

ORGANIZED CRIME IN POST-SOVIET RUSSIA: A COMPREHENSIVE THREAT
ANALYSIS

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A thesis presented in partial fulfillment of the requirements for completion
Of the Bachelor of Arts degree in International Studies
Croft Institute for International Studies
Sally McDonnell Barksdale Honors College
University of Mississippi

University, Mississippi
May 2012

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Acknowledgments

This thesis would not have been possible without the guidance and patience of my mentor and third reader, Dr. Joshua First and Dr. Carl Jensen. I also owe thanks to my academic adviser, Dr. Kees Gispén, and my second reader, Dr. William Schenck. Through their constant support, they all ensured that I would complete this project and many more to come.

I am indebted to everyone who has ever attempted to teach me Russian, particularly Dr. Valentina Iepuri. Additionally, I would be remiss if I did not thank the teachers and friends who helped me throughout my Russian study abroad experiences in St. Petersburg and Tver’.

I’d also like to thank my friends and family for their encouragement. In particular, a huge thank-you to my dad for clipping countless articles about Boris Berezovsky from the Wall Street Journal and mailing them to me.

Finally, I’d like to thank my fellow Crofties, SMBHC seniors, and ISS cohort members for four years of happy memories (and homework distractions). I wish you all the best of luck in your future endeavors.

Introduction: Some issues with defining and writing about Russian and Eurasian organized crime

Not so long ago, many feared that the Soviet Union posed an existential threat to the United States and democracy everywhere. The tension between these two superpowers was reflected in both domestic and foreign policy until the Soviet Union's collapse. Ironically, a threat equally (if not more) detrimental to democracy in the former Soviet republics emerged after communism's failure: organized crime. Organized crime (OC) in Russia is not a new phenomenon; it has existed in some form since before the Revolution. It evolved in Stalin's gulags and had been lurking below the surface of communist society for decades, mainly confined to black market activities. As the former Soviet republics began the transition to market economies, OC elements found ways to both exploit the reforms for personal profit and earn the respect of the Russian people, who deeply distrusted the new government. The blurred line between the state and the criminal underworld allowed OC to become deeply embedded in post-Soviet society. All institutions, whether public, private, or criminal (or some combination of these three), utilized such similar practices in their operations that it became difficult to draw the line between legal and illegal practices.

As Russia tries to remedy its social problems and reestablish itself as a regional power, the need for an authoritative but legitimate government has become apparent. The first step in creating such a government is to clarify these blurred lines between legality and illegality. Russian heads of state have repeatedly pledged to address this by promoting transparency and rooting out corruption. Russian Prime Minister Vladimir Putin recently stressed the need to make the anti-corruption campaign "a truly national affair" by ensuring the costs of engaging in

corruption at any level outweigh the profits: “Ultimately, we must ensure that the reputational, financial, material, and other risks make corruption unprofitable.”¹

However, even if these promises translate to actions, it may be too late to curb the influence of OC elements. Russian and Eurasian OC went global decades ago and continues to spread. Both global criminal empires and localized crime rings have found new ways to survive in an increasingly transparent system. In an era when criminals have advanced connections, tools, and technology to conduct their activities and remain undetected, it is even more crucial that we assess their resources and capabilities.

In describing the scope of this thesis, perhaps it is helpful to first establish what it is *not* about. Hearing the phrase “Russian organized crime,” one might assume that recent news items, such as the mysterious death of former FSB agent Alexander Litvinenko, are part of the issue. Although tangentially related to this discussion, cloak-and-dagger games between the Russian government and former KGB operatives are not the subject of this thesis. The figures involved in that incident, as well as the criminal elements that do fall within the scope of this thesis, are all products of the same post-Soviet system, and some have established relationships with each other. Disentangling the web of connections between these figures is no easy task, but the simplest way to summarize it is to say that the corruption of public figures has allowed the continued existence of underworld figures. The main difference between them is that OC failed to legitimize to the extent that the oligarchs and current politicians did.

Some gray area remains in determining which public figures have achieved legitimacy, and which have not. After all, Semion Mogilevich, one of the most powerful criminals in the world, describes himself as nothing more than a businessman who sells wheat and grain. Vitaly

¹ Vladimir Putin, “Democracy and the quality of government,” Government of the Russian Federation, <http://premier.gov.ru/eng/events/news/18006/>

Dyomochka, another influential Russian criminal interviewed in the 2010 documentary *Thieves by Law*, asked, “In the West, can you become a member of Parliament with three convictions? No? Can he be a politician?... A mayor at least?... He can’t even become a mayor? What kind of place is that?”² The tendency to excuse or overlook questionable practices and behaviors, while not unique to Russia and the former Soviet Union, is certainly prevalent at all levels of its society. This thesis examines the extent to which OC has legitimized within Russia since the years immediately following the collapse of the Soviet Union. The data shows that OC groups have responded in several ways to Russia’s political and socioeconomic changes, legitimization being one of several.

In researching this thesis, I found that many people tend to lump all varieties of Eastern European crime together. Blanket terms such as “Russian Mafia” are often used to describe organized crime in the Russian Federation and other Eastern European nations, as well as crimes committed all over the world by immigrants from these countries. However, categorizing these groups with a single label is a serious mistake. There is little consensus among the intelligence or academic community when it comes to defining terms associated with organized crime. Because of the controversy surrounding the term “mafia,” I have refrained from using it to encompass the types of criminal structures discussed in this thesis. Although the media refers to any type of organized criminal activity as the work of the “mafia,” most Western academics have dismissed such assertions, claiming that the idea of such an entity promotes sensationalism.

Another contentious aspect of this field’s terminology results from the collective labeling of these OC elements as “Russian.” This is not an accurate label, as many prominent criminals were born in former Soviet republics such as Ukraine, Georgia, etc. and are not ethnically

² “Vory v zakone (Thieves by Law),” YouTube video, 1:30:50, from 2010 documentary *Vory v Zakone* directed by Alexander Gentelev, posted by “CKOMOPOX6,” March 16, 2011, <http://www.youtube.com/watch?v=RwB9q31Jkew&feature=related>

Russian (although they may have Russian citizenship). To avoid becoming entangled in this debate, I only use “ROC” to refer to criminal groups operating within the Russian Federation in the post-Soviet period. Contemporary groups that include members from multiple former Soviet republics, Eastern Europe, and Central Asia are collectively referred to as “Eurasian organized crime” (EOC).

Several obstacles arose during the course of my research. Most frustrating was that access to the most conclusive information on ROC is restricted to law enforcement and homeland security officials with clearances. A plethora of open-source material is available (books, news, scholarly works, and internet sources). However, an inherent problem with open-source information is the question of its accuracy. Accuracy becomes an even bigger issue when using Russian media sources, some (but not all) of which report sensational stories and unconfirmed details. Most “facts” about ROC are widely disputed, which only makes it more difficult to discern fact from speculation. However, these difficulties come with the territory of studying ROC. I have tried to overcome this problem by only presenting evidence that appears in a variety of sources, and I have ensured as best I can that these sources do not simply draw on the same source.

In the first chapter, I provide the economic, social, and political contexts for the prominence of ROC in the 1990s by examining the preexisting literature on this subject. The struggles that followed perestroika and market-economy reforms enacted during the latter years of the Soviet Union paved the way for organized crime to flourish in the newly-established Russian Federation. The collapse of certain Soviet structures also predisposed some groups to join organized crime brigades. Additionally, deep mistrust of the ability of the government and public institutions to provide security led to the rise of protection rackets. To present a complete

picture of this era's socioeconomic conditions, I have chosen Vadim Volkov's *Violent Entrepreneurs*, Stephen Kotkin's *Armageddon Averted*, and other scholarly works. I have selected David Satter's *Darkness at Dawn* for the most comprehensive account of Russian gang violence in the 1990s.

The second chapter identifies six criminal activities in which contemporary ROC and EOC are often involved: drug trafficking, trafficking in nuclear materials, arms dealing, human trafficking, smuggling counterfeit goods, and cybercrime. Each activity is contextualized with examples that recently appeared in worldwide news. Analysis of common criminal activities provides insight into the continued prevalence of ROC and EOC years after the economic and political upheaval of the 1990s. Despite the consistency of some ROC/EOC activities, these groups are constantly finding new ways to profit and diversify their operations. This chapter puts into perspective the extent of ROC and EOC's influence, and I argue that such a wide range of activities allows the involvement of all types of individuals in OC.

The third chapter explores the role of Russian state institutions in combatting high-level organized crime. This is where "legitimized" post-Soviet elements become relevant: politicians, political appointees, and oligarchs. I argue that the tangled web of connections between these figures enables the corruption that allows OC to persist. I specifically focus on the effectiveness of Russian law enforcement and courts in apprehending and prosecuting members of OC groups, relying on Paul Klebnikov's *Godfather of the Kremlin*, Thomas Firestone's article "What Russia Must Do to Fight Organized Crime," public opinion polls conducted by Russian and American polling agencies, and the text of the Russian Criminal Code to portray the recent legal landscape. This chapter helps the reader to understand some of the internal obstacles to penalizing criminals with connections to influential public figures.

In the final chapter, I evaluate four EOC groups using Sleipnir, a methodology created by the Royal Canadian Mounted Police to assess and compare OC groups according to certain characteristics. I have created two Sleipnir matrices using open-source information; one that covers the years from 1990 to 2000, and another for 2001 to the present. This shows how the selected groups have evolved over the last two decades, and it lends credence to the hypothesis that ROC/EOC elements are legitimizing their commercial interests.

Regular assessment of OC is crucial to keeping up with their activities and preempting actions that harm U.S. interests, directly or indirectly. In Russia's rapidly-changing political and socioeconomic climate, it is erroneous to assume that OC continues to operate as it did during the 1990s. The fluid nature of OC allows it to adapt itself to any environment, and awareness of OC's current modus operandi ensures that proper measures are taken to fight it. Exploring the legitimization of ROC and EOC not only determines whether or not it remains a threat; it also contributes to a broader assessment of economic and legal progress in Russia.

Chapter 1: The Evolution of ROC and EOC in Post-Soviet Russia

To an outsider, 1990s Russia seemed like a land of economic and political opportunity. Its markets had opened up for investment, and its government was transitioning to democracy. While Russia may have appeared to hold endless opportunities for both its citizens and foreigners, another group had realized the potential to profit by cheating the system: organized crime. Organized crime adapted and asserted itself by exploiting the political and economic upheaval that marked post-Soviet Russia, inhibiting the reforms that many hoped would create an open and transparent society.

The political landscape of 1990s Russia was chaotic and unpredictable. In the years preceding the dissolution of the Soviet Union, Boris Yeltsin was a major figure in the movement for Russian sovereignty. In June 1991, he was elected President of the Russian Federation, posing a direct challenge to Mikhail Gorbachev, who maintained his position as President of the Soviet Union. Dedicated Communist Party members, hoping that the Soviet Union could be salvaged through Gorbachev's overthrow, staged a putsch on August 19, 1991 while Gorbachev was at his vacation house in the Crimea. However, the putsch's leaders failed to apprehend or sever communication between potential opposition figures. Their public image reflected this disorganization and incompetence. The putsch leader was arrested on August 22, and Gorbachev returned to Moscow. He was forced to yield to Yeltsin on several issues, including granting independence to the Baltic states. Shortly thereafter, it became clear that the Soviet generals supported Yeltsin, and in late December 1991 Gorbachev finally agreed to step down. The

failure of these two to reconcile may have been a factor in the final dissolution of the Soviet Union, but “...their complementary roles helped defang a dangerous, well-armed police state.”³

Yeltsin’s administration was plagued by accusations of corruption, poorly-timed economic reforms, and a tumultuous relationship with parliament. Particularly, tensions between parliament and Yeltsin were exacerbated by Yeltsin’s 1993 constitution, which reflected an authoritarian agenda supported by most Russians at the time.⁴ The constitution, eventually adopted by referendum, gave the President what were considered extraordinary powers: for example, the authority to dissolve the State Duma under some circumstances⁵ and to appoint Cabinet members, commanding officers, and the head of the central bank without legislative approval.⁶ While some may argue that Russia needed a strong leader during this period, this ultimately resulted in strengthening presidential power to enact economic reforms, instead of building efficient state institutions that would function independently of the executive branch.

The economic reforms orchestrated by Yegor Gaidar and Anatoly Chubais de-emphasized state institutions to the point that even areas needing regulation (or just government oversight) were dominated by private actors. The government eventually relinquished its role in foreign trade, allowing private trading companies to take over and receive all the profit that would have been made from tariffs.⁷ This led to practices like gray customs clearance, a method still common today by which special companies import goods at low tax levels and merchants avoid paying high customs fees (see chapter 3). When Gaidar moved from fixed prices to free

³ Stephen Kotkin, *Armageddon Averted: The Soviet Collapse, 1970-2000* (New York: Oxford University Press, 2001), 112.

⁴ Douglas Stranglin and Victoria Pope, “Now it’s Boris or bust,” *U.S. News and World Report* 114, no.16 (1993): 35, <http://0-search.ebscohost.com.umiss.lib.olemiss.edu/login.aspxdirect=true&db=aph&AN=9304200194&site=ehost-live&scope=site>

⁵ St. 84 Konstitutsii Rossiiskoi Federatsii ot 12 dekabrya 1993 goda // *Rossiiskaya Gazeta*, 25 dekabrya 1993.

