

Congressional Correspondence - 3 Wyden Letters - Request for Edits and Clearance

From: (b)(6)
To: Felicia (b)(6) "Swindells," (b)(6) "Thannhauser, Sara" (b)(6)
Cc: (b)(6)
Date: Tue, 10 Apr 2018 12:25:42 -0400
Attachments: Draft Treasury Response to RW Letters.docx (48.78 kB); Wyden on NRA.pdf (551.42 kB); Wyden on 2008 Palm Beach Trump Sale.pdf (1.49 MB); Wyden on Sec. 241 Report.pdf (287.68 kB)

Hello,

OGC has drafted a response to 3 letters received from Sen. Wyden. Both the letters and the response reference OFAC and FinCEN authorities. Please provide edits and clearance to the combined response to all three letters found at [Wyden on Sec. 241 Report, 2018-SE-0382](#) by OOB 4/16/2018.

V/r

(b)(6)

From: (b)(6)
Sent: Monday, April 09, 2018 5:46 PM
To: (b)(6) Cox, Alan T.; FinCEN (b)(6)
Cc: (b)(6)
Subject: Congressional Correspondence - Wyden on Sec. 241 Report - Request for Clearance

Hello,

Exec Sec is asking for TFI's clearance on OGC's response to various correspondence from Sen. Wyden. The 3 letters, and OGC's response can be found at [Wyden on Sec. 241 Report, 2018-SE-0382](#).

V/r

(b)(6)

From: ECM@ecm.treasury.gov [<mailto:ECM@ecm.treasury.gov>]
Sent: Monday, April 09, 2018 5:31 PM
To: (b)(6)
Subject: ExecSec CT: New Clearance: Wyden on Sec. 241 Report

You have been added as a clearer for the Wyden on Sec. 241 Report case.
Please use the following link to access the case. [Wyden on Sec. 241 Report, 2018-SE-0382](#)

To access the draft for review directly, please use the following link:

[Clearance Tracker Homepage](#)

This document is made available through the declassification efforts
and research of John Greenewald, Jr., creator of:

The Black Vault



The Black Vault is the largest online Freedom of Information Act (FOIA)
document clearinghouse in the world. The research efforts here are
responsible for the declassification of hundreds of thousands of pages
released by the U.S. Government & Military.

Discover the Truth at: <http://www.theblackvault.com>

FW: Final Paper Draft

From: (b)(6)
To: (b)(6)
(b)(6)
Date: Mon, 30 Apr 2018 13:20:30 -0400

This is the paper that the AU students wrote- the results of which they will brief on Wed.

From: (b)(6)
Sent: Monday, April 30, 2018 1:01 PM
To: (b)(6)
Subject: Fwd: Final Paper Draft

Hi (b)(6)
here you go!

powerpoint to come separately. Also, do you also want the zip file of primary documents?

(b)(6)

----- Forwarded message -----
From: (b)(6)
Date: Mon, Apr 30, 2018 at 1:31 AM
Subject: Final Paper Draft
To: (b)(6)

(b)(6)

Please find attached the final draft of our paper. It has been rigorously proofread and is now hopefully error-free. Including our bibliography, it clocks in at sixty pages plus cover.

The appendix, which includes contracts and government document primary sources, has for convenience been split off into a separate document--it is 600-plus pages. The PDF is internally bookmarked so that the individual documents can be reached more quickly.

Additionally, there is a massive archive of all the additional primary document research materials we found, which is available as a compressed file of some 600 megabytes for delivery to treasury, if they are interested in perusing it, separated into folders by industry.

Best,

(b)(6)

P.S.: Sorry this didn't come to you earlier in the day. Midnight oil was burned to ensure highest quality.



