

RE: WSJ: Tab for Sochi Olympics Fells Russian Moguls

From: (b)(6)
To: (b)(6)
Date: Mon, 03 Feb 2014 16:47:39 -0500

And just when I thought I couldn't love Russia any more...

From: (b)(6)
Sent: Monday, February 03, 2014 2:26 PM
To: (b)(6)
Subject: RE: WSJ: Tab for Sochi Olympics Fells Russian Moguls

It's a hilarious translation issue. Russian does not have words to denote Mr. and Mrs without also creating class indicators.

During Tsarist times, the words Gospodin (Mr) and Gospozha (Mrs/Miss) were used, but they denote being a member of the upper class, so communists used the word Tovarish (comrade). Nowadays, people try to avoid the Tsarist or Communist terms, so they literally end up calling people "Man" or "woman." So you'll be in a supermarket, and you have a question, you'll be asking the clerk "Woman! Tell me where are the potatoes" and she will say "Man, they are over in aisle 3."

And because that is ridiculous, some people just say comrade...

From: (b)(6)
Sent: Monday, February 03, 2014 2:20 PM
To: (b)(6)
Subject: FW: WSJ: Tab for Sochi Olympics Fells Russian Moguls

Were they wearing Soviet military uniforms???

Mr. Putin himself climbed to the top of the ski jump and conducted a televised inquisition, asking the deputy prime minister in charge of the Olympics who should be blamed for skyrocketing costs and delays.

The official replied: "Comrade Bilalov."

From: Chemali, Hagar
Sent: Monday, February 03, 2014 2:05 PM
To: _DL_TFI_Alerts
Subject: WSJ: Tab for Sochi Olympics Fells Russian Moguls

Tab for Sochi Olympics Fells Russian Moguls

Some Had Hoped Winter Games Would Bring Political Capital and Profits

By
Paul Sonne
Feb. 2, 2014 11:00 p.m. ET

SOCHI, Russia—Akhmed Bilalov leapt out of his seat in a hotel ballroom when Olympic officials announced more than six years ago that this city had won the prize of hosting the Winter Games in 2014.

It probably wasn't just a burst of euphoria about Russia landing its first Winter Olympics. A company controlled by Mr. Bilalov's brother, a longtime business partner, owned a tiny ski slope under construction in the mountains above Sochi.

Mr. Bilalov's connections gave him and his brother a shot at landing one of Sochi's Olympic venues, which could help transform the ski slope into Russia's first luxury ski resort and catapult him closer to the Kremlin's potent inner circle.

But when Russian government officials, business leaders and Mr. Putin parade into the new Fisht Olympic Stadium for the opening ceremony Friday, the 43-year-old Mr. Bilalov won't be there.

The ski slope now is home to the Olympic ski-jumping facility, called the RussSki Gorki Jumping Center. But Mr.

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Bilalov was fired a year ago as vice president of the Russian Olympic Committee after construction costs swelled to about eight billion rubles (\$228 million) from the preliminary estimate of 1.2 billion rubles, according to a top government official.

Mr. Putin himself climbed to the top of the ski jump and conducted a televised inquisition, asking the deputy prime minister in charge of the Olympics who should be blamed for skyrocketing costs and delays.

The official replied: "Comrade Bilalov."

In swift succession, Mr. Bilalov was dismissed as head of Northern Caucasus Resorts, a state-run company the Kremlin launched after Sochi won the Olympics to develop skiing destinations elsewhere in the Caucasus. Russian authorities opened a criminal case accusing him of abuse of power by spending too much on foreign travel.

Mr. Bilalov is lying low in the U.K. and keeping quiet until the 17-day Winter Games in Sochi are over, people close to him say. He denies any wrongdoing and wants to go back to Russia someday, these people say. Mr. Bilalov didn't respond to requests for comment.

His fall shows how runaway costs in Sochi have come back to haunt some rich Russians who hoped the Winter Games would help them build political capital and profits. The price tag of roughly \$50 billion is quadruple Mr. Putin's original estimate of \$12 billion in 2007.

Sochi is the most expensive Olympic Games in history, even surpassing the approximately \$40 billion spent by China on the 2008 Summer Olympics in Beijing. The 2010 Winter Olympics in Vancouver, British Columbia, cost more than \$7 billion.

