January 2014. Politkovskaya was gunned down in her Moscow apartment building in October 2006. EPA

CRIMINALIZATION OF REGIONAL GOVERNMENTS

The achievement of financial and economic influence prompts organized crime leaders to consider manipulating the levers of political power. Of ever greater concern are their unceasing attempts to infiltrate bodies of authority. The Russian Interior Ministry has provided information about election campaigns in which 23 candidates were found to be linked to organized crime. In the case of another 423 people, information indicated their participation in criminal acts.⁶

After the pan-Russian voting day on September 8, 2013, the RF Central Elections Commission (TsIK) reported that during 2009-2012, the total number of candidates for elected positions and deputy mandates with a record of criminal convictions increased by a factor of 3.5, from 132 to 469; those convicted of serious and extremely serious crimes grew by a factor of 8.8, from 22 to 194. Despite the institution of an anti-criminal filter, 227 candidates with criminal records — 150 of them serious and extremely serious offenses — took part in 2013 election campaigns.⁷

To infiltrate government structures, leaders of organized crime groups change their personal data, party membership and personal addresses, delete data on past convictions from regional police databases or promote apparently law-abiding and respectable individuals from their close circles. During campaigns, they actively support the implementation of party programs and engage in charitable activities that include repairing roads and apartment building entrances, building children's playgrounds and participating in public cultural events. Observers note numerous cases where alcohol and other gifts were given to voters under the guise of national holidays or sales promotions and wage debts settled with funds from affiliated companies.

Individuals representing organized crime groups in the political process are driven by a number of factors:

- the intention to benefit from legal immunity that is extended to certain elected positions as protection from possible criminal prosecution.
- eagerness to obtain privileges and access to government

funds and to reinforce business contacts for more effective lobbying.

- psychological factors such as personal ambition and vanity.

Marginalization of public consciousness, legal nihilism and political passivity on the part of citizens are the main causes facilitating criminalization of government. According to a survey by the state-funded polling agency VTsIOM, 1 in 3 Russians would vote for a candidate with a past conviction, arguing that a candidate's political program is more important than his past. Additionally, approximately 40 percent of men and young people would support the candidate they liked, regardless of past convictions, and the same question elicited 30 percent support from women and the elderly.⁸

The evident level of corruption among leaders of political party regional chapters, which include representatives of organized crime groups, is a further cause for concern. According to the RF TsIK, in 2013 the party with the most convictions was Spravedlivaya Rossiya, containing 16 candidates with past convictions. The odious LDPR proffered 13 such candidates, while Patrioty Rossii, the RF communist party and Yabloko supported seven, six and five such candidates, respectively. The "cleanest" was the pro-Kremlin Edinaya Rossiya, with just three criminal candidates. It should be noted that the 2013 election campaign featured increased political competition, with 25 recently registered political parties permitted to compete for deputy seats. However, their lists still totaled 60 candidates with criminal records. An additional six independent candidates with past convictions ran, but their offenses had mostly been against property and public security.⁹

The situation has not changed in 2014. According to V. Churov, head of the Russian Federation Central Election Committee, some 320 people with past convictions were planning to run in regional and municipal elections. During the first phase of vetting at the regional level, 240 people had submitted unreliable information about their convictions or had not submitted any information at all. They were registered from 28 parties. In particular, 30 people were running from LDPR, 29 from Spravedlivaya Rossiya [A Just Russia], 27 from the Rodina [Homeland] party, 19 from the Communists of Russia party, 16 from the KPRF [Communist Party of the Russian Federation] and seven from United Russia. As a result, 60 candidates were recalled by their parties. In municipal elections, 88 candidates from 12 parties failed to report past convictions. In terms of numbers, the leaders were KPRF—12, United Russia—11, A Just Russia—seven, Yabloko—six, Pensioners for Justice party—four. In some regions, dozens of candidates with previous convictions were identified: 45 in the Altai Republic, 32 in Bryansk Oblast, 25 in the Kabardino-Balkar Republic, 23 in the Republic of Crimea, and 21 in the Karachay-Cherkess Republic.¹⁰

ECONOMIC OFFENSES

In recent years, on multiple occasions, criminal charges have been brought against Russian deputies and elected officials for racketeering. Such charges have targeted not only members of organized crime groups, but also previously law-abiding citizens. A large proportion of the accused, or convicted, officials were



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engaged in business prior to their election.