BLACK SEA BILLIONS



RUSSIAN OLIGARCHS, MOSCOW MONEY, AND THE QUEST TO DEVELOP CRIMEA

Intelligence Analysis Practicum, American University, Spring 2018



CONTRIBUTING AUTHORS:

David Buchanan, Carlton Gorham, Eric Graffy, Madeline Hoskins,
Emily Kitchens, Jordan LaCrosse, David Ly, David Mignogna,
Agnes Sagina, Sarah Sarinana, Tim Schutt, J.P. Sullivan,
Alex Tessler, Travis Walker

Intelligence Analysis Practicum, American University, Spring 2018

Table of Contents

Executive Summary	3
Methodology	3
Intelligence Gaps.....	4
Introduction and Economic Overview	5
Crimea's Poor Economic Climate	5
Graph 1: Crimea's 2016 Gross Regional Product.....	7
Table 1: Comparative Economic Indicators.....	7
Construction	11
The Kerch Strait Bridge.....	12
Stroygazmontazh [Стройгазмонтаж] (SGM Group).....	12
Olga Plaksina, Mikhail Abyzov, and the Sevastopol Highway.....	12
Chart 1: Companies Related to Olga Paksina and Mikhail Abyzov.....	18
The Pearl Hotel and Spa Resort (Zhemchuzhina/ Жемчужина)	19
Changing Patterns of Tourism in Crimea	21
Simferopol International Airport (Симферополь Интернационал Аэропорт)	22
Chart 2: Companies Affiliated with Simferopol International Airport.....	26
Energy	27
Krimtec (КРЫМТЭЦ).....	28
Chart 3: Krimtec Energy Connections.....	29
Novye Proekty (Новые Проекты)	30
Chart 4: Novye Proekty and the Anton Dornostup Connection.....	30
Real Estate	31
Pavel Lebedev (Павло Лебедев).....	31
Parangon (Парангон).....	32
Chart 5: Parangon Financials and Connections to Offshore Holdings	34
Map 2: Parangon Assets and Offshore Links	35
Crimean Assets	37
Crimean Heavy Industry	39
Implications	43
Recommendations and Conclusion	45
Bibliography	51

BLACK SEA BILLIONS:

Russian Oligarchs, Moscow Money,
and the Quest to Develop Crimea

Executive Summary

This report argues that Russian oligarchs exploit the influx of investment in Crimea for financial and political benefits by using opaque financial infrastructures to obscure the financial record of their actions. These opaque financial infrastructures could allow Russian oligarchs and state institutions the ability to circumvent U.S. sanctions and gain foreign market influence by obscuring the source of their capital. Absent access to this infrastructure, oligarchs are unlikely to continue doing business in Crimea due to its unattractive economic environment. The research covered in this report focuses on changes in behavior of Russian oligarchs after the 2014 annexation of Crimea and examines how they benefit from their activities in the region.

Methodology

This report was created by American University graduate students at the School of International Service. The research for this report focuses on the changes in behavior by Russian oligarchs after the 2014 annexation of Crimea and examines how they benefit from their activities in the region. This report defines a Russian oligarch as an individual connected not only to wealth, but also to power. While there is no universal standard for what constitutes status as an oligarch, it is common to categorize an oligarch as being worth over a billion dollars.¹ This analysis is somewhat broader in scope, and will focus on both those individuals with and without significant

¹Igor Bosilkovski, "Treasury Department's Russia Oligarchs List Is Copied From Forbes," *Forbes*, 30 January 2018, <https://www.forbes.com/sites/igorbosilkovski/2018/01/30/treasury-departments-russias-oligarchs-list-is-copied-from-forbes/#45bb407d6825>.

individual-reported wealth. The decision to include individuals with less reported wealth was made to account for those oligarchs who have hidden their assets to avoid detection and exploit the current global financial system. This report also sought to identify the different categories of individuals within an oligarchy system such as oligarchs with familial connections or middle men and gatekeepers that shield access to oligarchs. To understand the scale and extent of potential illicit financial flows in and out of the Crimean peninsula, authors selected case studies from four different industries that experienced a large influx of investment after the 2014 annexation: construction, energy, real estate, and heavy industry.