Sochi's costs soared partly because the sheer scale of the area's transformation outstripped post-Soviet Russia's experience with big projects. Olympic officials demanded expensive changes. Some outsiders say corruption inflated costs by as much as a third. Mr. Putin denies that claim.

Sochi is by far the biggest example of the Kremlin-led showcase projects in the past decade, which often steer largess to a coterie of preferred businessmen and state-run companies.

Mr. Putin has described Sochi's transformation from a Soviet resort between the Caucasus Mountains and Black Sea with a population of 368,000 into a sleek Olympic site and post-Games destination as "the biggest construction site on the planet." The Russian president involved himself in minute details of Olympics preparation, even previewing part of the opening ceremony.

In an unusual move, Russia turned to state-run companies and tycoons to build Olympic venues, pitching the Sochi projects as "public-private partnerships" that would become profitable businesses after the Winter Games end. The projects often were sweetened with government-backed loans and promises of new infrastructure.

As a result, Russian energy company [OAO Gazprom](#) constructed the biathlon and cross-country skiing complex at a ski mountain it bought. Aluminum tycoon [Oleg Deripaska](#) built Sochi's new airport and seaside athlete's village. Metals magnate Vladimir Potanin agreed to erect the snowboarding and downhill-skiing centers at a nearby ski resort, which he built after visiting one in Austria with Mr. Putin that the president liked.

"The system is not predicated on rational use and husbanding of resources," says Andrew S. Weiss, a former White House adviser on Russian policy who now is an analyst at the Carnegie Endowment. "The main investment criterion is not return on investment. It's political loyalty."

But as problems piled up in Sochi, what looked at first like sweetheart deals for some Russians who landed Olympic contracts have turned into giant bills, shriveled profits and tension with the government over who should shoulder unexpected costs. The RussSki Gorki Jumping Center is an unusually dramatic example.

"The conflicts, of course, didn't flare up all at once. They continued for a fairly long time, because the process dragged on for a few years," says Rostislav Murzagulov, former deputy director of Northern Caucasus Resorts, about Mr. Bilalov's troubles at the ski jump. Mr. Murzagulov worked for Mr. Bilalov.

"Then the government managers overseeing the project for the president...understood at some point that the president was going to blame them," Mr. Murzagulov adds. "Accordingly, in Russian tradition, they had to say: 'No, dear sir, it's him. He's guilty.'"

A spokesman for Dmitry Kozak, the deputy prime minister in charge of the Olympics, says the ski jump is ready for Olympic competition, adding that its construction problems are in the past.

Government officials have denied making Mr. Bilalov a scapegoat. He "regularly failed to carry out the obligations he took upon himself in a voluntary manner," Mr. Kozak said the day after Mr. Putin's visit to the ski jump last year.

Born in Dagestan, a Russian republic about 350 miles east of Sochi, Mr. Bilalov got his start in business as an

importer of Western-made goods after the Soviet Union fell. He went into finance and later bought and sold former state-owned oil assets, building himself a fortune.

Mr. Bilalov soon turned to politics. Elected to Russia's Parliament for the pro-Putin party in 1999, he met Alexander Tkachyov, a deputy who later became governor of the region that includes Sochi and a major backer of the city's Olympic bid.

Companies controlled by Mr. Bilalov or his brother began buying businesses and making investments in the same region. One of them: the ski slope being built near Sochi, known as Gornaya Karusel. Mr. Tkachyov later made Mr. Bilalov the region's senator in the upper house of Russia's Parliament.

Mr. Bilalov wasn't widely known as a businessman or politician when Sochi won its Winter Olympics bid in 2007, though he was a member of Russia's delegation to the Guatemala City meeting where Sochi won.

It meant he was in the right place at the right time. When a government official asked if the Bilalov brothers would agree to build the ski jump and a massive Olympic "media village" with hotels and shopping for 2,600 guests at Gornaya Karusel, they said yes.

Plans called for the media village to be transformed after the Olympics into a resort with hotels and slope-side apartments. Its initial budget: about 40 billion rubles on top of the cost of the ski-jumping facility.

Mr. Bilalov became deeply involved in preparations for 2014, holding Olympics-related meetings in his Moscow office. Gornaya Karusel opened in 2008, and the ski slope's guests included [Dmitry Medvedev](#), who became Russia's president that year.

