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SOCIETY against terror and corruption . SATCOR

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This letter is prepared by „ SOCIETY against terror and corruption” (SATCOR), a Russian non-governmental public organization, which does independent journalistic investigation into the activities of organized criminal groups and the operators involved linking them to the major business and state authorities.

The SACTOR advocates the idea of uniting the efforts of law-enforcement authorities in the US, the European Union and the CIS in fighting terrorism and international organized crime.

Dear Sir,

In mid-January this year a Russian Government delegation visited in France, was widely reported in the media. The delegation included Oleg Deripaska, the Head of Russian Aluminum (RusAl) Co. who, also acts as the representative in Russia of a certain Mikhail Chernoi (according to Chernoi himself, Verdomesti¹, 01.11.2000)- a person well known to organized crime experts all around the world.

According to reports in the media, Mr. Deripaska visited Paris as a sponsor of the Bolshoi Theatre company. Apart from this widely publicized image of being an oligarch close to President Putin, Mr. Deripaska keeps on talking of the interests of his business spreading not only to the whole territory of the former USSR, but also European countries and the USA. In particular, Mr. Deripaska has declared an intention to enter into partnership with the American company Alcoa, to which he would like to sell a number of RusAl shares in fact controlled by Mikhail Chernoi. At the same time, Mr. Deripaska follows an aggressive policy of borrowing from international banks and financial markets.

We believe that the following information could be of use first of all to experts who study Russian organized criminal activity outside Russia. We also would like to add some new touches to the portrait of the “fairy godfather” and the decent businessman with clean hands” which has been drawn by Mr. Deripaska himself and his promoters.

¹ A Russian business daily published in cooperation with the Financial Times and Dow Jones. SACTOR

Several days after his trip to France Mr. Deripaska took in two Uzbek mafia bosses, Gafur Rakhimov and Salim Abduvaliev, well known to the influential international organization, Observatoire Geopolitique Des Drogues. Gafur is characterized as a significant figure in Uzbekistan, an agent between criminals and Uzbek high officials including President Karimov himself. Salim is Gafur's partner, controlling a number of transport companies through which, in the opinion of Russian experts, he controls drug traffic from Uzbekistan to Siberia and the Ural regions of Russia and then on to Europe. The two of them are the founding fathers of the so-called Tashkent group, the financial manager of which is Mikhail Chernoi.

According to Russian experts, in addition to Mr. Chernoi, Salim and Gafur the Tashkent group also included Alimzhan Tokhtakhunov ("Taivanchik", Chernoi's representative in Europe, now hiding in Moscow from French and Italian police) Lev Leviev ("diamond king", residing in Israel), Iskander Makhmudov (controls a significant part of coal, copper and ferrous metals production in Russia and represents the interests of Chernoi together with Deripaska, Jakov Goldovsky (former head of one of the largest divisions of the Russian gas giant Gazprom, resides in Austria). The group is closely assisted by Gregory Luchanskyy, native of Tashkent (owns businesses in Austria).

The Tashkent group's closest partner in the criminal world is the "Izmailovo" group formerly headed by Anton Malevsky and now by his brother Andrey (Malevsky). The Izmailovo group was formed at the end of 80's and is named after a Moscow district with one of the city's largest flea markets. At the moment the group controls a broad range of enterprises in Russia, Europe and even in South Africa. One of its patrons is the present Secretary of Security Council Vladimir Rushailo, who is a former Interior Minister, Deputy General Prosecutor Valetin Simuchenkov, and Deputy Director of the Federal Security Service Yuri Zaostrovsev.

Gafur and Salim (their photos can be seen on the SATOR web-site www.sator.ru in the article "...." Black sign") drove around in Moscow in Mr. Deripaska's limousine and they were seen together in public. The Uzbek mafia bosses lived in the villa of one Mr. Nazarov, who is the Commercial Director of the Tadjikistan Aluminium Smelting Company (TadAZ) close to the Rublevo-Uspenskoye highway, an exclusive district where many members of Russia's official and business elite have their homes. TadAZ is officially a state smelter, but actually it is controlled by Mikhail Chernoi and his Uzbek friends. Control is maintained through Ansol, a company incorporated in Switzerland which provides tolling TadAZ. Ansol was bought by Mr. Deripaska in the summer of 2003.