The information gathered for this report was developed from open-source documents including government contracts, business records, reports by international and non-governmental organizations, news media, and interviews with subject-matter experts. The business records were critical in determining the vehicles oligarchs use to make money as well as the extent to which they went to hide their connections. Investigators leveraged the identifying numbers of the Russian Federal Tax Service—Tax ID Number (TIN/ИИИ) and/or Russian State Register Number (OGRN/ОГРН)—to track and verify official entities across multiple research platforms, when they were available, ensuring consistency when names may have differed. Hundreds of pages of relevant documents are available in a supplementary appendix. Materials not available in English were translated from Russian to English via native speakers or online Google translation services.

Map 1: Map of Projects Investigated in this Report

Selection of Sites Researched



The location of key Crimean development projects outlined in this report can be seen above.

The opaque financial structure of oligarchical business empires—and the nature of any illicit financial or political benefits oligarchs might receive—are intentionally hidden from public view. Many of the benefits attached to their projects are handled or discussed in private and will not be accessible via open-source research. The benefits are also not always clear; the involvement of an oligarch in Crimea may for instance result in an undetermined favor from Moscow in the future; alternatively, Crimean investment may be a way for an oligarch to “repay” the Russian state for a past benefit. The secret nature of these deals requires some assumed assessment made possible by tracking connections through mutual relationships with registrars/registration companies in Russia and Cyprus. While it is known that these companies hold shareholder records for other companies, it is not entirely clear why some companies choose to use their services, and what additional benefits they may provide.

I. Introduction and Economic Overview

Russian oligarchs exploit the influx of investment in Crimea for financial and political benefits by using shell and offshore holding companies to obscure the financial record of their actions. Oligarchs often use offshore holding companies to circumvent sanctions and strengthen Russian influence in foreign markets. This report begins with a general overview of the Crimean economy; subsequently, prominent government projects in the construction, tourism, energy, real estate, and heavy industry sectors will be discussed. Following these case studies are a series of concluding recommendations aimed at curtailing some of the common patterns of oligarch behavior uncovered in this report.

Crimea’s Poor Economic Climate

The Crimean peninsula is not an attractive location for investment, partially due to U.S. sanctions. Despite this fact, Crimea is experiencing an influx of billions of dollars in investment from Russian oligarchs and companies. Prior to annexation, Crimea’s economy was weak, but it has deteriorated further since annexation occurred. Before 2014, Crimea’s main economic activities centered around tourism, agriculture, and industrial production. Reliable economic data for post-annexation Crimea is difficult to find due to Russia’s lack of transparency and reporting. What economic data is available for Crimea is often biased, incorrect, and/or manipulated. The statistics and figures provided in this section come from a variety of sources with varying degrees of reliability and as such should not be treated as gospel. No official statistics were provided by either the Russian, Crimean, or Ukrainian governments. According to the World Bank website, “the Ukrainian Statistic Committee excludes Crimea from official statistics and has also adjusted historical data accordingly.”²

² World Bank, “Q&A: World Bank Assistance to Ukraine: Qimiao Fan, World Bank Country Director for Belarus, Moldova, and Ukraine, talks about the World Bank Group’s support to Ukraine,” *World Bank Speeches & Transcripts*, 25 August 2015, <http://www.worldbank.org/en/news/speech/2015/08/25/world-bank-assistance-to-ukraine>.

Graph 1 on the page below illustrates Crimea's 2016 Gross Regional Product, pulled from the Federal State Statistics Service for the Republic of Crimea and the City of Sevastopol. All numbers were converted to current U.S. Dollars. Table 1 provides a comparative snapshot of Crimea's economy a year before and after its annexation, showing shifts in key economic measures for Crimea.³ Following the annexation, several countries including the U.S., Canada, and Australia, imposed sanctions against Russia, which impacted all aspects of the Russian and Crimean economy.^{4 5} The EU and Japan have also imposed sanctions against Russia.^{6 7} In general, the sanctions prohibit the sale, supply, transfer, or export of goods and technology to Russia, prohibitions which extend to Crimea as well. Additionally, the sanctions imposed on Russia likely halted and prevented foreign direct investment (FDI) into the peninsula. According to RT, the English language Russian state-supported news agency, half of Crimea's FDI came from Europe and Russia—at approximately 25% each before the annexation.⁸

