

The landslide victory of President Vladimir Putin's United Russia party in December's parliamentary election and Putin's nomination of Dmitry Medvedev to succeed him cements Putin's position as Russia's Leader. Now, he can freely accelerate the state's takeover and consolidation of Russia's remaining heavy industries. wallow the off the shelf Klonopin tablet whole, having a full glass of water [sildenafil buy online](#)

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Putin relies on a handful of carefully selected former Soviet apparatchiks, military officers and Federal Security Service (FSB) members (mostly from St. Petersburg's FSB Directorate), to hold key positions in the nation's strategic companies and energy ministries. Putin trusts them to execute his vision for "great Russia."

Russians seems generally comfortable under Putin's regime, partly because Communist denial of individual wealth accumulation rights, for the last decade-plus, has evaporated. Nevertheless, owning critical Russian assets deemed important by the State is no longer wise — or safe — unless the holder is chosen and approved by the Kremlin. And what the Kremlin gives — it can take away.

To ensure Russia's "re-privatization" of natural resources and basic industries and assets — really to retain Kremlin control — a little known financier with close ties to the security forces, Oleg Shvartzman, announced the formation of new \$3.8-billion investment company on December 3.

Shvartzman last week told Kremlin-controlled Kommersant business daily, "our colleagues from FSB decided there should appear an organization which would bend, bow, torture, and impose social responsibility on all sorts of Khodorkovskys..." (the unfortunate former owner of Youkos). That can be achieved, Shvartzman suggests, through "velvet re-privatization... new voluntary coercive ways of consolidating assets in the state's hands."

Putin began consolidating Russia's natural resources industries in 2005. The utterly corrupt Russian legal and tax systems were used by Putin and his Administration to separate Yeltzin-era oligarchs from their vast accumulations of individualized holdings, while he leveraged environmental laws to challenge foreign investors until they forfeited their assets for a song.

Putin charged Yukos, in 2005 Russia's biggest oil company, and its owner and Putin-opponent Mikhail Khodorkovsky, with tax evasion, forcing Yukos into bankruptcy and liquidation. Gazprom and Rosneft, Russia's state-owned gas and oil companies, grabbed Yukos assets and Khodorkovsky now serves his eight-year prison sentence in a maximum-security facility in Siberia's city of Chita. Earlier this year, Russia's federal prosecutor also issued embezzlement and money laundering charges that could keep Khodorkovsky for prison an additional 15 years.

American Yukos shareholders seeking compensation may never see a penny. Earlier this month, the US District Court of the District of Columbia ruled that Russia enjoys "sovereign immunity and therefore could not be tried in an American court." Desperate shareholders may now either appeal, or rely on the U.S. government to intervene on their behalf—neither option very promising.

To further Russian energy-industry control, the Kremlin forced international oil giant BP to relinquish its license to develop the world's largest natural gas field in Kovykta. BP relented on June 22, 2007, after Putin angrily shouted, "how much longer do we have to tolerate this?" Threatening BP with serious Russian federal pollution charges, the Kremlin forced the company to abandon its controlling stake—worth some \$20 billion—to Gazprom, for only \$700 to \$900 million.

In June 2007, Russia's Federal Tax Service also accused the RussNeft oil company and its owner Mikhail Gutseriyev of perpetrating a 20 billion Ruble tax fraud. Gutseriyev fled Russia before the state issued an arrest warrant for him on August 30, but RussNeft's assets were seized. Shortly thereafter, Putin's favored oligarch, Oleg Deripaska, emerged as a suitor of RussNeft's assets.

Deripaska, rumored as Russia's wealthiest man (\$21.1 billion), is a major Yeltsin-era economic operative, married the daughter of the former President's chief of staff, and now claims ownership of United Company Rusal, the world's second largest aluminum producer. His modus opernadi is a model of Russia's condoned business strategies.

Soon after Putin's presidential election, Deripaska openly solicited Kremlin favors. Moreover, to ensure Putin's continued protection, Deripaska funds the National Leader's pet projects. **He recently committed \$1.5 billion to complete construction of an international airport and Winter Olympic village in the Caucasus Mountain resort, Sochi, by 2014**

Deripaska claims to have acquired foreign natural resources and industries, not to enrich himself, but to strengthen Russia's global political influence. On July 12, 2007, the Financial Times asked Deripaska "if he would transfer Rusal back to the [Russian] state." He replied, "If the state says we need to give it up, we'll give it up..."