⁶ St. 83 Konstitutsii RF.

⁷ Paul Klebnikov, *Godfather of the Kremlin: The Decline of Russia in the Age of Gangster Capitalism* (n.p.: Houghton Mifflin Harcourt, 2001), 96.

prices, the Central Bank increased the money supply. However, this resulted in hyperinflation and the subsequent wiping out of working Russians' savings. In the privatization process, state enterprises were carved up and sold for a fraction of their values. The original plan was that all citizens would have a stake in these enterprises through a voucher system. However, most people were more concerned with putting food on their tables than having a stake in any company, so they sold their vouchers.⁸

Alena Ledeneva argues that such a regime, which was almost completely focused on privatization and maintaining its own authority, facilitated the rise of non-state actors by neglecting to build strong state institutions: "The inefficiency of the government in providing services to the private sector has facilitated the emergence of alternative institutions that operate with more efficiency, often by using methods that are not fully legitimate."⁹ OC was one of the non-state actors that filled in the areas where the state was lacking. Some of these groups had been adding to their ranks and evolving for years; others sprang up in response to the state's deficiencies. The absence of legal and physical protection proved the most convenient for OC groups. Law enforcement failed in its capacity to protect the public, so the public placed their trust in other entities. This gave rise to the concept of *krysha*, the Russian word for "roof" used to mean protection for businesses in this context. Small enterprises had to rely on OC for *krysha*, but wealthy businessmen could count on the government to provide it.

Paul Klebnikov, former editor of *Forbes Russia*, describes the hierarchy of power in 1990s Russia as "a three-sided pyramid, composed of gangsters, businessmen, and government officials."¹⁰ The gangsters in this hierarchy came from a variety of backgrounds; some began

⁸ Ibid., 126-127

⁹ Alena Ledeneva, *How Russia Really Works: The Informal Practices that Shaped Post-Soviet Politics and Business* (Ithaca, NY: Cornell University Press, 2006), 25.

¹⁰ Klebnikov, *Godfather of the Kremlin*, 3.

criminal careers in Soviet prisons, whereas others with no criminal background simply employed less-than-legal practices to attain massive amounts of wealth in the wake of the economic reforms.

The two types of OC most prevalent at the time were the *vorovski mir* (“thieves’ world”), which predates the Soviet Union by some accounts,¹¹ and the *bandity*, or “bandits,” which appeared during the early 1990s. Some sources make no distinction between *bandity* and the *vorovski mir*, but they were (initially, at least) two different groups. For example, some *bandity* were war veterans; however, one could never have attained a high rank in the traditional *vorovski mir* if he had served in the military. These groups often clashed, ultimately resulting in the *vorovski mir* relinquishing some of its traditional values and acquiring certain traits of *bandity*.

The *vorovski mir* is the Russian criminal underworld that has roots in the Russian Empire and prides itself on longstanding traditions and symbols. Its members were bound by a strict code, which included prohibitions against having a wife, children, legitimate work, and membership in social organizations. Above all, however, the code forbade any sort of collaboration with the government. The *vorovski mir* has its own complex history, which is important to understanding how ROC has evolved. After all, this brand of OC laid the historical foundation for the Russian criminal mindset, public opinion of organized crime, and the role of organized crime in modern Russia.

Because members of the *vorovski mir* must essentially renounce society, they almost exclusively recruited from prisons. Russian prisons became the main venue where one could begin or advance a career in the *vorovski mir*. A structured criminal hierarchy existed outside the

¹¹ Stephen Handelman, *Comrade Criminal: Russia's New Mafiya* (New Haven, CT: Yale University Press, 1995), 36.

prison system, but it had particular implications within prisons as well. Higher ranking members occupied the cleanest areas of prison cells.¹² One could not even advance to the highest ranks without having served a considerable amount of time in jail.

At the top of the *vorovski mir* hierarchy were the *vory v zakone*. There is no direct English counterpart to this title, but it is typically translated as “thieves in law” or “thieves professing the code.” This law or code refers to the aforementioned strict code of conduct to which the *vory* had to adhere in order to maintain their influence and leadership positions. Any prior breach of the code prevented one from becoming a *vor*.

The *vory v zakone* were advised by *sovetniki*, who coordinated the transport of illicit commodities (such as narcotics and liquor) into prisons. Below the *sovetniki* was the *gruppa obespechenie*, or “supply group,” who were responsible for the group supplies and communal funds (*obshchak*). The *obshchak* was used to help other members serving prison sentences or who had just finished sentences, and to bribe officials. The *gruppa bezopasnosti*, or “security group,” functioned as the brawn of the organization. They collected debts and acted as bodyguards for higher-ranking members. The lowest level consisted of the *shestiorky*, or errand boys.¹³

Some criminals who have been classified as *vory* continue to operate today, but on the whole, the traditional *vorovski mir* appears to have declined. There are several explanations for this phenomenon. First, *vory* had lost much of their influence by the late 1990s. “In more recent times, there has been an observable disregard for the ‘thieves law,’ and the *vor* no longer has to

¹² Joseph D. Serio and Vyacheslav Razinkin, “Thieves Professing the Code: The Traditional Role of *Vory v Zakone* in Russia’s Criminal World and Adaptations to a New Social Reality,” in *Russian and Post-Soviet Organized Crime*, ed. Mark Galeotti (Farnham, UK: Ashgate, 2002), 100.

¹³ *Ibid.*, 99-100.

be a convict with a criminal record. In turn, respect for the *vor* also has diminished.”¹⁴ Second, some of the most historically infamous *vory* were assassinated or arrested in the 1990s. Otari Kvantrishvili, a Georgian *vor* described as “the criminal world’s unofficial emissary to society,”¹⁵ was murdered by Orekhovskaya associates in 1994. Vyacheslav Ivankov (“Yaponchik”), was arrested in the United States in 1995 and assassinated in 2008. However, the *vory* were soon replaced by (and in some cases, integrated with) a new brand of criminal, who were just as equipped to profit in Russia’s economic climate.

Bandity came into existence as the Soviet Union crumbled and market reforms were implemented in the early 1990s. They formed small groups called *brigady*, or “brigades.” The leaders of *brigady* were called *avtoritety*. Most of these individuals were not hardened criminals with lengthy criminal records, such as those who comprised the *vorovski mir*. “The bandits’ mores were formed in civilian life and are more rational and practical, containing fewer prohibitions and constraints.”¹⁶

Some groups were more likely than others to join *brigady*. Many new *bandity* were forced to establish new livelihoods after the demise of the Soviet Union, and joining these criminal groups proved to be profitable. Professional athletes were once such group. Champions in boxing, wrestling, and other sports were hailed as heroes in the Soviet Union, but the state could no longer support sports clubs following the collapse of the USSR. Athletes were forced to find some other way to profit from their skills, and many joined protection rackets. This was especially true of some of the 1990s most notorious OC leaders. For example, Sergei Timofeev,

¹⁴ Frank J. Cilluffo, Robert H. Kupperman, and Erik R. Peterson, *Russian Organized Crime: Global Organized Crime Project* (Washington, DC: Center for Strategic and International Studies, 1997), 27

¹⁵ David Satter, *Darkness at Dawn: The Rise of the Russian Criminal State* (New Haven, CT: Yale University Press, 2003), 134.

¹⁶ Vadim Volkov, *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism* (Ithaca, NY: Cornell University Press, 2002), 60.

a leader of the Orekhovskaya group, was known for his karate skills. Otari Kvantrashvili served as wrestling coach at a reputable sports complex and later attempted to start a political party comprised of famous athletes. Sergei Mikhailov (himself a distinguished wrestler) is said to have founded the Solntsevskaya group from a sports club.¹⁷

Afghan War veterans also found themselves displaced after they arrived back in their homeland. The withdrawal of Soviet troops from Afghanistan in the late 1980's brought thousands of veterans home to a Soviet Union in the midst of a monumental transition. "The decaying welfare state was ill prepared for the systemic social rehabilitation of war veterans, leaving them alone to cope with the postwar stress and to search for a place in the rapidly changing society."¹⁸ *Brigady* welcomed these veterans, who already possessed fighting skills and desperately needed a source of income.

Bandity profited the most by taking advantage of the earliest market reforms, which allowed vendors to sell goods in city marketplaces. "City markets and other sites for the free economic exchange of privately produced goods began to attract those who were able and willing to display and use force."¹⁹ The Rizhsky market in Moscow became especially known for criminal activities. Members of various *brigady* roamed the newly established marketplaces, extorting "protection" fees from certain vendors, whom they called their *kommersanty* ("businessmen"). One might assume that these *kommersanty*, having just been allowed to engage in private enterprise, would have been averse to giving up some of their profit to the *bandity*. Some initially resisted the payment of protection fees, for which they were usually beaten.

¹⁷ Aleksandr Maksimov, *Rossiskaya Prestupnost': Kto est' kto* (Crime in Russia: Who's who) (Moscow: Eksimpress, 1998), 37-44, <http://lib.baikal.net/lat/POLITOLOG/r-prest.txt>

¹⁸ Volkov, *Violent Entrepreneurs*, 12

¹⁹ *Ibid.*, 15

However, many welcomed protection from the *brigady*. “They [private business owners] saw racketeers as providers of real services and demanded them when circumstances required.”²⁰

It soon became clear that *bandity* would pose a direct challenge to *vory*. Territorial conflicts arose between these two groups, prompting *vory* to reevaluate whether their most basic principles were tenable under the status quo. Russia was essentially divided between these two groups. *Vory* maintained influence in the far eastern regions, where opportunities abound for collaboration with Chinese triads and Japanese *Yakuza*.²¹ *Bandity* flourished in the industrial regions, such as Petersburg and Ekaterinburg,²² where there were more opportunities to capitalize on the privatization of various industries.

However, these distinctions were not always so clear. In some cases, *vory* and *bandity* joined forces. The Solntsevskaya group was considered a *brigada* because it was not ritualistic or exclusive to convicts; however, to attend the meetings of its leading council, one had to be a *vor*.²³ There was also possibility of conflict between individual *brigada*. Infringement upon the territory of another *brigada* could (and did) result in widespread gang warfare (see chapter 4).

It is difficult to assess the true extent of OC in 1990s Russia, as crime was so pervasive. Nonetheless, Russian sources still attempted to give approximations. Yeltsin claimed in 1993 that two-thirds of Russian commercial ventures had connections to OC and named OC as Russia’s most grave national security concern. The MVD estimated that 40 percent of private

²⁰ Ibid., 34

²¹ Mark Galeotti, “Russia’s Far East - Russian or Eastern?” *IBRU Boundary and Security Bulletin* 6, no.1 (1998): 66, https://www.dur.ac.uk/resources/ibru/publications/full/bsb6-1_galeotti.pdf

²² Volkov, *Violent Entrepreneurs*, 61; Andrei Konstantinov, *Banditskii Peterburg* 98 (Moscow: Olma-Press, 1999), 74-77, <http://www.e-reading.org.ua/book.php?book=29179>

²³ Federico Varese, *The Russian Mafia: Private Protection in a New Market Economy*, (New York: Oxford University Press), 171.

enterprises, 60 percent of state-owned enterprises, and 85 percent of banks were connected to organized crime and claimed that there were 3,000 OC groups operating within the country.²⁴

The key to ROC's pervasiveness was discouragement of any attempt by the state to thwart them, regardless of how serious these attempts actually were. The 1990s were marked by striking instances of gang violence across Russia. This violence frequently took the form of contract killings, but more drastic incidents were responses to the government's attempts to crack down on organized crime. The torching of the Samara police headquarters in 1999 was perceived as a reaction against MVD's "Operation Cyclone" targeting Avtovaz, an automobile factory in Togliatti whose operations had been thoroughly permeated by criminal elements.²⁵

Sometimes, violence was not even necessary. Individuals at the highest levels of the government were capable of discouraging meaningful reform. In 1996, the Federation Council, the upper house of Russian parliament (whose members are appointed, not elected) vetoed a bill addressing organized crime after it was passed by the Duma. In 1999, President Yeltsin vetoed a money-laundering bill. The failure of these early attempts to fortify Russia's legal system against OC only sustained OC's hold over the market economy.

In the 1990s, the greatest threat posed by ROC was its potential to destabilize the fledgling democracy and capitalist economy in Russia. A key finding of the 1997 CSIS Task Force Report on Russian Organized Crime was that "the processes of democratization and economic liberalization in Russia are being seriously undermined by ROC."²⁶ The worst-case scenario was that Russia would devolve into a "criminal-syndicalist state under the control of

²⁴ Klebnikov, *Godfather of the Kremlin*, 29.

²⁵ Satter, *Darkness at Dawn*, 131.