Mikhail Chernoi arrived in Moscow on the 28th of January for the third time in the past 5-6 months to meet with Gafur, Salim, Deripaska and other contacts. Earlier the subject of Chernoi's negotiations in Moscow was the purchase of 25% of RusAL shares by Mr. Deripaska from Mr. Abramovich, who was selling off his assets in Russia. Two weeks before his arrival in Moscow, on the 14th of January, he was charged with money laundering in Israel, and more to the point, the first court hearing took place. However, Mr. Chernoi was let out on bail for several days with property as security "to visit a sick relative" in Russia.

We do not know about any adopted resolutions as yet. But we have at our disposal authentic information on fundamental matters of the agenda discussed.

One of the matters raised was the distribution of RusAl export profit. As the SATCOR's sources say, a significant part is formed in Slivenski Holdings Ltd, a company registered in Nicosia (Cyprus), which probably has contractual relations with the following RusAl traders: Rual Trade, Transmetal, Transmetal Management. According to the corporate registration documents, the directors of these companies are Elena Kondrykinskaya and Anna Makhina, both residents of Moscow and close friends of Iskander Makhmudov and Mr. Deripaska. A beneficiary of the company is supposed to be Mikhail Chernoi.

The other matter of concern of Chernoi's group was the interaction with the Izmailovo group which had become weaker after the death of Anton Malevsky. At the moment the group is breaking up. One part of the group has decided to terminate cooperation with Chernoi having received a certain amount in compensation. The other part headed by Andrey is prepared to continue cooperation under the leadership of Uzbek mafia bosses Salim and Gafur.

According to our sources, the discussed various possibilities concerning payment of smart money to the group. One of example of payment for criminal group "services" can be found in the following occurrence which has become part of the recent history.

In 2000 Anton Malevsky, head of the Izmailovo group took part in securing control over Nikolaevsky Alumina Works (NGZ; Ukraine) for Chernoi's company Sibirsky Aluminium (SibAl, the Director of which was Mr. Deripaska²). His role was to apply criminal pressure on the enterprise shareholders, who according to the plan were to transfer their shares to some offshore company. This offshore company was created especially for Malevsky.

When the shares had been transferred, the company sold them at once to another company indicated by Mr. Chernoi and received exactly the same amount as that which had been accorded between Malevsky and Chernoi before the enterprise takeover. The company created to pay for the criminal "services" provided by the members of the Izmailovo group was called Bentom Finance Ltd and was registered in Belize. The financial laws of this country permit cashing money with almost zero loss.

Our sources on the meeting issues reported that Mr. Rushailo an "old hand" of Chernoi's and the Izmailovo group, was to leave his state position soon. According to their data Mr. Rushailo can settle in Austria, where there is a house for him bought by a counterfeiter. The neighboring house allegedly belongs to his former assistant General Orlov who is allegedly residing there at the moment. Mr. Orlov has already been on the international wanted list for his criminal involvement with corruption for two years. Our sources are sure that Mr. Rushailo will continue acting as a consultant to the Chernoi group after his retirement.

It was Mr. Rushailo who as a Minister oversaw the deletion of all files and on-line information on Mikhail Chernoi and Anton Malevsky kept in the Ministry of Interior, the action which rendered priceless assistance to the mafia.

² 2001 SibAl changed its name into Basic Element (BasEl). Officially BasEl is a shareholder of Russian Aluminum. BasEl is Mr. Deripaska. In this capacity he heads the Board of Directors of Russian Aluminum.

One further matter discussed at the meeting between Chernoi, Gafur and Salim was the regaining of lost positions in Kazakhstan. From the mid 90's Chernoi's group cooperated with the Kazakhstan Mineral Resources Corporation (KMRC) run by Alexander Mashkevich receiving alumina from Kazakh minefields. By 2000 the cooperation collapsed on the Kazakh authority's initiative after a series of corruption scandals. To compensate for the alumina supply Chernoi launched a "blitzkrieg" on the above mentioned NGZ in Ukraine. By the time Ukrainians understood that Chernoi's group was not serious about investments promised to the authorities, they started to force him out of the country. Chernoi, in his turn, tries to launch "Reconquest" in Kazakhstan. But look at the methods he uses.