That would be easy, since Deripaska apparently acquired his fortune by bilking domestic and international partners and investors. A long trail of court battles follows him from the former Soviet Republics to Europe, the U.S. and Africa.

Deripaska's Rusal is suspected of resorting to bribery in 2004 to obtain the Aluminum Smelter Company of Nigeria (Alscon) for the lowest bid. Now, the Los Angeles-based Bancorp Financial Investment Group (BFIG) is also suing Rusal in Nigerian and U.S. courts for abusing Nigeria's privatization process in winning its bid for Alscon. The U.S. government publicly sides with Nigeria and BFIG.

In neighboring Guinea, Rusal also allegedly engaged in bribery to obtain concessions for an alumina refinery, and a bauxite mine. It's no coincidence that Guinea has the world's largest bauxite reserves.

In addition to disputes over questionable alleged business practices, Germany's Stuttgart Prosecutor Office accuses Deripaska of involvement with Russia's Izmailovo mob in laundering 8 million Euros — and, most damningly, contracting the murders of several competitors.

In Israel, police charge that Deripaska instigated illegal telephone-tapping of Deputy-Prime Minister and Minister of Strategic Affairs Avigdor Lieberman, whose main focus is the Iranian threat. The eavesdropping allegedly occurred soon after Israeli Prime Minister Ehud Olmert returned to Jerusalem from Moscow, where he discussed Iran's threat to the region. The tapes were apparently sent to Moscow. Clearly, such activities illustrate the extent to which the subservient Deripaska will go to service the Kremlin.

Last year, the FBI revoked Deripaska's entry visa to the U.S., reportedly for suspected links to criminal organizations. Earlier, Deripaska had been denied entry to the U.S. for over 10 years. But in 2005, after he paid \$560,000 to the law firm of former Senator Robert Dole, Alston & Bird, Deripaska obtained a multiple-entry U.S. visa.

Deripaska's visits to the U.S. ended abruptly in July 2006 after the U.S. government again revoked his visa. But for \$500,000 monthly, Washington D.C.'s risk management and investigative firm, Dilligence LLC—whose advisory board includes former President Clinton chief of staff Thomas F. McLarty—continues pursuing Deripaska's interests and visa quest. Possibly encouraged by the Clintons' apparent acceptance of gifts and their subsequent eagerness to whitewash criminal records, Deripaska hopes Hillary Clinton wins the 2008 U.S. presidential elections. Last month, he told Canada's Financial Post, he is confident the new Administration will "lift" his travel ban.

According to Transparency International latest report, corruption in Russia is worse than in most former Soviet republics. Putin's nomination of Dmitry Medvedev, promises more of the

same. On June 2, 2006 proposing that Russia should retain control over strategic companies, according to Itar-Tass, Medvedev (then First Deputy Prime Minister) admitted the government is “not the most efficient proprietor.” However, he insisted that Russia should control companies “vital for the country.”

That does not seem to worry former chief of Britain’s intelligence agency, the Government Communications Headquarters (GCHQ), Sir Francis Richards, from joining the Advisory Board of Altimo, a controversial telecom holding company controlled by the much disputed Russian Alfa Group, headed by yet another Kremlin loyalist Mikhail Fridman.

Russia’s nationalistic business strategy does not seem to worry U.S. officials, either. They now invite further Russian U.S. investments and joint ventures with U.S. companies. On June 18, U.S. Deputy Treasury Secretary Robert Kimmitt said, “We want to be sure they consider investment opportunities in the United States.” That’s exactly what Deriaska and his Kremlin bosses wish for. Hundreds of billions in unreported oil revenues are ready for investments. And if the past is any indication, most of this wealth will be spent outside Russia.

Buyers, bankers and regulators, however, would be wise to investigate the provenance of Russian assets offered by state-owned companies and subservient Kremlin businessmen — and ask how long Russia will take before “legally” confiscating their potential investments.

Russia’s New ‘State Oligarchy’

by Dr. Rachel Ehrenfeld