²⁶ Cilluffo, Kupperman, and Peterson, *Russian Organized Crime: Global Organized Crime Project*, 10.

corrupt government bureaucrats, politicians, businessmen, and criminals with which normal relations would be impossible.”²⁷

Fifteen years later, some would argue that modern Russia does resemble a “criminal-syndicalist state.”²⁸ However, the noticeable absence of frequent contract killings, mysterious fires, and the like suggests that some positive changes have taken place. The next chapter analyzes the activities of contemporary ROC and EOC, demonstrating the changes in the operations of these groups.

²⁷ Ibid.

²⁸ Ibid.

Chapter 2: Contemporary criminal activities of ROC and EOC

Not all ROC/EOC groups are created equal, and the Russian criminal code reflects this. It describes levels of OC other than the massive criminal organizations discussed in the previous chapter. These lesser-known groups may not garner much media attention if they are not associated with *vory* or other gangster “celebrities.” Indeed, few groups can be compared to the likes of Solntsevskaya in terms of numbers, resources, or infamy; however, their criminal endeavors often resemble each other and prove just as costly.

Contemporary ROC/EOC groups, big or small, are often involved in a myriad of activities. Their versatility and expansion into multiple enterprises have landed them among the most notorious criminals in the world. This chapter identifies six areas in which ROC and EOC typically specialize: drug trafficking, trafficking in nuclear materials, arms dealing, cybercrime, human trafficking, and smuggling counterfeit goods. This wide range of activities reflects the participation in OC of individuals from a variety of backgrounds and social classes.

Drug trafficking

Russia is a prime transit country for drugs manufactured in Central Asia. According to RIA Novosti, one of the most popular smuggling routes for Afghan opium and heroin to Europe goes through Kyrgyzstan and Russia.²⁹ Leaders of Russia and neighboring countries have repeatedly pledged to crack down on drug trafficking, but corruption in the lower levels of law enforcement prevents these crackdowns from being fully executed. “Besides military personnel, the police, border guards and the customs service- possibly the most corrupted part of Russian

²⁹ “Mexican drugs pose no direct threat to Russia - Anti-drug chief,” *RIA Novosti*, February 21, 2012, <http://en.rian.ru/russia/20120221/171432499.html>

law enforcement- are all deeply involved in the burgeoning drug trade.”³⁰ Some claim that a large portion of proceeds from the drug trade benefit regional actors that undermine Russia’s interests and regional stability. Profits are reportedly used “to fund the conflict in Chechnya, insurgencies in adjoining regions, and possibly terrorist activities supported by remnants of the Taliban.”³¹

However, the scope of the ROC’s drug trafficking operations extends far beyond Central Asia. According to a 2003 report by the Federal Research Division of the Library of Congress, ROC collaborated with Mexican cartels as early as 1992.³² In 2001, a series of cocaine seizures in the Pacific caused speculation of alliances between California-based ROC and the Arellano-Felix organization, a brutal Mexican-based drug cartel that controlled the territory in which the seizures took place.³³ Although there is no evidence that this alliance continues today, ROC/EOC maintains a presence in Latin America and the Caribbean, according to Russian Federal Drug Control Service head Viktor Ivanov: recent drugs seizures have taken place in Brazil, Ecuador, Colombia, Peru, and the Dominican Republic.³⁴

At one time, Russia’s status as a transit nation was the primary concern of domestic narcotics authorities. However, drug consumption in Russia has increased exponentially since 1990.³⁵ Today, the most common drugs in Russia are marijuana and heroin, followed by cocaine,

³⁰ Louise Shelley, “The Drug Trade in Contemporary Russia,” *China and Eurasian Forum Quarterly* 4, no.1 (2006): 18, http://www.silkroadstudies.org/new/docs/CEF/Quarterly/February_2006/Louise_Shelley.pdf

³¹ Ibid.

³² “Organized Crime and Terrorist Activity in Mexico, 1999-2002,” Federal Research Division, Library of Congress, February 2003: 29, http://www.loc.gov/tr/frd/pdf-files/OrgCrime_Mexico.pdf

³³ Gretchen Peters, Drug trafficking in the Pacific has a distinctly Russian Flavor,” *San Francisco Chronicle*, May 30, 2001, <http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/2001/05/30/MN165135.DTL>

³⁴ “Mexican drugs pose no direct threat to Russia - Anti-drug chief,” *RIA Novosti*, February 21, 2012.

³⁵ Letizia Paoli. “Illegal Drug Trade in Russia: A Research Project Commissioned by the United Nations Office for Drug Control and Crime Prevention,” Max Planck Institute for Foreign and International Criminal Law, 2001: 2, <http://www.mpicc.de/shared/data/pdf/paoli.pdf>

methadone, and ecstasy.³⁶ Drug addicts in Russia reportedly consume 21% of the world's heroin supply, surpassing the rest of the world in heroin addiction levels.³⁷ The relatively new drug desomorphine (“crocodile”) has gained popularity among Russian drug users, spreading from just 19 regions in 2007 to 60 regions in 2010.³⁸ These statistics reflect an increase in demand for drugs, which OC will likely attempt to capitalize on.

Trafficking in nuclear materials

Russia is believed to have a larger quantity of highly enriched uranium than any other nation.³⁹ The international community has been concerned about poorly secured nuclear materials in Russia since the 1990s. In fact, one of the key findings of the CSIS's 1997 report on ROC was that “ROC groups hold the uniquely dangerous opportunity to procure and traffic nuclear materials.”⁴⁰ This seemed especially likely at the time this report was published because military officials were vastly underpaid and highly vulnerable to bribery. Conditions for Russia's military have greatly improved since then, but bribery by criminal elements hoping to gain access to nuclear stockpiles is still within the realm of possibility.

In June 2011, Moldovan undercover police purchased 4.4 grams of weapons-grade uranium from a Russian-lead criminal group. The uranium was likely smuggled through Transnistria, a breakaway republic of Moldova with poor border security. This group told Moldovan police that they had an additional 9 kilograms of weapons-grade uranium and an undisclosed amount of plutonium. In September 2011, the police discovered that they had

³⁶ “Obzor pressiy za 13 yanvarya” (“Press review for January 13”), Ministerstvo Vnutrennikh Del Rossiiskoi Federatsii, January 13, 2006, http://www.mvd.ru/presscenter/press/show_68693/

³⁷ “Drugs: Old and new threats,” *RIA Novosti Infographics*, <http://en.rian.ru/infographics/20110901/166350658.html>

³⁸ Ibid.

³⁹ “Fissile material stocks,” International Panel on Fissile Materials, January 2012, <http://www.fissilematerials.org/>

⁴⁰ Frank J. Cilluffo, Robert H. Kupperman, and Erik R. Peterson, *Russian Organized Crime: Global Organized Crime Project* (Washington, DC: Center for Strategic and International Studies, 1997), 10.

preempted a North African buyer in purchasing the uranium. Some worry that this buyer may have been connected to a terrorist group.⁴¹

It is important to take into account that no thefts at nuclear facilities are known to have occurred since before 2000.⁴² If the materials in question were not obtained through a recent theft, they have likely been in circulation for over a decade. The packing of this sample shares similarities with two others; one in Bulgaria in 1999, and another in France in 2001. This suggests that they may have originated from the same sellers, who smuggled the samples through Transnistria in all three cases.⁴³

In cases of trafficking in nuclear materials, the main threat is not that EOC might use such materials if they acquired them. More threatening is EOC's use of nuclear materials to attract and form partnerships with dangerous entities who are ideologically motivated and have stated their intentions to harm the U.S. or its allies. ROC/EOC may be nothing more than the middleman in a lucrative business deal, with no interest in harming any nation or entity. However, their lack of ideology can lead them to conduct transactions with anyone.

Arms Dealing

Arms dealing, like most other contemporary ROC/EOC activities, became widespread following the collapse of the Soviet Union. Like trafficking in nuclear materials, it was heavily influenced by corruption in the military: "Extensive corruption--combined with a partial transition to a capitalist economy--has resulted in the de facto privatization of Russia's military

⁴¹ Associated Press, "AP Exclusive: Officials say crime ring has uranium," *The Guardian*, September 27, 2011, <http://www.guardian.co.uk/world/feedarticle/9866962>

⁴² "Illicit trafficking in weapons-useable nuclear material: Still more questions than answers." Nuclear Threat Initiative, December 11, 2011, <http://www.nti.org/analysis/articles/illicit-trafficking-weapons-useable-nuclear-material-still-more-questions-answers/>

⁴³ Ibid.

equipment.”⁴⁴ The most formidable threat lies in the possibility that weapons will end up in the wrong hands. For example, in 1998, ROC in the Russian city of Khasan attempted to sell transport/assault helicopters to North Korea.⁴⁵

The global weapons market was dealt a large blow with the arrest of reputed arms dealer Viktor Bout. Bout’s deals with the Taliban, the Northern Alliance, and groups within Sierra Leone and the Congo earned him the nicknamed “the merchant of death.” He was arrested in a DEA sting operation in Thailand in 2008, extradited to the U.S., and found guilty on four counts of conspiracy to sell arms to Colombia’s FARC rebels with the intent of killing U.S. citizens. Bout will be officially sentenced on March 28, 2012. Russian officials have denounced the charges against Bout and declared their intention to “achieve his return to the motherland.”⁴⁶

Some contend that the disappearance of a Finnish freighter in July 2009 was connected to smuggling of arms or other hazardous materials. The *Arctic Sea* was carrying almost 1.5 million euros worth of lumber from Finland to Algeria when it was hijacked on the Baltic Sea on July 24, 2009. According to emails between the Russian crew and police, the hijackers raided the ship and claimed to be law enforcement officers searching for drugs. They injured several crew members, damaged the ship’s communications equipment, and confiscated crew members’ cell phones before disembarking twelve hours later. The *Arctic Sea* did not arrive in the Algerian port of Bejaia as scheduled on August 5, 2009. The Russian Navy tracked down the freighter a month later near Cape Verde, and one Latvian and five Estonian residents were tried and sentenced for hijacking.

⁴⁴ Phil Williams, “Drugs and Guns.” *Bulletin of the Atomic Scientists* 55, no. 1 (January/February 1999): 46, *Academic Search Premier*, EBSCOhost (accessed March 21, 2012).

⁴⁵ “Russian Army Sells Arms to Pay for Food,” *Global Intelligence Update*, October 9, 1998 (www.stratfor.com).

⁴⁶ Miriam Elder, “Russia lashes out at US over conviction of Viktor Bout” (includes an interview with Alexander Lukashevich), in *The Guardian*, November 3, 2011, <http://www.guardian.co.uk/world/2011/nov/03/russia-us-jailing-viktor-bout>

However, questions about this incident persist. It is unclear why the crew did not immediately file a report with local authorities. Swedish police assert that the crew failed to do so because they actually believed the hijackers were police officers. Even if this was the case, it is strange that they continued their voyage without functional communications equipment, including a radio. However, it appears that the Automatic Identification System (AIS) signaling equipment was still working, as it located the *Arctic Sea* on July 29, five days after the hijacking. At this point it was probably turned off, although this would have amounted to a violation of international maritime regulations.⁴⁷ Particularly intriguing is the fact that news of the hijacking was not released to the Finnish government or the general public for four days; furthermore, the EU and NATO did not conduct investigations into the matter.⁴⁸

Several theories quickly surfaced about the hijacking and the supposed cover-up that ensued. The hijackers' leader, Dmitry Savins, claimed that the mastermind of the operation was Eirik-Niiles Kross, an former Estonian intelligence official who has since become involved in the construction business. Savins claimed in court that Kross ordered the hijacking in hopes of extorting ransom money to alleviate his financial woes. On January 13, 2012, Russian investigators charged Kross in absentia with organizing the hijacking and added his name to the federal wanted persons list. Estonia has refused to hand Kross over to Russian authorities.

Much of the international community, however, has rejected this explanation. Numerous theories positing the involvement of OC have surfaced. These theories take into account that the *Arctic Sea* was undergoing repairs in the Russian enclave of Kaliningrad, a major smuggling

⁴⁷ Tommi Nieminen, "Where are you, *Arctic Sea*?" *Helsingin Sanomat*, August 9, 2009, <http://www.hs.fi/english/article/Where+are+you+iArctic+Seai+/1135248398283>

⁴⁸ "Finnish experts suspect that *Arctic Sea* carried raw materials for chemical warfare," *Helsingin Sanomat*, October 16, 2011, <http://www.hs.fi/english/article/Finnish+experts+suspect+that+iArctic+Seai+carried+raw+materials+for+chemical+warfare/1135269703367>

hub, prior to taking on its cargo of lumber in the Finnish port of Pietarsaari. Some believe that materials for some type of weapon were loaded onto the ship in Kaliningrad or in Swedish waters. The freighter was hijacked and subsequently rerouted for the Middle East.⁴⁹

Human trafficking

ROC and EOC are involved on both ends of human trafficking: arranging to illegally bring people to work for them or their associates, and arranging for them to be smuggled to other locations across the world. More than 10,000 people are smuggled into Russia for exploitative labor in the manufacturing, agriculture, construction, and domestic service industries each year.⁵⁰ There was no law against human trafficking in Russia until 2003, and Russia leaders did not make any attempt at a coordinated national awareness campaign until December 2010, when Dmitry Medvedev signed the CIS Program to Combat Human Trafficking for 2011-2013.⁵¹

ROC and EOC elements are also involved in human trafficking operations around the world. The United States, Israel, and Europe are common destinations for victims of human trafficking. According to James Finckenauer, the most common scheme utilized by Russians who commit visa fraud in the U.S. involves shell companies which “invite” or “transfer” workers from abroad.⁵² In November 2011, 25 individuals from Italian and Russian crime groups were arrested in New York in connection with one such immigration scheme. This ring arranged for women from Russia and other Eastern European nations to receive short-term visas, enter into

⁴⁹ Timo Hellenburg, Pekka Visuri, Risto Volanen, and Heikke Talvitie. *Myrskyn silmässä: Suomi ja uudet kriisit* (In the Eye of the Storm: Finland and New Crises), (Jyväskylä: WSOYpro, 2011).