Mr. Medvedev also made Mr. Bilalov head of Northern Caucasus Resorts, a sign of the businessman's growing influence. He cruised the world, sweet-talking foreign investors at a gala in London's Hyde Park about planned ski resorts in poor regions beset by Islamist insurgency, including Dagestan.

"He became a person who was one of the fathers of very serious development in Russia's south," says Mr. Murzagulov.

Responsibility for building the ski jump, including two ramps of 95 and 125 meters, and the nearby media village mostly belonged to Mr. Bilalov's younger brother, Magomed. He largely controlled the brothers' business interests as Akhmed Bilalov got more involved in politics, Mr. Murzagulov says.

Then came trouble. Wet soil and a tectonic fault under the planned RussSki Gorki Jumping Center site required costly work to prevent mudslides and flooding. Olympic officials demanded more parking and special snow-making facilities.

"It's like all over the world," says Torgeir Nordby, a Norwegian ski-jump inspector who worked as a consultant on the Sochi facility. "Companies doing a bid...have no sense of the detail necessary to build a ski jump."

In 2010, Olympic inspectors ordered the building of a wide road from the venue's entrance to the ski jump's spectator stands and launch pad. The extra demand doubled the cost of the ski jump complex, requiring tons of extra concrete and retaining walls, a person familiar with the project says.

The Bilalov brothers and other investors believed the Russian government should carry out and pay for the surprise infrastructure work. Russian officials agreed.

Meanwhile, officials at state-controlled bank OAO [Sberbank](#), which bought a 25% stake in the ski slope's parent company in 2009 to help provide financial support to the project, grew nervous that Magomed Bilalov was in over his head, people familiar with the matter say. The bank ordered contracting changes in late 2011 to speed up the project, angering him.

In early 2012, the Kremlin convened an emergency meeting to figure out how to get the project back on track. Sberbank's chief executive offered to walk away from its stake if a government agency or another company would agree to salvage the project. According to Sberbank, Kremlin officials told the bank to fix the problems on its own.

Sberbank poured in 7.6 billion rubles to take control of the company in charge of the ski-jump project. The Bilalov brothers paid about 1.35 billion rubles to salvage a minority stake, a person familiar with the deal says.

Within days, the Russian government backed out of its promise to pay for the road, enraging Magomed Bilalov, who believed the extra costs would ruin any chances of making a profit, this person says. He essentially withdrew from the project, attending board meetings to register dissenting votes.

In May 2012, Mr. Putin replaced Mr. Medvedev in the Kremlin, distancing the former president from Akhmed Bilalov, say people who know Mr. Bilalov. When Mr. Putin came to Sochi last February to inspect the ski jump, a top official told Mr. Bilalov not to bother coming, a person familiar with the matter says.

Magomed Bilalov has said security blocked him when he tried to join the delegation climbing up the jump.

Mr. Kozak, the deputy prime minister, told Mr. Putin that the ski jump was more than two years late—and four times over budget. "So 1.2 billion turned into eight billion," Mr. Putin said, seething with displeasure as he repeated the figures. "Well done," Mr. Putin said acerbically. "Good work. Let's continue." The clip became a staple of state-television news.

The rebuke stunned the Bilalovs, who soon left Russia, people close to them say. Akhmed Bilalov later told a Russian news agency that he was suffering from mercury poisoning that occurred before he left Russia. He said he couldn't explain how he was poisoned.

Magomed Bilalov sold his remaining stake in the ski-slope company to a Russian oil tycoon, who later sold the shares to Sberbank. According to the bank, it now owns more than 90% of the ski jump and media village, which cost a combined 79.8 billion rubles as of November, or roughly double the initial estimate.

Sberbank says it expects to recover its costs. Russia's state development bank has provided credits for two thirds of those costs, according to Sberbank. As of Sunday, workers were scrambling to finish the media village's hotels.

The younger Mr. Bilalov also became the subject of a criminal case after leaving Russia. In a television interview last year, he denied any wrongdoing and said the mountaintop rebuke unfairly targeted Akhmed Bilalov.

"He is a patriot just like me, and you can't describe what he's done as anything other than patriotism," Magomed Bilalov said. He declined to comment for this article.