One of Crimea's major industries is tourism. When sanctions were imposed, the flow of visitors to the area became severely restricted, and the tourism industry suffered a significant blow. Crimea's tourism industry is divided into two components: health resorts (i.e. sanatoriums) and small resorts and rental properties. Before the annexation, Crimea received approximately 6 million visitors annually; in 2014, this number decreased to 3.8 million, and declined further to 1.5 million in 2015.⁹ Today, only organized tour groups from Russia who have received special vouchers patronize the health resort component of the tourism sector.¹⁰ The small resort/rental property component previously relied heavily on independent tourists. Prior to 2014, the peninsula was a popular summer destination for Ukrainians, who made up 67.4% of Crimea's annual tourists.¹¹ Since then, the number of Ukrainian visitors has dwindled, and Western companies have stopped organizing tours to Crimea.¹² A major barrier discouraging tourists is the difficulty of obtaining access to the area. In addition to complicated official travel issues (visas, passports, immigration,

³ Table 1 shows Crimea's economic status based on different sources with varying degrees of credibility.

⁴ Government of Canada, "Special Economic Measures (Ukraine) Regulations," Justice Laws Website, <http://laws-lois.justice.gc.ca/eng/regulations/SOR-2014-60/page-1.html>

⁵ Australian Government, "Australia and Sanctions," Australian Government, <http://dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.aspx>; "Australia Imposes Sanctions on Russians After Annexation of Crimea from Ukraine," ABC News, 19 March 2014, <http://www.abc.net.au/news/2014-03-19/australia-sanctions-russia-ukraine/5331826>.

⁶ European Union, "Declaration by the High Representative on Behalf of the European Union on the Alignment of Certain Third Countries with the Council Decision 2014/145/CFSP Concerning Restrictive Measures in Respect of Actions Undermining or Threatening the Territorial Integrity, Sovereignty and Independence of Ukraine," European Union, 11 April 2014, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/cfsp/142174.pdf; Andrew Rettman, "EU Sanctions Add to Putin's Crimea Headache," EU Observer, 18 December 2014, <https://euobserver.com/foreign/12698>.

⁷ "Japan Imposes Sanctions Against Russia over Crimea Independence," Fox News World, 18 March 2014, <http://www.foxnews.com/world/2014/03/18/japan-imposes-sanctions-against-russia-over-crimea-independence.html>.

⁸ "Crimea's Economy In Number and Pictures," RT, 18 March 2014, <https://www.rt.com/business/crimea-economy-referendum-results-102/>.