⁵⁰ “Annual Trafficking in Persons Report 2011,” Embassy of the United States: Moscow, Russia. June 27, 2011, <http://moscow.usembassy.gov/tipreport2011.html>; “Enterprising Apparatchiks,” *Wilson Quarterly* 34, no. 3 (Summer 2010): 86-87, *Academic Search Premier*, EBSCOhost (accessed March 21, 2012).

⁵¹ “Annual Trafficking in Persons Report 2011,” Embassy of the United States: Moscow, Russia. June 27, 2011

⁵² James O. Finckenauer, “Russian Transnational Organized Crime and Human Trafficking,” in *Global Human Smuggling: Comparative Perspectives*, ed. David Kyle and Rey Koslowski, Baltimore, MD: Johns Hopkins University Press, 2011), 306-324.

sham marriages, and remain in the U.S. to work in nightclubs across New York. They reportedly recruited women through Facebook and advertisements in overseas newspapers.

This particular instance reflects the evolving methods that ROC and EOC use in human trafficking. According to human rights groups, crackdowns on visa requirements have simply caused traffickers to rely less on forged documents and focus on obtaining them legally or through some loophole.⁵³ Social media and networking sites allow traffickers to offer opportunities to a larger audience (honestly and dishonestly).

Smuggling counterfeit goods

The true extent of the Russian market for counterfeit goods is unknown, but the lowest official estimates for turnover of counterfeit goods is over 100 billion rubles per year.⁵⁴ Most of these products come from Southeast Asia and Eastern Europe. While many popular counterfeit products are luxury brand items, counterfeit pharmaceuticals, alcohol, or food products that are not manufactured in compliance with health and safety regulations can pose serious hazards.

The closing of the Cherkizovsky Market in 2009 brought attention to problems associated with smuggling counterfeit goods. Authorities had long been aware that Moscow's largest market was a smuggling hub.⁵⁵ The market's manager, Telman Ismailov, was a close friend of former Moscow mayor Yuri Luzhkov. Ismailov reportedly angered Vladimir Putin by investing abroad and throwing a lavish party to celebrate the opening of his new hotel in Turkey. The market was closed down in 2009 for violations of sanitation regulations. However, the discovery

⁵³ Vladimir Kovalev, "Traffic Control." *Transitions Online* (February 26, 2007): 4, *Academic Search Premier*, EBSCOhost (accessed March 21, 2012).

⁵⁴ Vitaly Salnik, "Brands and counterfeit goods: The mythical standoff," *Pravda*, September 5, 2011, <http://english.pravda.ru/business/companies/05-09-2011/118952-brands-0/>

⁵⁵ Boris Nemtsov and Vladimir Milov, *Luzhkov: Itogi*, Moscow: Solidarnost', 2010.

of 6,000 containers of counterfeit products at the market, including children's items later found to be hazardous, proved more serious.

The Cherkizovsky Market incident also impacted Sino-Russian trade relations, as the livelihoods of 60,000 Chinese entrepreneurs at the market were essentially destroyed overnight.⁵⁶ The total losses were estimated at more than \$2 billion.⁵⁷ However, China viewed the closing as a step toward long-term trade standardization and transparency. This incident emphasized the need to eradicate "gray customs clearance," a method by which Russian "clearance companies" import goods at a cut-rate tax level and Chinese merchants avoid high customs fees. This practice is unfavorable because results in circulation large quantities of undeclared goods.

Cybercrime

Cybercrime is one of the newest threats to individuals, corporations, and governments. Unlike the other types of crime discussed in this chapter, cybercrime is not facilitated by corrupt customs officials, porous borders, or inefficient bureaucracies. It is one of the most difficult types of crime to document and combat, and ROC/EOC groups have proven to be uncannily good at perpetuating cyber attacks. Mark Galeotti estimates that Russian hackers are responsible for 35% of global cybercrime revenue, which amounts to \$2.5-\$3.7 billion.⁵⁸ EOC's heavy involvement in cybercrime suggests that its elements are highly educated and have access to sophisticated technology.

⁵⁶ "Cherkizovsky market closure heralds transformation of trade," *China Daily*, August 6, 2009, http://www.chinadaily.com.cn/world/2009-08/06/content_8533540.htm

⁵⁷ "No winners in Russia's smuggling clampdown," *Global Times*, July 14, 2009, <http://www.globaltimes.cn/opinion/top-photo/2009-07/446182.html>

⁵⁸ Mark Galeotti, "Why are Russians excellent cybercriminals?" *The Moscow News*, November 11, 2011, http://themoscownews.com/siloviks_scoundrels/20111121/189221309.html.

Russian cyber criminals are especially notorious for their destructive malware. In 2007, the Gozi Trojan wreaked havoc on the cyber world with its ability to steal Social Security numbers, usernames, passwords, and other types of personal data and send it to a server. The Gozi code can be purchased from online vendors who make a living from selling malware.⁵⁹

The most recent large-scale ROC/EOC cybercrime operation was “Operation Ghost Click,” in which hackers used a type of malware to redirect computers to “rogue” servers and were able to control the web activity of affected computers. In November 2011, the FBI arrested six Estonian nationals in connection with the operation; however, the group’s Russian leader currently remains at large. The FBI believes that 4 million computers in over 100 countries were affected, including computers belonging to NASA.⁶⁰

Perhaps the biggest obstacle to combatting cybercrime is a lack of international cooperation in catching cyber criminals. Cyber criminals are so successful because they are “taking advantage of the jurisdictional limits, legal differences, cultural divides, and bureaucratic slowness that are too often associated with international cooperation.”⁶¹ Cybercrime stands apart from other crimes, as it involves an understanding of technology that the average person does not possess. Many nations are still struggling to define the terms associated with cybercrime within their own legal systems, so internationally-agreed upon definitions are difficult to reach.

⁵⁹ Jaikumar Vijayan, “Nastier version of Gozi trojan on the loose,” *PC World*, May 21, 2007, http://www.pcworld.com/article/132048/nastier_version_of_gozi_trojan_on_the_loose.html

⁶⁰ Mark Galeotti, “Operation Ghost Click: FBI (and friends) take down major Russian and Estonian cybercrime operation,” *In Moscow’s Shadows* (blog), November 9, 2011, <http://inmoscowsshadows.wordpress.com/2011/11/09/operation-ghost-click-fbi-and-friends-take-down-major-russian-and-estonian-cybercrime-operation/>

⁶¹ “Luke Dembosky, U.S. Department of Justice Resident Legal Advisor, U.S. Embassy, Moscow, Russian Federation,” International Conference on Cyber Security, accessed March 26, 2012, <http://www.iccs.fordham.edu/program/2012-program-schedule/luke-dembosky/>

Addressing root causes of OC

These activities are so diverse that individuals of many ages, education levels, and geographic locations can participate in the phenomenon of ROC/EOC. These criminal routines will appeal to a wide range of people until reforms that address the root causes of OC are approved at the national level and enforced at the local level. Given the ineffectiveness of the state institutions (discussed at length in the following chapter), Russia may need to consider a bottom-top approach to resolving some of these issues. Local authorities primarily deal with the effects of smaller OC groups, so they better understand the negative impacts on their communities.

It would be easy to attribute the prevalence of all these criminal activities to government corruption. However, to do so overlooks other factors, such as the motives behind pursuing criminal paths. Individuals turn to crime for a variety of reasons; in the case of ROC/EOC, the two main reasons appear to be necessity and greed. Addressing the necessity of turning to crime can only be done through effective domestic policies. Where economic hardship is widespread, criminality becomes not only acceptable but necessary. Changing the conditions that force people to turn to crime is the surest way to attack this root cause of ROC and EOC. International cooperation is the best way to apprehend wealthy, globally connected criminals whose actions stem from desires for money and material possessions. Unfortunately, Russia faces difficulty in cooperating with the U.S., the U.K., and others due to ongoing political tensions and mutual mistrust. This is due in part to the actions of Russian institutions; in particular, those that appear to be politically motivated. The next chapter evaluates the role of state institutions in the struggle against ROC and EOC.

Chapter 3: The response of state institutions to OC

Twenty years later, it is clear that the worst-case scenarios predicted by security analysts in the 1990s did not come to pass. On the whole, Russia is developing into a stable regional power that maintains normal relations with other countries. Its internal affairs are no longer troubled by frequent gang assassinations in the streets and attacks on government buildings. This can be partially attributed to the strengthening of state institutions, particularly the judiciary and police forces. These are especially vital institutions in promoting stability through curbing the visible effects of OC. OC can only be effectively dealt with when a competent, uncorrupted police force and an independent judiciary work toward the common goal of eradicating its influence.

However, it is clear that OC maintains its influence in Russia, former Soviet republics, and throughout the world, calling into question the effectiveness of Russia's courts and police. Since the early 1990s, numerous reforms have been enacted within these spheres, yet ROC and EOC are sometimes more elusive than before if they can appear to legitimize. This chapter evaluates the progress of courts and police in combatting OC and highlights some of the obstacles they face in doing so.

The 1990s were so chaotic because the legal system did not adequately address OC. One could only be prosecuted for extortion and banditry if caught in the act. There was no law against racketeering. One could also claim ignorance of the law if arrested.⁶² Under such provisions, successfully trying and sentencing OC members was virtually impossible.

Today, Russian law is somewhat better equipped to prosecute OC. The Russian Criminal Code, adopted in 1996, distinguishes between several types of organized crime: a group of

⁶² Paul Klebnikov, *Godfather of the Kremlin: The Decline of Russia in the Age of Gangster Capitalism* (n.p.: Houghton Mifflin Harcourt, 2001), 33.

persons, a group of persons in a preliminary conspiracy, an organized group, and a criminal community/criminal organization.⁶³ Penalties for “crimes in the sphere of economics” are harsher if committed by an organized group.⁶⁴ Nonetheless, there are still some legal obstacles that hinder effective OC prosecution. Article 12 of the Law on Operational Search Activities classifies undercover agents’ and informants’ identities as “state secrets.”⁶⁵ This means that any evidence obtained through such means, including wiretaps, cannot be used in court without the individual’s written consent.⁶⁶

The role of the courts

Russians’ opinions of their courts are not particularly high. Russia’s Foundation for Public Opinion surveyed opinions of courts and judges in 2004, 2008, and 2011. In 2004, 26% of those surveyed had a positive opinion of courts and judges, 46% had a negative opinion, and 28% had difficulty answering. In 2008, 28% had a positive opinion, 39% had a negative opinion, and 33% had difficulty answering. In 2011, only 16% had a positive opinion, 34% had a negative opinion, and 50% had difficulty answering. Of the 34% who had a negative opinion, 16% cited “corruption and bribery” as the reason for their opinion. When asked in 2011 if Russian courts worked better or worse than several years ago, only 10% responded “better,” 17% responded “worse,” 40% said there had been no change, and 33% said “hard to answer.”⁶⁷ These numbers reflect the perception of a stalemate in the judicial reform process.

⁶³ p. 2 st. 35: (1-4) Ugolovniy kodeks Rossiiskoi Federatsii (Section 2, Article 35:(1-4) of the Criminal Code of the Russian Federation).

⁶⁴ p. 8 ch. 21-22 UK RF (Section 8, chapters 21-22 of the Criminal Code of the Russian Federation).

⁶⁵ st. 12 Federalnyi zakon ot 12 avgusta 1995 g. N. 144-FZ “Ob operativno-roziysknoi deyatel’nosti” (Article 12 of Federal Law of August 12, 1995 N. 144-FZ “On Operational Search Activities”), Legislation Online, <http://www.legislationline.org/documents/action/popup/id/4191>

⁶⁶ Thomas Firestone, “What Russia Must Do to Fight Organized Crime,” *Demokratizatsiya* 14, no. 1 (Winter 2006): 62-63, *Academic Search Premier*, EBSCOhost (accessed March 26, 2012).