In September 2010, A. Yaravoy, a deputy of the Gus-Khrustalny City Council and a member of the Vosmyorochnye organized crime group, was sentenced to three years in prison for falsifying documents and attempting large-scale fraud causing pecuniary injury.¹¹

In January 2011, G. Lysak, a deputy of the Primorsk Krai Legislative Assembly sought on charges of organizing a criminal association, smuggling and money laundering, withdrew from his mandate. According to investigators, between 2002 and 2007, the organized crime group he headed illegally introduced Chinese-made goods worth more than 2.3 billion rubles into Russia. A significant portion of these goods were sold at Moscow's Cherkizovsky Market.¹²

In March 2013, a criminal investigation into A. Peunkov, a former deputy of the Arkhangelsk Oblast Assembly, was closed. The investigation revealed that between 2009 and 2013, members of the criminal group he ran attempted to monopolize the mortar sand market by forcing entrepreneurs to secure contracts only through companies under their control. The case documents list 19 victims.¹³ In addition, Peunkov is accused of two murders and three attempted murders, which were conducted by the organized group in a manner detrimental to public safety. The motive was to gain greater influence in the timber cutting industry.¹⁴



Yevgenia Vasilyeva, center, former head of the Russian Defense Ministry's property management administration, attends her court hearing at the Presnensky District Court in Moscow in July 2014. The former aide to former Russian Defense Minister Anatoly Serdyukov is accused of embezzlement of state property and funds with damage exceeding 3 billion rubles (about \$90 million). EPA

Also in March 2013, A. Mastinin, a deputy of the Altai Krai Legislative Assembly, was arrested on suspicion of embezzling more than 12 million rubles from residents of apartment buildings via his management company for the payment of utilities. He remains a wanted man.¹⁵

In May 2013, A. Kufae, another deputy of the Altai Krai Legislative Assembly who was found guilty of large-scale insurance fraud and money laundering as part of an organized crime group, was sentenced to four years in prison. Total funds stolen from federal and local coffers exceeded 500 million rubles. His sentence was later suspended.¹⁶

In June 2013, O. Tyugaev, a deputy of the Penza City Duma accused of large-scale fraud, was detained in Italy. According to investigators he had organized a group to illegally collect

value-added taxes for fictitious transactions. The total loss is estimated at more than 67 million rubles.¹⁷

January 2014 saw the arrest of M. Magomedov, a deputy of the People's Assembly of Dagestan who was suspected of organizing a criminal association to gain control of property and funds of the clients of the now bankrupt Vitas-Bank. In total, 20 criminal incidents were identified. He is also suspected, together with his close relative and deputy of Kazbekov District, S. Abakarov, of extorting more than 24 million rubles from a local businessman, supposedly to cover interest on a loan issued previously.¹⁸

In March 2014, criminal charges were brought against A. Gasanov, a deputy of Levashinsky District, Dagestan. He was suspected of organizing an interregional crime group whose members engaged in illegal banking. In just seven years, the group laundered approximately 100 billion rubles. The investigation suggests that money was first transferred to shell companies in Dagestan before it was withdrawn as cash and delivered to clients by couriers.¹⁹

A PRECEDENT

In February, in Velikiy Novgorod, a criminal investigation was completed involving First Deputy Oblast Gov. A. Shalmuev. He was accused of organized large-scale fraud, abuse of office and coercion to enter into transactions. In June 2012, the private firm ZAO Trest Zelenogo Khozyaistva won a tender, following which the state-owned firm Novgorodavtodor entered into a contract worth 357 million rubles with the company to repair roads in the district. However, Novgorodavtodor's director and the deputy governor responsible for roads explained that he won the job as a result of a misunderstanding, and a different enterprise, Veche, should have been declared the winner. The director of the ZAO understood that if he did not decline this government contract, he would not only lose the right to participate in similar future tenders, but he would also incur serious difficulties regarding financing and acceptance of completed work. The influential criminal figure, A. Petrov, aka Beefsteak, forced the director to decline this profitable contract. Eventually, Novgorod civil servants signed an alternative contract with Veche, and the ZAO director lodged a complaint with the police.