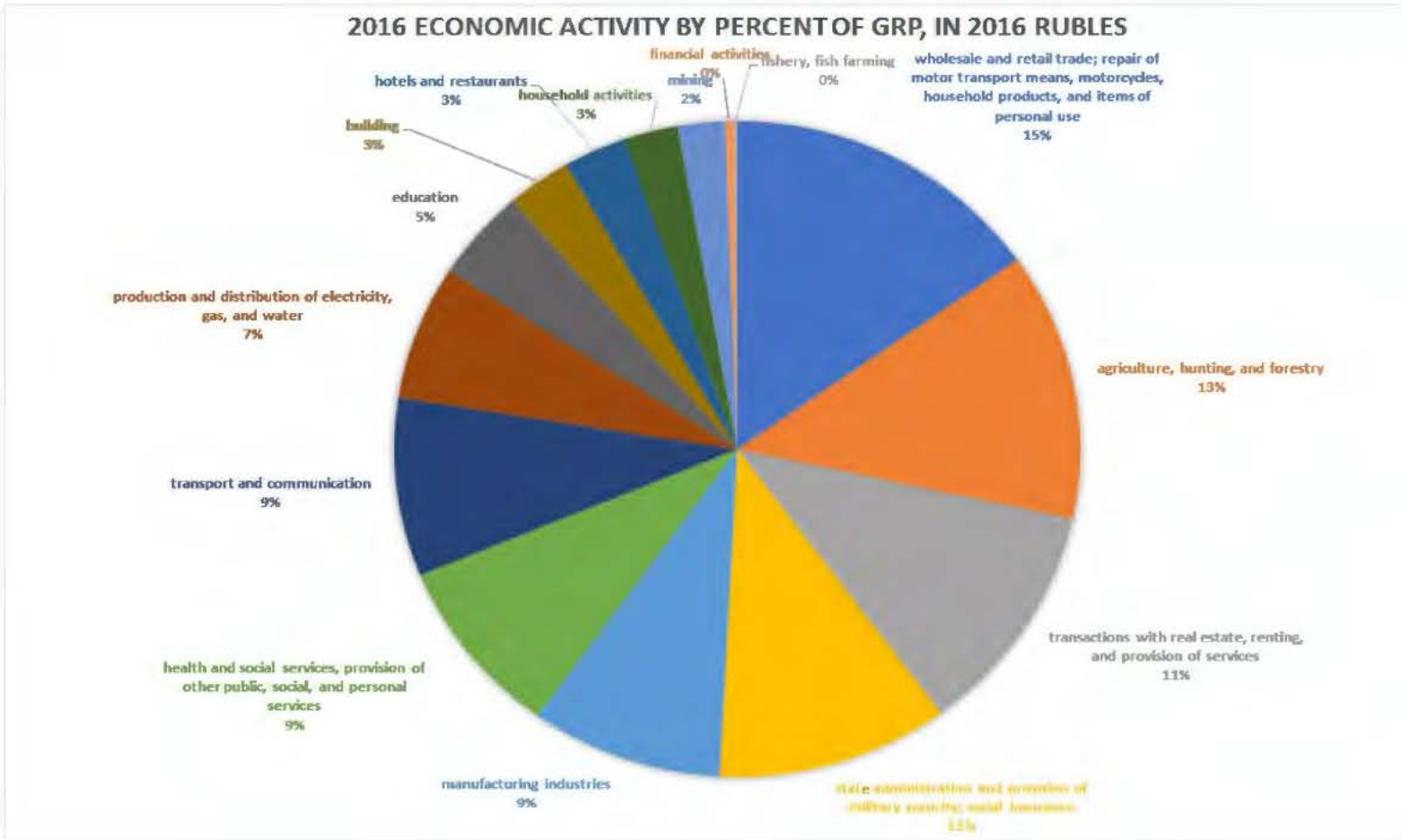
⁹ Sheril Retson, "Crimea is Becoming a Russian Money Pit," World Policy, 24 October 2016, <https://worldpolicy.org/2016/10/24/crimea-is-becoming-a-russian-money-pit/>.

¹⁰ Olena Makarenko, "Crimea's Economy. When Russia's Words and Figures Don't Meet," Euromaidan Press, 17 May 2016, <http://euromaidanpress.com/2016/05/17/crimeas-economy-when-russias-words-and-figures-dont-meet/>.

¹¹ *Ibid.*

¹² Sheril Retson, "Crimea is Becoming a Russian Money Pit," World Policy, 24 October 2016, <https://worldpolicy.org/2016/10/24/crimea-is-becoming-a-russian-money-pit/>.

Graph 1: Crimea's 2016 Gross Regional Product (GRP)



Source: Federal State Statistics Service for the Republic of Crimea and the City of Sevastopol¹³

¹³ Federal State Statistics Service for the Republic of Crimea and the City of Sevastopol, "ВАЛОВОЙ РЕГИОНАЛЬНЫЙ ПРОДУКТ РЕСПУБЛИКИ КРЫМ ПО ВИДАМ ЭКОНОМИЧЕСКОЙ ДЕЯТЕЛЬНОСТИ," <http://crimea.gks.ru/wps/wcm/connect/rosstat ts/crimea/ru/>, (See Appendix A).

etc.), visitors can currently only enter Crimea through Russia via plane or ferry. Previously, tourists were able to travel to Crimea easily via bus and train transportation from Ukraine, but these connections were closed shortly after the annexation.