Hours after the lashing by Mr. Putin, Akhmed Bilalov wrote on his Facebook page: "I am proud of the Olympic ski jumps we built in Sochi." Mr. Bilalov said the mess would be described better by Russian amateur comedy troupes. "And it will be funnier," he wrote.

Write to Paul Sonne at paul.sonne@wsj.com

Hagar Hajjar Chemali
Spokesperson for Terrorism and Financial Intelligence
U.S. Department of the Treasury

(b)(6)

RE: Deripaska is saving stray dogs

From: (b)(6)
To: (b)(6)
Date: Fri, 07 Feb 2014 10:34:03 -0500

Me too! ☺

From: (b)(6)
Sent: Friday, February 07, 2014 10:30 AM
To: (b)(6)
Subject: Re: Deripaska is saving stray dogs

I know, he finally scored points in my book with this.

From : (b)(6)
Sent: Friday, February 07, 2014 10:17 AM Eastern Standard Time
To: (b)(6) (b)(6)
Subject: Deripaska is saving stray dogs

Not kidding.

http://www.nytimes.com/2014/02/06/sports/olympics/racing-to-save-dogs-roaming-around-sochi.html?_r=0

“We were told, ‘Either you take all the dogs from the Olympic Village or we will shoot them,’ ” said Olga Melnikova, who is coordinating the rescue effort on behalf of a charity called Volnoe Delo (roughly, Good Will), which is financed by Oleg V. Deripaska, one of Russia’s billionaire oligarchs.

(b)(6)

Deputy Director, Office of Illicit Finance
Department of Treasury

(b)(6)

Re: Revised TFI VC Strategy and Key Terms

From: (b)(6)
To: (b)(6)
Date: Fri, 07 Feb 2014 17:40:24 -0500

I'm assuming mr discount double check is always number 1.

From: (b)(6)
Sent: Friday, February 07, 2014 05:38 PM Eastern Standard Time
To: (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms

(b)(6) Favorite People List 7 Feb 0900

1. Aaron Rodgers
2. Henry Kissinger
3. Jon Hamm

(b)(6) Favorite People List 7 Feb 1738

1. Aaron Rodgers
2. (b)(6)
3. Oleg Deripaska

(b)(6)
Director, Office of Illicit Finance
Department of Treasury

(b)(6)

From: (b)(6)
Sent: Friday, February 07, 2014 5:37 PM
To: (b)(6) (b)(6) (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms

Heard you stole a chair from a small sick child.

Bastard.

From: (b)(6)
Sent: Friday, February 07, 2014 5:36 PM
To: (b)(6) (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms

Hahahaha, that's too simple sir...

From: (b)(6)
Sent: Friday, February 07, 2014 5:35 PM
To: (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms

There, please leave me alone, I don't want to read about VC Strategy anymore. Why can't we all just take 'yes' for an answer,

(b)(6)
Director, Office of Illicit Finance
Department of Treasury

(b)(6)

From: (b)(6)
Sent: Friday, February 07, 2014 4:48 PM
To: (b)(6) (b)(6)
Subject: FW: Revised TFI VC Strategy and Key Terms

Accommodate, monkey, accommodate!

From: (b)(6)
Sent: Friday, February 07, 2014 4:47 PM

To: (b)(6)
Cc: (b)(6) (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms

I'm tired. (b)(6) you need to chime in and muddy up the water!

From: (b)(6)
Sent: Friday, February 07, 2014 4:41 PM
To: (b)(6) (b)(6) FinCEN (b)(6) El-Hindi, Jamal;
Cc: (b)(6) (b)(6) (b)(6) Fisch, Eytan; (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms

Looping in FinCEN (b)(5)
(b)(5)

I've attached both redline and clean version with the proposed solution, for your consideration.

(b)(6)
Senior Counselor for Strategic Policy
Office of Terrorist Financing and Financial Crimes
U.S. Department of the Treasury
(b)(6) (office); (b)(6) (mobile)

From: (b)(6)
Sent: Friday, February 07, 2014 3:23 PM
To: (b)(6) (b)(6) (b)(6)
Cc: (b)(6) (b)(6) (b)(6) Fisch, Eytan; (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms

Hey (b)(6) (b)(5) Think that's the source of some of the confusion here.