⁶⁷ “Otsenka rabotiy rossiskikh sudov,” (“Grade of the work of Russian courts”), *Fond Obshchestvennoye Mneniye*, March 17, 2011, <http://bd.fom.ru/pdf/d11orrs11.pdf>

The most serious impediment that Russian courts face in prosecuting OC is the lack of witnesses willing to testify against accused criminals. There was no witness protection program in Russia until 2006, and today it is still not uncommon for witnesses to be bribed, intimidated, or even killed. Witnesses may be hesitant to become involved with law enforcement if they do not trust the police. Oleg Zimin, the director of the witness protection program, postulated that most potential witnesses are involved in criminal activity themselves, and thus want to avoid contact with law enforcement.⁶⁸

Many would-be criminals in Russia take advantage of their financial resources and international connections, fleeing Russia and avoiding prison sentences. Several wealthy figures currently facing charges in Russia have residences in Western European countries. Leonid Bilunov, former business associate of jailed aluminum magnate Mikhail Zhivilo, has reportedly taken up residence in Cannes, France, where he helped rebuild a Russian Orthodox church.⁶⁹ Several former oligarchs relocated to the United Kingdom, including Boris Berezovsky (who faces thirteen years in prison if he returns to Russia) and Roman Abramovich.

Some criminal figures manage to slip through the cracks, even when apprehended within Russia's borders. Semion Mogilevich was arrested in Russia in 2008 while masquerading as Sergei Schnaider, a "consultant" for Vladimir Nekrasov's cosmetics company, Arbat Prestizh. Mogilevich and Nekrasov were charged with evading upwards of 115 million rubles worth of taxes. They claimed that the entire case was fabricated in an attempt to deprive them of a thriving company. However, a Moscow court claimed the prosecution had failed to produce sufficient

⁶⁸ Megan K. Stack, "In Russia, witnesses risk their lives," *Los Angeles Times*, August 2, 2009, <http://articles.latimes.com/2009/aug/02/world/fg-russia-witness2>

⁶⁹ "Vory v zakone (Thieves by Law)." YouTube video, 1:30:50, from 2010 documentary *Vory v Zakone* directed by Alexander Gentelev, posted by "CKOMOPOX6," March 16, 2011, <http://www.youtube.com/watch?v=RwB9q31Jkew&feature=related>

evidence and dismissed the case.⁷⁰ Mogilevich landed on the FBI's Top Ten Most Wanted Fugitives list after his involvement in the YBM Magnex scandal in 1998; however, Russia refused to extradite him to the U.S. because Russia does not extradite its own citizens.

Despite this and other occasional exceptions, Russian courts have recently prosecuted several prominent criminal figures. In July 2010, Georgian crime boss Tariel Oniani ("Taro") received a ten-year sentence for the 2009 kidnapping of another Georgian businessman. Although Oniani has been described as a *vor*, he reportedly showed flagrant disregard for the everyday protocols, territorial guidelines, and conflict resolution procedures of the traditional *vorovski mir*. This caused him to incur the dislike of other criminal figures, particularly those who still adhered to the thieves' code.⁷¹

One of Oniani's enemies was Aslan Usoyan ("Ded Hasan"), a Kurdish crime boss who represents the interests of gangs operating out of the North Caucasus. The two began to clash over several commercial ventures in 2007. Among these were the division of Zakhary Kalashov ("Sharko Molodoi")'s business assets after his imprisonment and control of private investment in construction of facilities for the 2014 Sochi Winter Olympics.⁷² The conflict had grown so intense by 2008 that Vyacheslav Ivankov ("Yaponchik") was recruited in hopes of defusing the tensions. However, Ivankov was killed in 2009, and both Oniani and Usoyan have been accused

⁷⁰ Mark Galleotti, "A cosmetic ruling: Fortuitous failure to file key documents may mean wanted mobster Mogilevich walks," *In Moscow's Shadows* (blog), October 10, 2010, <http://inmoscowsshadows.wordpress.com/2010/10/10/a-cosmetic-ruling-fortuitous-failure-to-file-key-documents-may-mean-wanted-mobster-mogilevich-walks/>

⁷¹ Mark Galleotti, "Russian crime kingpin Tariel Oniani convicted: crackdown or conspiracy?" *In Moscow's Shadows* (blog), July 23, 2010, <http://inmoscowsshadows.wordpress.com/2010/07/23/russian-crime-kingpin-tariel-oniani-convicted-signs-of-a-crackdown/>

⁷² Sergei Mashkin, "'Avtoritety' ne podelili zemlyu" ("Authorities' do not share the land"), *Kommersant*, September 18, 2012, <http://kommersant.ru/doc/1506659>

of orchestrating his assassination.⁷³ The conflict showed no signs of abating when Oniani was sentenced. This led some to hypothesize that his sentencing was not purely motivated by a desire to crack down on organized crime. Mark Galeotti suggests that “the quiet desire of the kingpins to see this troublesome and dangerous man taken out of circulation”⁷⁴ also played a role in Oniani’s conviction, as well as “the availability of evidence, the willingness of the prosecutors to be bullish and the Kremlin’s support for a conviction.”⁷⁵

Despite Oniani’s imprisonment, his minions were believed to have carried out an attempt on Usoyan’s life in September 2010. Usoyan and his bodyguard were ambushed and shot on Tverskaya Street, a prominent Moscow thoroughfare. Usoyan remained in serious condition for several days, but by all accounts, survived the attack. He had reportedly just been placed in charge of the *obshchak* once controlled by Vyacheslav Ivankov.⁷⁶ This raises the question: is it enough to imprison OC leaders when they are still able to command their subordinates? *Vory* and *avtoritety* can rarely be found guilty of physically committing an offense that would land them in solitary confinement or any prison facility where they would not have communication with the outside world. They have people to do their “dirty work” for that very reason. If leaders are still able to lead, then simply putting them behind bars does nothing to disrupt the operations of OC groups.

The sentencing of Sergei Butorin (“Osya”) also proved that some criminals can no longer operate with impunity. In September 2011, a Moscow court sentenced Butorin to life in prison on 29 counts of murder. Butorin was the head of the Orekhovskaya group, one of the most

⁷³ Ibid.; Mark Galeotti, “In the belly of the beast: What the hit on ‘Yaponchik’ says about Russian organised crime,” *In Moscow’s Shadows*, (blog), July 31, 2009, <http://inmoscowsshadows.wordpress.com/2009/07/31/in-the-belly-of-the-beast-what-the-hit-on-‘yaponchik’-says-about-russian-organised-crime/>

⁷⁴ Mark Galeotti, “Russian crime kingpin Taniel Oniani convicted: crackdown or conspiracy?” July 23, 2010.

⁷⁵ Ibid.

⁷⁶ Evgeniya Chaykovskaya, “Mafia boss shot in Moscow,” *The Moscow News*, September 17, 2010, <http://themoscownews.com/local/20100917/188050577.html>

notorious gangs in the Moscow area. This gang is also known to operate in Ukraine, Greece, and Spain, where Butorin was arrested.⁷⁷

The recent prosecution of Vladimir Barsukov (formerly known as Vladimir Kumarin), the alleged founder of the Tambovskaya group, is another promising indicator of judicial progress. In March 2012, Barsukov was convicted of extortion and sentenced to fifteen years (in addition to a 2009 fraud and money laundering conviction). He and his accomplice, lawyer Dmitry Rafalovich, repeatedly threatened to seize the building that housed the Yelizarovsky shopping center in St. Petersburg if they were not paid monthly.⁷⁸ Barsukov's Tambovskaya organization originated in the St. Petersburg area, where he served as the head of the Petersburg Fuel Company.⁷⁹

Russia has attempted to modernize its legal system in several ways, especially since Vladimir Putin highlighted judicial reform as a national priority upon taking office in 2000. For example, Russia has banned the death penalty in keeping with its obligations under the European Convention on Human Rights. However, some believe that real purpose of Putin's legal reforms were aimed at strengthening the authority of the government, not the independence of the judiciary. William Partlett of the Brookings Institute observes, "These limited steps... do not suggest that Mr. Putin is open to a legal system that might check government power. Instead, Mr. Putin's regime has followed the Russian tradition of using law to punish its opponents."⁸⁰

⁷⁷ Mark Galleotti, "Gangster 'Osya' Butorin finally sent down; good news all round," *In Moscow's Shadows* (blog), September 6, 2011, <http://inmoscowsshadows.wordpress.com/2011/09/06/gangster-osya-butorin-finally-sent-down-good-news-all-round/>

⁷⁸ "Petersburg criminal boss gets 15 years for extortion," *ITAR-TASS News Agency*, March 6, 2012, http://www.itar-tass.com/en/c154/360586_print.html

⁷⁹ Brian Whitmore, "Russia: Uncertainty over Putin succession fuels 'siloviki war,'" *Radio Free Europe/Radio Liberty*, November 9, 2007, <http://www.rferl.org/content/article/1079108.html>

⁸⁰ William Partlett, "Vladimir Putin and the Law," The Brookings Institute, February 28, 2012, http://www.brookings.edu/opinions/2012/0228_putin_law_partlett.aspx

The justification for such a claim is most obvious in the sentencing of several Yeltsin-era oligarchs. One may argue that the oligarchs are not comparable to the likes of Semion Mogilevich and Sergei Mikhailov. It should, however, be emphasized that many oligarchs are accused of using the same illegal business practices as the most powerful criminals. When the richest men in Russia were profiting from such practices, it is little wonder that other criminals followed suit.

Mikhail Khodorkovsky has suffered a far worse fate than most other oligarchs. The former head of Yukos Oil Company was arrested in 2003 for fraud and tax evasion in his acquisition of a fertilizer company called Apatit in 1994. He was sentenced to eight years in prison, and in 2009 received an additional concurrent sentence of six years for embezzling and laundering proceeds from Yukos subsidiaries' oil. Authorities dismantled Yukos and auctioned its assets to other oil companies, including the state-owned company Rosneft.⁸¹

Khodorkovsky's supporters viewed this as an attempt to get rid of the former oligarch, who appeared to be defying the Kremlin by supporting a variety of political parties and hiring the anti-Putin journalist Yevgeny Kiselev as editor-in-chief of *Moskovskiye Novosti*. In September 2011, the European court of human right ruled that Russia had violated the rights of Yukos by unfairly punishing it for tax violations and not giving it enough time to assemble a defense. However, the court ruled that Russia's prosecution of Yukos was not politically motivated.⁸² Interestingly, the day after the March 2012 election results were finalized, Dmitri Medvedev

⁸¹ "Timeline of the Yukos Affair," Khodorkovsky & Lebedev Communications Center, <http://www.khodorkovskycenter.com/yukos-affair/timeline-yukos-affair>

⁸² "Russia violated rights of Yukos oil company, rules European court," *The Guardian*, September 20, 2011, <http://www.guardian.co.uk/world/2011/sep/20/russia-violated-yukos-rights-court>

ordered a review of Khodorkovsky's conviction. It remains to be seen whether this will result in the oligarch's release, however.⁸³

Yukos was regarded as different than most Russian enterprises because of its transparency and willingness to conform to international business standards. For example, Khodorkovsky signed the U.N. Global Compact in 2001, "a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption."⁸⁴ Khodorkovsky arguably tried to legitimize Yukos to global standards, yet prison was his fate.

Boris Berezovsky, the oligarch and former Putin ally currently involved in a multi-billion dollar lawsuit in London, was involved in multiple business endeavors that are less than transparent by today's standards. He amassed much of his wealth after starting the Logovaz car dealership in 1994. In March 2009, a Russian court sentenced Berezovsky in absentia to 13 years in prison for embezzlement of Logovaz funds- 58 million rubles (1.9 million dollars).⁸⁵

Through Logovaz, Berezovsky forged connections to some of the most notorious criminal figures of the 1990s. He was even a part of the gang conflict, pitting himself against the Solntsevskaya group and allying with Chechen gangsters.⁸⁶ Berezovsky's longtime business associate, Georgian millionaire Badri Patarkatsishvili reportedly had questionable connections to Georgian OC. One of his brothers was a *vor v zakone*, and one was an *avtoritet*.⁸⁷

⁸³ "Medvedev orders review of Khodorkovsky case," *Radio Free Europe/Radio Liberty*, March 5, 2012, http://www.rferl.org/content/khodorkovsky_case_to_be_reviewed/24504916.html

⁸⁴ "Overview of the UN Global Compact," United Nations Global Compact, last updated December 1, 2011, <http://www.unglobalcompact.org/AboutTheGC/index.html>

⁸⁵ "\$33 mln suit against Berezovsky to be heard on March 7," *RAPSI: Russian Legal Information Agency*, February 7, 2012, http://rapsinews.com/judicial_news/20120207/260028738.html

⁸⁶ Paul Klebnikov, *Godfather of the Kremlin*, 22-23.

⁸⁷ *Ibid.*, 16.

Patarkatsishvili himself died from a heart attack in 2008, although his death incited numerous conspiracy theories involving the Georgian and Russian governments.⁸⁸

Patarkatsishvili allegedly influenced Roman Abramovich's decision to enter the aluminum business in the 1990s, which ultimately brought about his status as an oligarch. Berezovsky recently sued Abramovich for \$6.5 million in a London court, claiming that Abramovich forced him to sell his shares in his oil company, Sibneft, and his aluminum company Rusal for a cut-rate price. Abramovich has maintained that he owes Berezovsky nothing, as he paid him exorbitant amounts for *krysha*, a term that refers to physical protection and government support for his business. In December 2011, former Yeltsin aide and current Duma member Alexander Korzhakov claimed that Abramovich illegally acquired Sibneft and that Abramovich should pay back the \$13 billion he received from the sale of the company in 2005.⁸⁹

The main point in describing this is not to label the oligarchs as members of OC, but to suggest that the vast gray area in lawful business practices makes it difficult to predict how or even if Russian courts will prosecute certain figures. The legality of the wealth earned by Khodorkovsky, Berezovsky, Abramovich, and all the other oligarchs is disputable in Russian law. However, such high disputability and the seeming arbitrariness of the courts' rulings have resulted in allegations about the involvement of the Kremlin. If true, then they confirm suspicions of corruption at the highest levels of the government. If false, then the fact that such allegations seem plausible to the international community reflects extremely cynical perceptions of Russian legal institutions.