At the end of 2003, unidentified persons ordered the contract killing of Mashkevich, the present head of Kazakh Aluminium Corporation, by Uzbek mafia killer Jakub Islambekov. The murder of Mashkevich is obviously one of the steps to gain control over Kazakh stock for Aluminium production. "Unidentified" does not mean that it is not known whose interests were being pursued – there are no criminal leaders in Uzbekistan except Gafur and Salim

What were the other parts of the plan?

On the 20th of January this year Islambekov told the European channel RTL + about the intended crime, having probably concluded that after the murder of Mashkevich, his clients would liquidate him.

A couple of days before the interview, Russian delegation headed by Prime Minister Mikhail Kasayanov arrived on Kazakhstan's capital Astana. Mr. Deripaska was included in the delegation. In fact they had come from Paris where they had applauded the Bolshoi dancers sitting side by side with the French public. According to sources close to the delegation Kasayanov personally tried to explain to Mr. Nazarbaev, the Kazakh leader, that the best partner for Kazakhstan Aluminium was RusAl and in particular Mr. Deripaska. We consider that there is a definite connection between the threat to murder Mashekevich and Kasayanov's attempt to persuade the Kazakh president to accept an undesirable partner.

Of course, Kasayanov cannot be accused for lobbying in favour of the interests of national corporations. However the Head of the Government's actions look somewhat different, if we take the actions of the group controlling RusAl into account.

It should be noted that besides starting a war for Kazakh alumina, the Chernoi group keeps on spending a lot of money with the aim of taking over other assets in the Russian economy apart from aluminium production. For example, during the previous year Mr. SACTOR. Deripaska spent about USD 180 million in "black cash" (cash concealed from the taxation authorities) in order to take over wood and pulp industry enterprises in Russia. Mr. Deripaska needed significant assets to fill the gap in the corporation budget after the redemption of Abramvovich's 25% stake in RusAl at the amount of USD 2,5 billion provided that annual sales were USD 4 billion.

In this respect we assert that the loans raised in Western banks RusAl this year will be spent not for the purpose of production, upgrading or redesign of its facilities, but will be distributed inside the Chernoi group in accordance with its intragroup priorities. We mean first and foremost the credit line in the amount of USD 1 billion organized for RusAl by Glencore.

Thus, the above information, to our minds, proves points made in previous expert conclusions and helps to make new conclusions of definite interest not only to law-enforcement authorities in Russia, but to their colleagues in the European Union and the US as well:

1. RusAl, Russia's major producer of aluminium and one of the world's largest companies in aluminium production is still controlled by the mafia group headed by the Mikhail Chernoi. This control was tightened after the redemption of Abramovich's stake by Mr. Deripaska.
2. The Chernoi group considers the European Union and the USA as the main regions for investment of the earnings. With this aim in mind, the group tries to strengthen its position of influence in the West through such representatives as Tokhtakhunov and Luchansky and such top-level and well-paid functionaries and employed advisers of RusAl as Alexander Livshits (formerly Yeltsin's financial advisor), Dick Thornburgh (formerly US Attorney General). A lot of money is spent to promote a positive image of Mr. Deripaska, who still considered as one of the group's main operators because of his relationship with the family of Boris Yeltsin, the former President of Russia.
3. The Chernoi group continues its expansion in the Russian economy aided by corrupt officials, and is beginning a new round of expansion in Central Asia. The strengthened position of such persons as Gafur and Salim in Tadjikistan and Uzbekistan could probably mean increased drug traffic from neighbouring Afghanistan. According to experts drug production in Afghanistan has increased several times during the last two years and has caused a demand for increase in total exports. Besides, growing drug dealing profits require secure channels for the laundering of illegal proceeds. Gaining control over the increasing number of enterprises in Central Asia would facilitate meeting that demand.

The SATCOR will continue its journalistic investigations and inform the law enforcement authorities of Russia and the other G-8 countries of any results they may yield.

Respectfully yours,

Veniamin Striga
SACTOR Chairman

SACTOR