(b)(5), (b)(6)

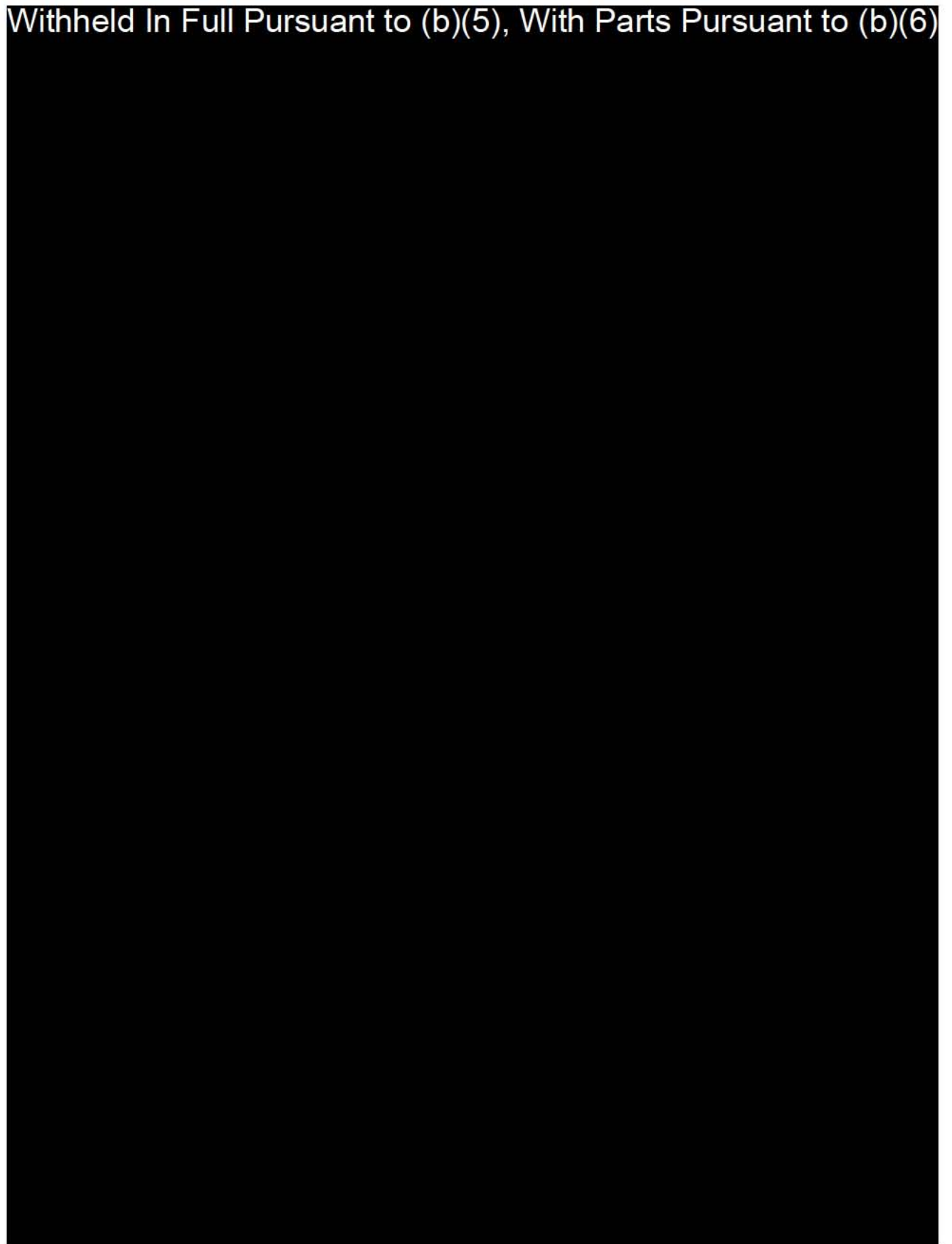
Thanks.
(b)(6)

From: (b)(6)
Sent: Friday, February 07, 2014 2:56 PM
To: (b)(6) (b)(6)
Cc: (b)(6) (b)(6) (b)(6) Fisch,
Eytan; (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms

(b)(5)

If this proposal doesn't work, (b)(5) (b)(5)
(b)(5)