⁸⁸ "Death in Surrey: A Georgian oligarch's demise raises suspicion," *The Economist*, February 14, 2008, <http://www.economist.com/node/10700589>

⁸⁹ "Roman Abramovich 'should face criminal investigation' over Sibneft oil deal," *The Telegraph*, December 19, 2011, <http://www.telegraph.co.uk/news/worldnews/europe/russia/8965518/Roman-Abramovich-should-face-criminal-investigation-over-Sibneft-oil-deal.html>

The role of law enforcement

According to a 2005 Gallup poll, thirty-seven percent of Muscovites said they were “very dissatisfied” with their dealings with Moscow police.⁹⁰ Russia’s Foundation for Public Opinion also conducted a survey of attitudes toward police in 2005, in which only 6% of respondents spoke of people who worked for the police in a positive way.⁹¹ If people perceive the police negatively, they are unlikely to trust that police can protect them.

Despite the fact that law enforcement salaries were raised in January 2012, most police receive arguably meager wages. Before last year’s police reforms, some of the lowest-ranking officers made 20,000 rubles a month (about \$700).⁹² Under these circumstances, they are forced to make ends meet however they can, whether it involves finding a second job or taking bribes.

Police brutality also contributes heavily to the general mistrust of police. Gerber and Mendelson describe Russian police misconduct as “predatory policing,”⁹³ in which personal material interests of police officers are prioritized above their duties to fight crime and protect citizens. Such misconduct “has undermined Russia’s democratic transition, which should call attention to the indispensable role of the police and other public institutions in the success of democratic reforms.”⁹⁴ The predatory policing model implies inherent corruption within law enforcement, which undermines the transition to democracy by allowing OC to operate with impunity.

⁹⁰ Shelley Mika and Neli Esipova, “Poll of Moscow: Muscovites place little faith in police,” *Gallup*, September 6, 2005, <http://www.gallup.com/poll/18385/Poll-Moscow-Muscovites-Place-Little-Faith-Police.aspx>

⁹¹ Irina Shmerlina, “Militsiya i yeyo reputatsiya” (“Police and their reputation”), *Fond Obshchestvennoye Mneniye*, November 10, 2005, <http://bd.fom.ru/report/map/of054523>

⁹² Alexander Bratersky, “Bill backed by Kremlin gives police ‘manna,’” *The Moscow Times*, March 23, 2011, <http://www.themoscowtimes.com/news/article/bill-backed-by-kremlin-gives-police-officers-manna/433563.html>

⁹³ Theodore P. Gerber and Sarah E. Mendelson, “Public Experiences of Police Violence and Corruption in Contemporary Russia: A Case of Predatory Policing?” *Law & Society Review* 42, no. 1 (March 2008):1-44, *Academic Search Premier*, EBSCOhost (accessed March 26, 2012).

⁹⁴ *Ibid.*, 1.

Police brutality is a recurring theme in discussions of Russian law enforcement. In 2009, an off-duty officer killed three people and wounded six others in a shooting spree in a Moscow supermarket. In St. Petersburg, a fifteen year-old boy detained for attempting to steal a handbag died after being beaten by police with a mop handle in January 2012. In March 2012, reporters were allegedly beaten and arrested while covering anti-government protests, and a man detained in Kazan died after being allegedly beaten and tortured by police. These incidents seriously undermined the Kremlin's efforts to improve public opinion of law enforcement.

In an attempt to address police brutality and internal corruption, Dmitry Medvedev effected the new Law on Police in March 2011. Among other things, this law requires police to recite legal rights during arrests, institutes a recertification process for all current officers, changes the official name of the police from *militsiya* to *politsiya*, and increases expenditure on training and equipment. Some tangible effects manifested themselves almost immediately; in May 2011, over a third of Russia's police chiefs were fired after failing the recertification tests.⁹⁵

A year later, however, continued violence at the hands of police makes it difficult to determine the success of this law. In an interview with *Rossiskaya Gazeta* to commemorate the first anniversary of the law, Russian Interior Minister Rashid Nurgaliyev conceded that there were still problems within law enforcement, but maintained that the 2011 Law on Police is still the best response to emerging national security threats such as transnational crime and terrorism.⁹⁶ Others claim that the law itself is not enough to bring about necessary changes; "the

⁹⁵ Natalya Krainova, "A third of top police chiefs fired," *The Moscow Times*, May 31, 2011, <http://www.themoscowtimes.com/news/article/a-third-of-top-police-chiefs-fired/437824.html>

⁹⁶ "Politsii- god reforma prodolzhaetsya" ("Police- year of reform continues"), Ministerstvo Vnutrennikh Del Rossiiskoi Federatsii, March 1, 2012, http://www.mvd.ru/news/show_102593/

new generation of police being recruited and trained now... are most likely to internalize any cultural shift.”⁹⁷

The role of corruption and the Russian state

Shortcomings in judicial and police reform contribute to a poor global perception of the Russian state as a whole. According to the Transparency International 2011 Corruption Perceptions Index, Russia received a score of 2.4 on a scale of 0-10 (0 being “highly corrupt” and 10 being “very clean.” It ranked 143rd, along with countries like Nigeria, Uganda, and Togo.⁹⁸ In the European Court of Human Rights, more cases are filed against the Russian state than any other nation; as of January 2012, 26.4% of cases in the ECHR were filed against Russia.⁹⁹ Russia’s leaders have repeatedly tried to shed their reputation as a corrupt state, but their attempts at accountability are often filled with loopholes or contradictions.

The days when *bandity* and *vory* openly roamed the streets may have ended, and the Russian Federation may no longer be in danger of capitulating to criminals. Crime may not be as rampant, but the corruption that allowed it to grow unchecked has not been eradicated. Recent statistics support the international community’s perceptions; a 2008 Gallup poll found that 66% of Russians believe the level of corruption in their country is higher than it was during the time of the Soviet Union.¹⁰⁰

Analysis of Russia’s actions against both powerful criminals and oligarchs suggests that they are generally left alone, as long as they do not “rock the boat,” so to speak. Punishing those

⁹⁷ Mark Galleotti, “Russia’s brutal police: why has reform not stopped the abuses?” *In Moscow’s Shadows* (blog), March 14, 2012, <http://inmoscowshadows.wordpress.com/2012/03/14/russias-brutal-police-why-has-reform-not-stopped-the-abuses/>

⁹⁸ “Corruption Perceptions Index 2011,” Transparency International, 4.

⁹⁹ “Pending applications allocated to a judicial formation,” European Court of Human Rights, January 31, 2012, http://www.echr.coe.int/NR/rdonlyres/D552E6AD-4FCF-4A77-BB70-CBA53567AD16/0/CHART_31012012.pdf

¹⁰⁰ Cynthia English and Neli Esipova, “Perceptions of government corruption high in Russia,” Gallup, February 5, 2009, <http://www.gallup.com/poll/114145/Perceptions-Government-Corruption-High-Russia.aspx>

who have committed illegal acts is expected of any legitimate government. However, if punishment of criminals is not entirely motivated by justice, it hardly reflects a commitment to legitimacy. When the institutions charged with apprehending and prosecuting those accused of wrongdoing have misguided motivations, this signals the presence of corruption. An open and transparent government would call for its immediate eradication, but this has not typically been the case in Russia. When the highest authorities can be undermined by plausible accusations, corruption has truly pervaded the system. At this point, reform campaigns that never materialize and occasional crackdowns on particular individuals only constitute a pretense of legitimacy.

Russian institutions currently require more than just the pretense of legitimacy if they want the respect of ordinary Russians and the rest of the world. Protests over Russia's 2012 elections (and the international response to them) reflect an underlying belief that the current government's modus operandi is ridden with corruption and illegitimacy. Corruption will serve as crime's biggest enabler until top-down reform occurs and replaces those who may or may not be affiliated with convicted criminals with a new cast of characters, free from shady underworld alliances.

Sadly, the most corrupt governments are incapable of enacting this type of top-down reform of their own volition. Corruption perpetuates a vicious cycle; once it takes hold, it cannot be eradicated overnight. The process of eliminating corruption in Russia can only begin when leaders realize what they stand to lose if they fail to act against it. Putin indicated that he understood that Russia's socioeconomic and political problems (including OC) had the potential to undermine the nation's progress in a December 1999 article: "...[Russia] is facing the real threat of slipping down to the second, and possibly even third, rank of world states... Everything depends on us, and us alone, on our ability to recognise the scale of the threat, to unite and apply

ourselves to do lengthy and hard work.”¹⁰¹ Russia’s willingness to attack its deep-seeded institutional issues must stem from its desire to continue its progress and regain the status of a major international player.

¹⁰¹ Vladimir Putin, “Russia at the turn of the millenium,” in *Putin: Russia’s Choice*, Richard Sakwa, (New York: Routledge, 2008,) 328.

Chapter 4: Analyzing the threat of ROC and EOC

The previous chapters focused on the legitimization of all levels of ROC and EOC through institutions. This chapter answers the research question by analyzing four of the most powerful groups' capabilities during two different time periods, 1990-2000 and 2001-present. To establish a concrete ranking of these groups based on uniform criteria, each group is compared using a Sleipnir matrix.

The Sleipnir matrix is an analytical methodology developed by the Royal Canadian Mounted Police specifically “to rank order organized crime groups... in terms of their relative capabilities, limitations, and vulnerabilities.”¹⁰² This methodology uses a list of weighted attributes to score and rank OC groups. Each score is out of 100 points, and each color on the matrix represents a group's value for a particular attribute. The RCMP uses the results in determining the allocation of resources to combatting OC in Canada. Sleipnir is the best analytical technique for presenting the findings of this thesis because it was designed to assess and compare the threats posed by various OC groups.

The RCMP currently uses the second version of Sleipnir, which uses only twelve attributes to avoid redundancy and facilitate more efficient intelligence collection. This particular assessment relies solely on open source intelligence; however, information for most of the attributes is widely accessible. The attributes, definitions and values for Sleipnir were established through a national Delphi survey and consultation with focus groups. Each attribute and its values, as defined by the RCMP, are listed in the table below. (Note: Some definitions refer specifically to Canada and its provinces. The Russian Federation has been substituted for Canada in these definitions.)

¹⁰² Steven Strang, “Project SLEIPNIR: An Analytical Technique for Operational Priority Setting.”

CORRUPTION	
<p>The corruption of Russian public officials through the practices of illicit influence, exploitation of weakness and blackmail. Also the ability to place organized criminals or their associates into sensitive positions.</p>	<p>High- Demonstrated ability to corrupt members of, or infiltrate, law enforcement agencies, security forces or governments. Medium- Has attempted to corrupt members of, or infiltrate, law enforcement agencies, security forces or governments. Nil- No attempt to corrupt or infiltrate.</p>
VIOLENCE	
<p>The use of violence, and intimidation through explicit or implicit threats of violence, against targets outside the group to further any organizational objective.</p>	<p>High- Violence and/or intimidation used as an offensive tactic, an integral part of strategy, applied in a premeditated manner. Medium- Violence and/or intimidation used spontaneously as an offensive tactic for short term gain, without regard to strategic implications. Low- Violence and/or intimidation used as a defensive tactic only. Nil- Violence and/or intimidation never used.</p>
INFILTRATION	
<p>The efforts to gain a foothold within legitimate private organizations and businesses to further criminal activities. This control or influence may be used for: money laundering, establishing a pretense of propriety, facilitating, protecting, and concealing criminal enterprises, and/or for intelligence gathering.</p>	<p>High- The group has control over legitimate private organizations or businesses which it uses to further its criminal activities. Medium- The group has influence, but not control, over legitimate private organizations or businesses which it uses to further its criminal activities. Low- The group has links into, but not influence over, legitimate private organizations or businesses which it uses to further its criminal activities. Nil- The group has no links into, influence over, or control over legitimate private organizations or businesses to further its criminal activities. The group may acquire goods and services from legitimate organizations or businesses as a seemingly legitimate customer. Business ownership is separate from criminal activities.</p>
MONEY LAUNDERING	