The investigation established that Veche hired 12 subcontractors, who gave kickbacks to the head of Novgorodavtodor worth 10 percent of the sum of each signed contract. The deputy governor's assistant likewise earned a percentage and the deputy governor also was allocated 300,000 rubles per month. The total sum of losses incurred by the state is estimated to be more than 22 million rubles.²⁰

It is noteworthy that despite the presence of compromising information, A. Petrov managed to build a successful political career; first as member of the political council of the Borovich chapter of the Edinaya Rossiya party, then as a deputy in the district дума. This indicates that certain strata of the regional elite have a vested interest in introducing such persons into criminal/corruption schemes to better manage jurisdictions they control. In other words, a corporate-style merger of politics and crime is taking place. Bureaucrats yield administrative powers and see their office as an asset for generating income, and their activities in office as a form of business, with protection being provided by affiliated criminal groups.

VIOLENCE AND PROFIT

In May 2012, Kushevsky District Court issued a fine of 150,000 rubles to former municipal Deputy S. Tsepoviyaz, found guilty of concealing 12 murders, including the killings of four children, committed in November 2010 by the Tsapkovskiye gang. In November 2013, the leader of the gang, former deputy S. Tsapok, was sentenced to life imprisonment and a fine of 700,000 rubles. The court established that, apart from other violent crimes, the members of his gang, active in Kushevskaya between 1998 and 2010, committed 19 murders.²¹

In December 2012, Kurgansk city court sentenced former oblast Deputy M. Gurko to five years in prison after he was found guilty of organizing two crimes by the Lokomotiv organized crime group. This included an incident in 2004, when he ordered an attack on the election campaign headquarters of candidate for governor of Kurgan Oblast E. Sobakin. To intimidate supporters, a member of the crime group threw a live grenade through a window, striking one of the employees. Subsequently, the headquarters was closed. As payment, the deputy gave \$600 to the leader of the crime group, D. Popov.²² Gurko's accomplices were sentenced in November 2011 to prison terms ranging from eight to 24 years.

In April 2013, S. Zirinov, former deputy of the Krasnodar Krai legislative assembly, was arrested on suspicion of organizing a murder attempt on Anapka Cossack Ataman N. Nesterenko, in which Nesterenko was wounded and his driver killed. Investigators believe the attempt was prompted by a conflict between the Cossacks and the deputy's close associates regarding development of the Anapka River basin.²³

In the same month, former deputy of Bryansk City Council and leader of the Saransky organized crime group, V. Kiriyyenko, was sentenced to 8 1/2 years for organizing an attempt on the life of Deputy Gov. A. Kasatsky. A conflict arose between the two, in 2008, and Kiriyyenko, to protect his business, gave the order to kill Kasatsky, who narrowly survived.²⁴

In June 2013, A. Fedorchenko, deputy of the Troitsky City Assembly, was arrested on charges of large-scale fraud. According to the investigation, he headed an organized group that had committed murder, serious bodily harm and extortion.²⁵

In October 2013, V. Ardab'evskiy, the city manager of Miass, was arrested for the murder of two businessmen and racketeering. The investigation suggested that the goal was to eliminate competitors by enlisting the leader of the Turbazovskiye gang.²⁶

Lastly, in June 2014, the Zabaikal Krai prosecutor's office referred to court a criminal case involving Yu. Shkretov, a deputy of the legislative assembly accused of homicide as part of the organized crime group Osinovkiye. According to the investigation, as an entrepreneur in 2003, he took part in the killing of crime boss V. Sviridov, aka Svirid.²⁷ It bears noting that prior to this, Shkretov repeatedly declared his wish to run for governor of the Transbaikal Region.

COUNTERMEASURES

Federal law states that deputies and elected officials must fight corruption, or they can be removed from their positions.

To counter further criminalization of government bodies, Federal Law No. 19-FZ of 21/02/2014 was passed,²⁸ restricting

eligibility for public office for citizens with criminal backgrounds or outstanding convictions for serious or extremely serious crimes. According to the law, citizens convicted and sentenced for committing serious crimes cannot run for office for state and local government bodies within 10 years from the date of cancellation or clearance of a conviction. For extremely serious crimes, the limit is 15 years. If under a new criminal law, the act for which a citizen was convicted is no longer recognized as a serious or extremely serious, the person is eligible from the date such law passed. Concurrently, election documents must disclose information about all past convictions.

The character and decisions of elected officials directly impact the rights and freedoms of citizens in Russia. If they have criminal connections, this impacts the objective execution of their duties and can injure the legitimate interests of citizens and organizations. Consequently, we deem it necessary to correct omissions and factors conducive to corruption that currently exist in anticorruption legislation and to activate the work of state security agencies to disband existing criminal groups associated with interregional and international corruption. □

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