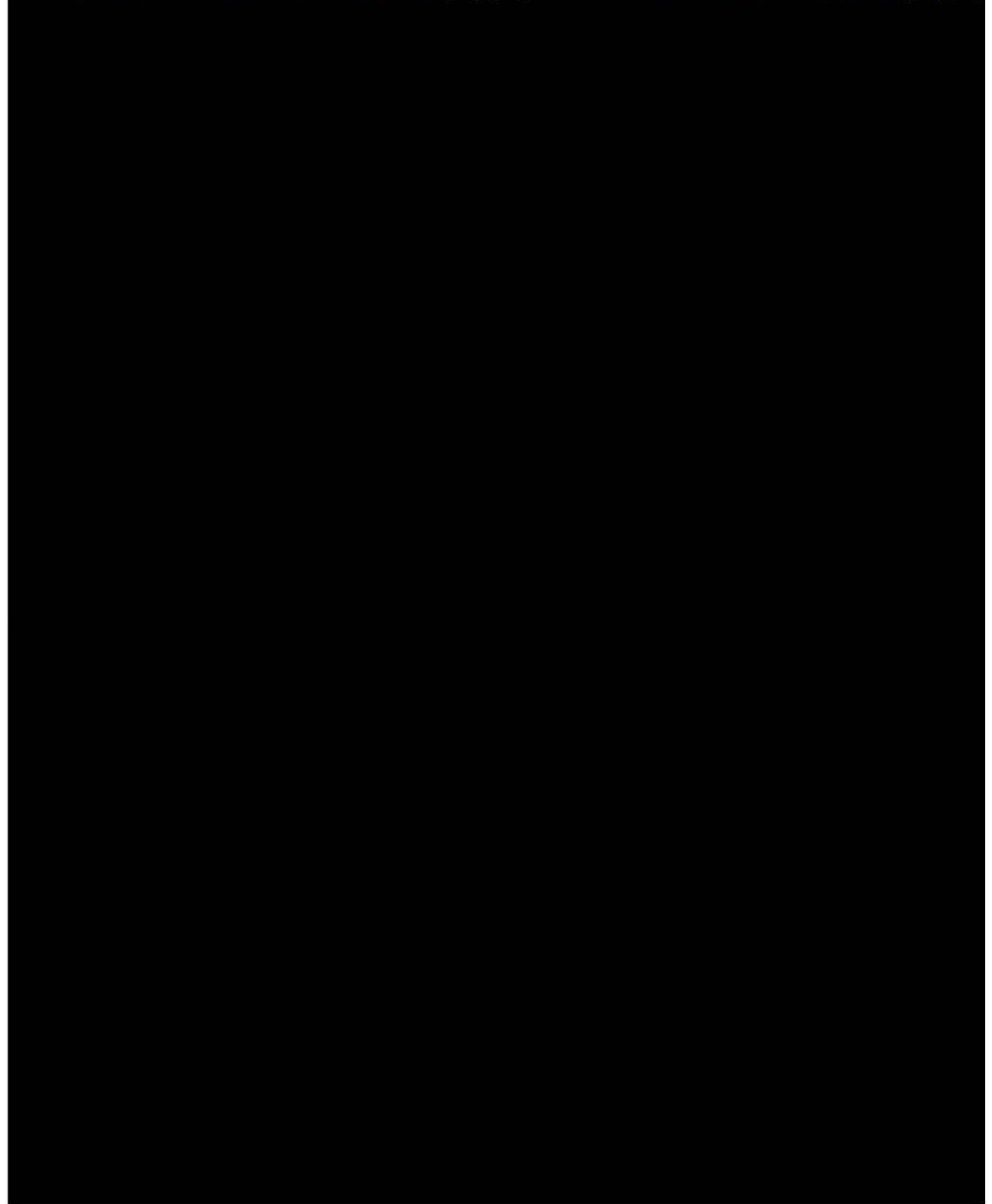
Withheld In Full Pursuant to (b)(5), With Parts Pursuant to (b)(6)