<p>The process of legitimizing cash or other assets obtained through illegal activities. Effective money laundering conceals the criminal origins and ownership of the funds, creates a legitimate explanation for the proceeds of crime and creates wealth over time.</p>	<p>High- The group uses sophisticated money laundering methods, including but not limited to: trade-based money laundering using import-export businesses, loan-back schemes using offshore jurisdictions, investment in legitimate businesses operating outside of the retail and restaurant sectors, and large scale real estate investments (e.g. ownership of rental and/or industrial properties). The group may launder funds for other groups on contract. The group may also out-source some of their own money laundering to another group and/or criminalized professionals such as, lawyers, notaries, accountants and investment advisors with this level of capability.</p> <p>Medium- The group uses basic methods, including: bank deposits, money order purchases, and ownership of cash intensive businesses, situated in their area of operation such as bars, restaurant and convenience stores in order to co-mingle their proceeds of crime with legitimate revenues. The group may also out-source some of their own money laundering to another group. The group may also provide money laundering services to other groups through its cash intensive businesses.</p> <p>Low- The group has limited money laundering capabilities. Criminal profits are mostly used by individuals to purchase luxury goods and other expensive personal property which they may also use to establish personal status.</p> <p>Nil- The group has no money laundering capability. Proceeds from the criminal activities mostly cover operating and living expenses, and there is little or no accumulation of financial assets.</p>
<p>COLLABORATION</p>	
<p>The extent of collaborative links between this and other organized crime groups.</p>	<p>High- Sustained links to other organized crime group(s) with co-operation in criminal activity and/or the coordination of complementary illegal activities.</p> <p>Medium- Occasional links to other organized crime group(s) with co-operation in criminal activity and/or the coordination of complementary illegal activities. This can include cooperative links between segmented groups (e.g. OMG chapters).</p> <p>Low- Ad hoc links with other organized crime group(s) (e.g. supplier/retailer relationships).</p> <p>Nil- No links to other organized crime groups.</p>

INSULATION	
<p>The efforts to protect the main figures in the group from prosecution through the use of: subordinates, fronts, corruption, and/or other means.</p>	<p>High- Leading members of the group have successfully evaded prosecution for major criminal activity. Evidentiary / intelligence trail to principals very difficult to establish.</p> <p>Medium- Leading members of the group are vulnerable to prosecution through long-term, comprehensive investigation. Evidentiary / intelligence trail to mid-level principals.</p> <p>Low- Leading members of the group are vulnerable to prosecution for directing criminal activities. Evidentiary / intelligence trail to all principals.</p> <p>Nil- Leading members of the group are actively involved in routine criminal activity of group.</p>
MONOPOLY	
<p>Control over one or more specific criminal activities within a geographic area of operations, with no tolerance for competition. This does not prevent partnerships of profitable convenience between or among organizations. Violence, intimidation and/or informing on competitors are common methods used to establish or maintain monopoly.</p>	<p>High- Established high level of control of specific criminal activities within their sphere of operations.</p> <p>Medium- Leading in, but not controlling, specific criminal activities within their sphere of operations.</p> <p>Low- Little control over specific criminal activities, one of several competing criminal groups within their sphere of operations.</p> <p>Nil- No control over specific area of criminal activities. One of many criminal groups conducting the same crimes with no indications of competition.</p>
SCOPE	
<p>The geographic sphere of operations and influence of the organized crime group.</p>	<p>High- Multinational, have a criminal presence of members in the Russian Federation and two or more other countries.</p> <p>Medium- Bi-national, have members operating in the Russian Federation and one other country.</p> <p>Low- Members operate only in the Russian Federation, but in two or more metropolitan/local areas.</p> <p>Nil- Local — members operate only in one metropolitan or local area.</p>
INTELLIGENCE USE	

<p>The intelligence/counter-intelligence and counter-surveillance capabilities of organized criminals. Used to defend themselves against law enforcement and rival groups, and to identify new targets.</p>	<p>High- Use of high quality intelligence/counter-surveillance technology (e.g. wire taps, computer hacking, cryptography) and/or use of specialized personnel. May include maintaining databases/websites and disinformation campaigns.</p> <p>Medium- Use of technology limited to basic equipment (e.g. GPS trackers, remote cameras, security systems).</p> <p>Low- Basic intelligence/counter-surveillance (lookouts). No use of technology other than telephones, radios and scanners.</p> <p>Nil- No use of intelligence.</p>
<p>DIVERSIFICATION</p>	
<p>The extent to which illicit activities of the group are diversified.</p>	<p>High- Multiple separate illicit activities involving different commodities and businesses, running simultaneously. For example, the group may be involved in drug trafficking, prostitution and illegal gaming.</p> <p>Medium- Multiple illicit activities involving linked or similar commodities. For example, a group may be involved in auto theft and chop shops. Another example is a group that is involved in a variety of drug activities (e.g. production, import and/or retail of multiple types of drugs).</p> <p>Low- One fundamental area of criminal activity or commodity, with occasional activity in other areas or with other commodities. For example, the group may be primarily involved in smuggling contraband but will sometimes commit fraud as well, or the group will focus on drug trafficking but will sometimes trade in stolen goods.</p> <p>Nil- Only one area of criminal activity or one commodity. For example, the group may be involved only in auto theft, only in street level drug sales or only in the importation of narcotics.</p>
<p>DISCIPLINE</p>	
<p>The practice of coercing obedience to hold the organization together. This includes the use of violence, intimidation and other sanctions or forms of coercion on group members and associates.</p>	<p>High- Group murders or attempts to murder members, associates, or members of their families.</p> <p>Medium- Group imposes severe physical or monetary penalties on members or associates.</p> <p>Low- Group uses social, non-violent coercion on members or associates.</p> <p>Nil- No enforcement of internal discipline.</p>

COHESION	
<p>Strong bonds are fostered at both individual to individual, and individual to organization levels in order to create criminal solidarity and common protection. The bonds can be created through such factors as common backgrounds, blood relationships, financial relationships, length of association and geographic origins. They can be instituted through rites of initiation and required criminal acts of loyalty.</p>	<p>High- Members share close bonds of blood, friendship, ethnicity or group identity. Medium- Some bonds exist, although members may come and go. Low- Few if any emotional or group bonds. Groups come together purely to carry out criminal acts and then dissolve. Nil- No group cohesiveness exists for criminal purposes.</p>

Group Profiles

The groups chosen for this analysis are the Solntsevskaya, the Semion Mogilevich organization, the Orekhovskaya, and the Tambovskaya. These are some of the most notorious *brigady* within the realm of EOC; as such, information about their illicit operations is more widespread. The Russian press and other foreign news services report on members of these groups occasionally; however, the American press typically does not mention ROC and EOC groups by name unless their activities occur on U.S. soil or involve U.S. citizens in some way. Outside of media sources, little reliable information is available about any of these groups.

The Solntsevskaya group was founded by Sergei Mikhailov (“Mikhas”), Viktor Averin, and Sasha Averin. It was named for the Moscow suburb Solntsevo, where Mikhailov and the Averin brothers began their criminal pursuits. At its height, the group had around 9,000 members.¹⁰³ Mikhailov reportedly completed his doctoral dissertation in 2007 and is now known

¹⁰³ Federico Varese, *The Russian Mafia: Private Protection in a New Market Economy*, 170.

as a philanthropist and patron of the Russian Orthodox Church.¹⁰⁴ In a 2011 interview with a Latvian newspaper, he claimed that the Solntsevskaya group does not exist.¹⁰⁵

Semion Mogilevich was born in present-day Ukraine. He holds a degree in economics, which has earned him the nickname “Brainy Don.” He is often associated with Mikhailov and Solntsevskaya, but his own organization had an estimated 250 members during the 1990s.¹⁰⁶ As of 2009, officials believed he was in Moscow.¹⁰⁷

The Orekhovskaya group was first lead by athlete Sergei Timofeev (“Sylvestr”). This group had ties to Solntsevskaya and several other Moscow-based groups, but it often clashed with other gangs. Timofeev was killed in one of these conflicts, and Sergei Butorin inherited what remained of the group. Under his leadership, the group maintained its reputation for violent crime.

The Tambovskaya group was founded in St. Petersburg. Its alleged leader was Vladimir Kumarin, who later changed his name to Vladimir Barsukov. As of 1999, the group’s membership was estimated at 300-500 individuals.¹⁰⁸ Most of its highest-ranking members are currently serving prison sentences, including Barsukov and Gennadios Petrov.

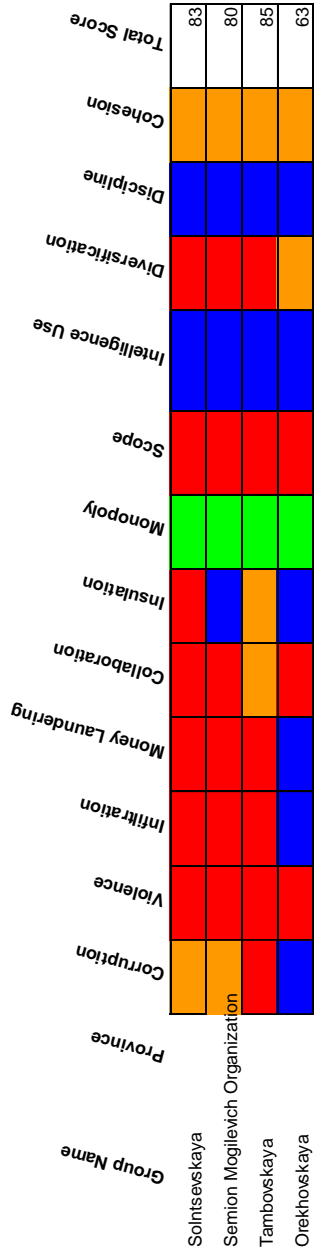
¹⁰⁴ “*Biografiya*” (“Biography”), Sergei Mikhailov, <http://www.sergey-mihailov.ru/index.php?id=5>

¹⁰⁵ Vladislav Andreyev, “*Sergei Mikhailov o pokushenii Yutu strykye: Solntsevskoi gruppировki ne cyshchestvuyet*” (“Sergei Mikhailov on the attack against Juta Strike: Solntsevskaya group does not exist”), *rusNews.lv*, March 24, 2011, <http://rusnews.lv/index.php?mod=newscomments&id=194&cat=27&ncat=>

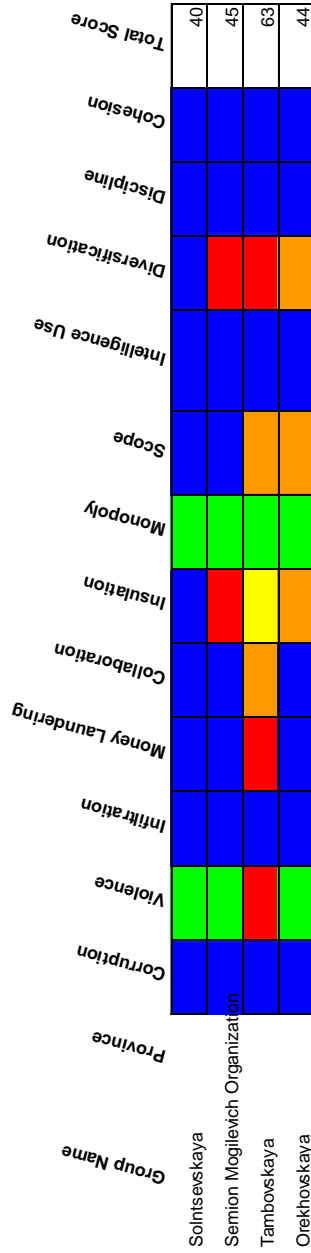
¹⁰⁶ “The Billion Dollar Don- Semion Mogilevich- Part 1,” YouTube video, 9:15, from 1999 BBC program *The Billion Dollar Don* produced by Toby Sculthorp, posted by “moneygoround,” September 15, 2007, <http://www.youtube.com/watch?v=UDkIYu3UqrM>

¹⁰⁷ Jason Ryan, “\$100,000 reward for three added to FBI top 10 list,” *ABC News*, October 22, 2009, http://abcnews.go.com/Blotter/fbi-adds-wanted-fugitives/story?id=8894636#.T5Lg-u0WD_c

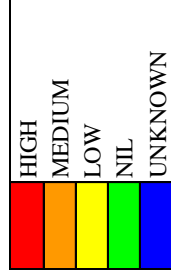
¹⁰⁸ Serguei Cheloukhine and M.R. Haberfeld, *Russian Organized Corruption Networks and Their International Trajectories*, (New York: Springer, 2011), 110.



Attributes of selected groups, 1990-2000



Attributes of selected groups, 2001-present



Justification for scores: 1990-2000

It is difficult to find direct evidence of a relationship between criminals and politicians during this period. Federico Varese, who has extensively researched links between Italian and Russian OC, writes, “No doubt some politicians have close links with criminal figures and some people with criminal pasts have entered politics.”¹⁰⁹ Solntsevskaya receives a score of medium for corruption, based on Mikhailov’s place on LDPR’s (*Liberalno-Demokraticeskaya Partiya Rossii*, or Russian Liberal Democratic Party) list for State Duma elections in 1999. The Semion Mogilevich Organization also receives a score of medium, based on reported meetings between Mogilevich and LDPR’s leader, Vladimir Zhirinovskiy. Orekhovskaya’s capability for corruption is unknown. The Tambovskaya group scores high because its members were given political protection by the speaker of the St. Petersburg legislature; additionally, other local politicians supported Tambovskaya’s commercial ventures.¹¹⁰

All four groups score high for violence. The Solntsevskaya and Orekhovskaya are known to have been involved in violent gang warfare against Chechen groups in the early 1990s. Orekhovskaya had a particularly violent reputation throughout this period; they were allegedly responsible for the murders of Otari Kvantrishvili and contract killer Alexander Solonik.¹¹¹ The Semion Mogilevich organization engaged in territorial conflicts in Budapest when they transferred many of their operations to Hungary in the 1990s.¹¹² The Tambovskaya group was

¹⁰⁹ Varese, 184

¹¹⁰ Cheloukhine and Haberland, 110.