19_011-E3-0000072

2018-06-192: 000773

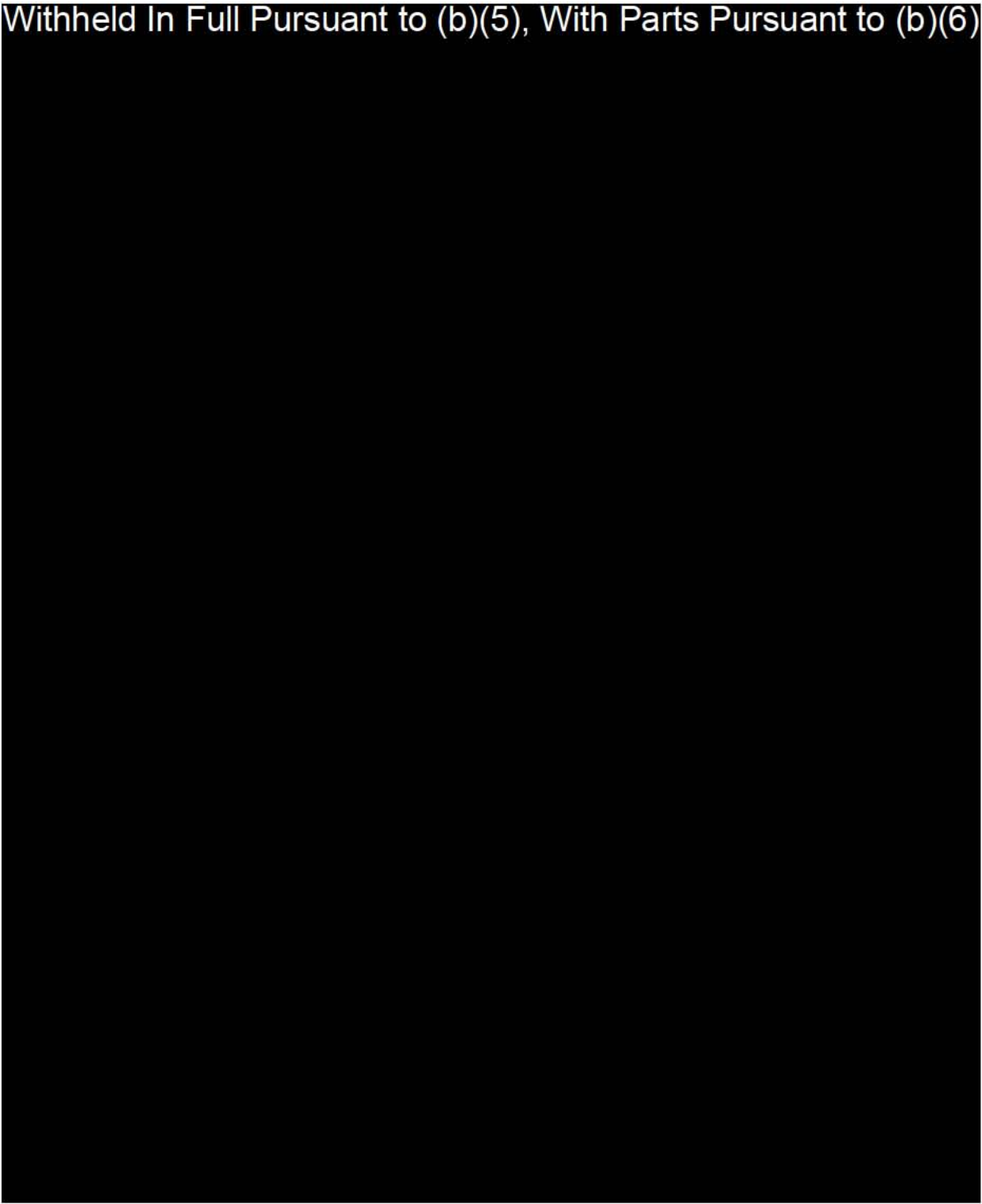
Withheld In Full Pursuant to (b)(5), With Parts Pursuant to (b)(6)



19_011-E3-0000072

2018-06-192: 000774

Withheld In Full Pursuant to (b)(5), With Parts Pursuant to (b)(6)



From: (b)(6)
To: (b)(6) (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms
Date: Friday, February 7, 2014 5:40:42 PM

He loves you too.



From: (b)(6)
Sent: Friday, February 07, 2014 5:38 PM
To: (b)(6)
Subject: RE: Revised TFI VC Strategy and Key Terms

Duplicative of content in Bates No. 2018-06-192: 000771



Bates Nos. 2018-06-192:

000779-000784

Duplicate Content in

Bates Nos. 2018-06-192:

000771-000775

Media Analysis

From: (b)(6)
To: (b)(6)
Date: Fri, 04 Apr 2014 17:12:16 -0400
Attachments: Crimean Media Environment Guide - August 2011.pdf (108.19 kB); Russian Media Environment Guide 2013 (Part 1).pdf (88.91 kB)

(b)(6), it occurred to me after you asked about Ukrainian media source descriptions that there are a number of different resources you might be interested in for future research. A number of different organizations (b)(3) [50 U.S.C. § 3024(i)(1)] do media environment analyses, under titles like “media environment guide,” “media aid,” and “media survey report.”

I haven’t found a lot of current information for Ukraine, though. See the attached for an idea of what’s available.

(b)(6)
Eurasia/Levant
Office of Foreign Assets Control
Department of the Treasury
Phone: (b)(6)

Bates Nos. 2018-06-192:
000797-000821
Withheld in Full
Pursuant to
(b)(3) [50 U.S.C. § 3024(i)(1)],
(b)(4)

Bates No. 2018-06-092: 000824

Withheld in Full

Pursuant to (b)(5), with
(b)(3) [50 U.S.C. § 3024(i)(1)],
(b)(6) and (b)(7)(C) in part

Bates No. 2018-06-192: 000831

Withheld in Full

Pursuant to (b)(5), with
(b)(3) [50 U.S.C. § 3024(i)(1)],
(b)(6) and (b)(7)(C) in part

(b)(6)

From: (b)(6)
Sent: Friday, August 29, 2014 12:13 PM
To: (b)(6), (b)(7)(C)
Cc: (b)(6) (b)(6), (b)(7)(C)
Subject: RE: Have y'all interviewed this guy? Can we?

Yeah. Big time. Seems like this guy would know where to look...

Enjoy vacation!

From: (b)(6), (b)(7)(C) mailto:(b)(6), (b)(7)(C), (b)(7)(E)
Sent: Friday, August 29, 2014 11:48 AM
To: (b)(6)
Cc: (b)(6) (b)(6), (b)(7)(C)
Subject: Re: Have y'all interviewed this guy? Can we?

Very interesting! (b)(3) [50 USC 3024(i)(1)], (b)(7)(E) I'm out next week, but let's chat some more when I get back!

From: (b)(6)
To: (b)(6), (b)(7)(C)
Cc: (b)(6)
Sent: Fri Aug 29 10:08:37 2014
Subject: Have y'all interviewed this guy? Can we?

http://www.politico.com/magazine/story/2014/08/leigh-sprague-i-stole-from-a-putin-crony-110423.html?ml=m_pm#.VACIC8VdV2I

I want to know about the companies he secretly registered for Deripaska

(b)(6)

Office of Illicit Finance
Department of The Treasury

(b)(6)

RE: More Translations

From: [REDACTED] (b)(6), (b)(7)(C)
To: [REDACTED] (b)(6), (b)(7)(C)
Date: Thu, 06 Nov 2014 15:30:21 -0500
Attachments: Russian Media Guide (b)(3) [50 U.S.C. § 3024(i)(1)]

Attached doc, page 23-24 *highlighted

From: [REDACTED] (b)(6), (b)(7)(C)
Sent: Thursday, October 23, 2014 11:16 AM
To: [REDACTED] (b)(6), (b)(7)(C)
Subject: FW: More Translations

49, 70, 71, and 82.

From: [REDACTED] (b)(6), (b)(7)(C)
Sent: Monday, October 06, 2014 2:48 PM
To: [REDACTED] (b)(6), (b)(7)(C)
Subject: More Translations

[REDACTED] (b)(6), (b)(7)(C)

Is [REDACTED] (b)(6), (b)(7)(C) available to do some additional translations for me?

First attachment, the highlighted portions on pages 1, 4-9, 49, 70, 71, and 82.
Second attachment, the highlighted portions on pages 1 and 2.

While there are a lot of pages for the first attachment, I'm hoping that since it's primarily just a list of data (hopefully a standard list of questions) rather than a narrative that it will go fairly quickly.

[REDACTED] (b)(6), (b)(7)(C)

Bates Nos. 2018-06-192:
000836-000861
Withheld in Full
Pursuant to
(b)(3) [50 U.S.C. § 3024(i)(1)],
(b)(4)

Bates Nos. 2018-08-116:
000863-000973
Pending Completion of
Consultation Process