¹¹¹ Mark Galeotti, “Gangster ‘Osya’ Butorin finally sent down; good news all round,” *In Moscow’s Shadows* (blog), September 6, 2011, <http://inmoscowsshadows.wordpress.com/2011/09/06/gangster-osya-butorin-finally-sent-down-good-news-all-round/>

¹¹² “The Billion Dollar Don- Semion Mogilevich- Part 2,” YouTube video, 10:48, from 1999 BBC program *The Billion Dollar Don*, produced by Toby Sculthorp, posted by “moneygoround,” September 15, 2007, <http://www.youtube.com/watch?v=c62Rzg3wXy8&feature=relmfu>

involved in turf wars against another criminal faction known as the Velikoluksk group in the 1990's, during which they killed its leaders.¹¹³

Solntsevskaia receives a score of high for infiltration. Sergei Mikhailov controlled many seemingly legitimate businesses during Solntsevskaia's peak years; in particular, his activities in Italy coincide with his years in the joint Russian-Italian company Parma-Foods. The Semion Mogilevich organization also scored high because of its use of companies (YBM Magnex in the U.S., various nightclubs in Prague and Budapest) as covers for illicit activities.¹¹⁴ No information about Orekhovskaya's level of infiltration was available for this period. Tambov received a high score for infiltration because its leader, Vladimir Kumarin, was the head of the Petersburg Fuel Company in the 1990s.

Solntsevskaia scored high in money laundering because its leaders, in conjunction with Semion Mogilevich, started several businesses for the express purpose of laundering proceeds from illegal activities. Mogilevich was behind a large-scale money laundering operation in the U.S., which was uncovered in 1998. He was also linked to a money laundering scandal involving the Bank of New York in 1994. According to the FBI, twenty-seven different nations were involved in his money laundering network.¹¹⁵ No information about Orekhovskaya's involvement in money laundering was available for this period. Tambovskaya leaders directed money laundering operations from Spain from the mid-1990s until recently.

Solntsevskaia scored high for collaboration because it has partnered with Semion Mogilevich, as well as Orekhovskaya and another group known as Ismailovskaya.¹¹⁶ In addition

¹¹³ Cheloukhine and Habersfeld, 110.

¹¹⁴ "The Billion Dollar Don- Semion Mogilevich- Part 3," YouTube video, 8:46, from 1999 BBC program *The Billion Dollar Don*, produced by Toby Sculthorp, posted by "moneygoround," September 15, 2007, <http://www.youtube.com/watch?v=0aeLjcRSnr4&feature=relmfu>

¹¹⁵ *The Federal Bureau of Investigation*, October 21, 2009, http://www.fbi.gov/news/stories/2009/october/mogilevich_102109

¹¹⁶ Varese, 177

to its ties to Solntsevskaya, Orekhovskaya collaborated with the Medvedkovo group. The Tambovskaya group occasionally coordinated with the Malyshevskaya group and scored in the medium range.

Solntsevskaya was highly insulated in the 1990s. Mikhailov escaped incarceration in Switzerland in 1998 for money laundering charges.¹¹⁷ Mogilevich is not known to have been arrested during this period, so his organization's insulation is unknown. No Orekhovskaya leaders are known to have been arrested during this time period, so its insulation is also known. Tambovskaya received a medium score because two of its leaders, Vladimir Kumarin and Valery Ledovskikh, were imprisoned during the late 1980s and early 1990s.¹¹⁸

None of these groups held a monopoly on any activity or enterprise during this time period.

All four groups also scored "high" for scope because they had a presence in the Russian Federation and at least two other countries throughout this period. Outside of Russia, Solntsevskaya had interests in Italy, the U.S., and Hungary;¹¹⁹ the Semion Mogilevich organization operated in the U.S., Ukraine, Israel, the Czech Republic, and Hungary;¹²⁰ Orekhovskaya had elements in Spain, Greece, and Ukraine.¹²¹ Tambovskaya established a presence in Spain and Mexico during this period.¹²²

The intelligence use of all four groups during this period is unknown.

¹¹⁷ Raymond Bonner, "FBI going to Budapest to hunt the mob," *The New York Times Online*, February 21, 2000, <http://www.nytimes.com/2000/02/21/world/fbi-going-to-budapest-to-hunt-the-mob.html?src=pm>

¹¹⁸ Cheloukhine and Haberfeld, 110.

¹¹⁹ Varese, 170-171

¹²⁰ "The Billion Dollar Don- Semion Mogilevich- Part 1," YouTube video, 9:15, from 1999 BBC program *The Billion Dollar Don* produced by Toby Sculthorp, posted by "moneyground," September 15, 2007, <http://www.youtube.com/watch?v=UDkIYu3UqrM>

¹²¹ Mark Galleotti, "Gangster 'Osya' Butorin finally sent down; good news all round," *In Moscow's Shadows* (blog), September 6, 2011, <http://inmoscowsshadows.wordpress.com/2011/09/06/gangster-osya-butorin-finally-sent-down-good-news-all-round/>

¹²² Bruce Bagley, "Globalization and Transnational Organized Crime: The Russian Mafia in Latin America and the Caribbean," conference paper, November 15, 2001, <http://www.as.miami.edu/international-studies/pdf/Bagley%20GLOBALIZATION%202.pdf>

Solntsevskaya received a high score for diversification because it was known to run prostitution rings, direct drug trafficking operations, and engage in extortion.¹²³ The Semion Mogilevich organization was also highly diversified; in addition to money laundering operations, Mogilevich has directed prostitution and human smuggling rings, arms deals, and illegal gambling operations. Orekhovskaya received a score of medium because it engaged mostly in violent crimes during this period. The Tambovskaya group smuggled tobacco, arms, drugs, and sapphires and engaged in extortion.¹²⁴

The level for discipline for all groups during this period is unknown.

Solntsevskaya, the Semion Mogilevich Organization, and Orekhovskaya all received medium scores for cohesion. Sources indicate that Solntsevskaya functioned as an “umbrella organization of different crews (probably twelve) active in different countries.”¹²⁵ Because Mogilevich and Timofeev often collaborated with Mikhailov, there was considerable overlap in the activities of their groups. The Tambov group operated in a similar fashion, sometimes pairing with other local *brigady* for various reasons.¹²⁶

Justification for scores: 2001-present

There is still no recent evidence of direct ties between ROC/EOC and public officials. However, as was the case from 1990 to 2000, there is nothing to indicate that politicians have direct agreements with any of these four OC groups.

¹²³ “The Billion Dollar Don- Semion Mogilevich- Part 1,” YouTube video, 9:15, from 1999 BBC program *The Billion Dollar Don* produced by Toby Sculthorp, posted by “moneygoround,” September 15, 2007, <http://www.youtube.com/watch?v=UDkIYu3UqrM>

¹²⁴ Cheloukhine and Habersfeld, 111.

¹²⁵ Varese, 171.

¹²⁶ Andrei Konstantinov, *Banditskii Peterburg 98*, Moscow: Olma-Press, 1999. <http://www.e-reading.org.ua/book.php?book=29179>

Solntsevskaya, the Semion Mogilevich organization, and Orekhovskaya did not appear to use violence during this period. However, the Tambovskaya group used violence throughout this period until the arrest of Barsukov in 2009.¹²⁷

The level of infiltration for these groups is unknown for this period.

Money laundering operations for Solntsevskaya, the Semion Mogilevich organization, and Orekhovskaya are unknown for this period. However, the Tambovskaya group was continuing its money laundering operations as of 2008.¹²⁸

Collaboration between Solntsevskaya, the Semion Mogilevich organization, and Orekhovskaya is unknown for this period. Tambovskaya received a score of medium for collaboration, as they were known to occasionally work with the Malyshevskaya group throughout these years.

Semion Mogilevich demonstrated a high level of insulation when he evaded prosecution in 2008 in connection with Arbat Prestizh (see chapter 3). Orekhovskaya received a medium score because its leader, Sergei Butorin, was sentenced to life in 2011 after being found guilty on 29 counts of murder. The Tambovskaya group received a low score because one of its highest-ranking figures and seventeen other members were arrested and charged with numerous offenses.¹²⁹ Furthermore, the group's alleged founder, Vladimir Barsukov (aka Vladimir Kumarin) was sentenced to fifteen years in 2012 for extortion (see chapter 3).

There is no information to suggest that any of these groups held a monopoly on any type of activity during this time period.

¹²⁷ "Petersburg criminal boss gets 15 years for extortion," *ITAR-TASS News Agency*, March 6, 2012, http://www.itar-tass.com/en/c154/360586_print.html

¹²⁸ "Spain raids 'major Russian gang,'" *BBC News*, June 13, 2008, <http://news.bbc.co.uk/2/hi/europe/7453388.stm>

¹²⁹ Graham Keeley, "Spanish police arrest Russian mafia suspects," *The Guardian*, June 15, 2008, <http://www.guardian.co.uk/world/2008/jun/16/spain.russia>

The scope of Solntsevskaya and the Semion Mogilevich organization for this period is unknown. Orekhovskaya and Tambovskaya received medium scores in scope because of their continued presence in Spain, which was disrupted by the arrest of several key leaders during this time.

Intelligence use for all groups remains unknown for this period.

Solntsevskaya's diversification during this period is unknown. (There is some information about Mikhailov's legitimate business activities, but there is no evidence that these are connected to illegal enterprises.) The Semion Mogilevich organization retained a high score in diversification because of its continued involvement in financial crimes; additionally, as of 2009, Mogilevich maintained control of natural gas pipelines in Eastern Europe, which he allegedly uses "to influence governments and their economies."¹³⁰ Orekhovskaya's level of diversification is unknown. Tambovskaya also remained highly diversified, its members having been charged with tax fraud, falsification of documents, money laundering, extortion, murder, and other crimes in 2008.¹³¹

The level of discipline for all groups remains unknown for this period.

The level of cohesion of Solntsevskaya and the Semion Mogilevich organization was unknown for this period. Orekhovskaya received a score of medium for cohesion because this best reflects its division into smaller groups since the arrest of Olya Butorin.¹³² Tambovskaya also received a score of medium for its overlap with the Malyshevskaya group.

Interpreting the results

¹³⁰ *The Federal Bureau of Investigation*, October 21, 2009, http://www.fbi.gov/news/stories/2009/october/mogilevich_102109

¹³¹ Graham Keeley, "Spanish police arrest Russian mafia suspects," June 15, 2008.

¹³² Dmitri Melnikov, "Sud nad 'orekhovskimi:' Razgrom 'orekhovskikh'" ("The trial of 'Orekhovskaya': The defeat of 'Orekhovskaya'"), *Rossiia Odin*, May 15, 2011, <http://vesti7.ru/news?id=26103>

Based on the available information, the Tambovskaya group ranks the highest during the period from 1990 to 2000 with a score of 85. Solntsevskaya ranks second with a score of 83. The Semion Mogilevich organization ranks third with a score of 80. Finally, the Orekhovskaya group ranks third with a score of 63. There is drastically less information available during the period from 2001 to the present. Tambovskaya maintains the highest score of 63, while the Semion Mogilevich organization ranks second with a score of 44. Orekhovskaya comes in third with a score of 43, and Solntsevskaya ranks last with a score of 40.

The lack of information for the period from 2001 until the present reflects the following scenarios: ROC/EOC has declined due to apprehension of criminals, ROC/EOC continues to carry out its activities with increased stealth, and ROC/EOC has transitioned into legitimate enterprises. The first scenario seems to apply to Orekhovskaya and Tambovskaya, which have been crippled by the arrests of their leaders. The second scenario is likely to apply to the Semion Mogilevich organization, whose leader has successfully evaded law enforcement several times and is likely still operating. The third scenario may apply to the Solntsevskaya group, whose leader now maintains a high public profile.

Conclusion

This analysis reveals that legitimization is just one of several responses to the changing political and socioeconomic conditions in Russia. Some groups continue to carry out illegal activities, largely undetected. Other groups, their members having been jailed (regardless of any alleged political motivation), seem to be declining.

Regardless of the reason for each group's evolution, the striking lack of information from the last decade signals profound change in the world of ROC and EOC. A rise in legitimate

groups indicates that OC is becoming a less significant threat, and it also supports the assertion that Russia is making legal and economic progress. Mass numbers of business owners are no longer forced to pay for *krysha* or circumvent regulations through shady practices. In the event that this does occur, the legal system is much better equipped to punish those responsible. Allegations of politically motivated trials continue to undermine Russia's legal framework, especially when apprehending and prosecuting those with internal connections. Whether or not such claims contain any truth, they emphasize the need for institutional reforms that not only promote transparency, but also decrease the necessity and appeal of OC to such a large population.

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