Crimea's agricultural sector bolstered its economy when it was still part of Ukraine, but it was not a major part of Ukraine's overall agricultural yield. Crimea additionally accounted for 30.3% of Ukraine's wool production, 23.7% of its grape yield, and 5.7% of its berry and fruit crops.¹⁴ The peninsula received most of its food products from mainland Ukraine before the annexation. Now it relies on support from Russia to fulfill its food demands. Before the annexation, Western oil and gas companies drilled Crimea's onshore and offshore natural gas fields. After sanctions were imposed, the natural gas business was restricted to Russian companies only.¹⁵

Table 1: Available Comparative Economic Indicators

Available Indicators	
2013	2015
Export of goods and services	
\$905 mn	\$79.3 mn
\$849.30 mn	\$73.50 mn
Import of goods and services	
\$1,100 mn	\$100 mn
\$976.70 mn	\$93.30 mn
Unemployment	
1.80%	9.50%
5.40%	6.30%
Amount of tourists	
6 mn	1.5 mn
Not Listed	2.5 mn (2014)

Key Sources:¹⁶

Ankasam, Turkish Source	Euromaidan Press, Pro-Ukrainian Source
-------------------------	--

The above table compares key economic indicators in 2013—the last full year of stable Ukrainian control—with 2015, the first full year of stable Russian control.

¹⁴ Olena Makarenko, "Crimea's Economy. When Russia's Words and Figures Don't Meet," Euromaidan Press, 17 May 2016, <http://euromaidanpress.com/2016/05/17/crimeas-economy-when-russias-words-and-figures-dont-meet/>.

¹⁵ The energy section contains further information on this industry.

¹⁶ Riana Teifukova, "The Economic Effect of the Crimean Annexation," Ankasam Ankara Center for Crisis and Policy Studies, 5 May 2017, https://ankasam.org/en/economic-effect-crimean-annexation/#_edn1; Olena Makarenko, "Crimea's Economy. When Russia's Words and Figures Don't Meet," Euromaidan Press, 17 May 2016, <http://euromaidanpress.com/2016/05/17/crimeas-economy-when-russias-words-and-figures-dont-meet/>.

To help alleviate the economic situation in Crimea, Russia invests heavily in the peninsula's infrastructure. The Russian government repaired roads, modernized hospitals, and improved schools. The most expensive and ambitious state-funded project is the ongoing construction of the US\$4.5 billion Kerch Strait Bridge, planned to span some eighteen kilometers.¹⁷ Moscow hopes the bridge will reopen Crimea to tourism and alleviate export/import transportation problems. Russia has also subsidized an increase in wages and pensions aimed at stimulating the economy, but this effort was short-lived because the prices of goods rose as well.¹⁸ According to Riana Teifukova, an economist and writer for the Anakarka Center for Crisis and Policy Studies, "the increase in price of food products and the depreciation of the ruble quickly affected the consumer opportunities of the Crimean population."¹⁹ Inflation is an ongoing issue in the region.

Crimea is not an obviously attractive environment in which to invest, yet the Russian government has persistently tried to prove otherwise. During a live call-in show, Russian President Vladimir Putin claimed that "Russia has climbed out of recession despite the continuing Western sanctions" and insisted "that the [Western] measures have only made the country stronger."²³ Yet based on available information, Crimea is more economically isolated now than it was before the annexation.

The Annexation of Crimea^{20 21 22}

On February 21, 2014 the formation of a new government caused Ukraine's pro-Russian president Viktor Yanukovich to flee to Russia. On February 23, pro-Russian protesters rallied against the new Ukrainian government in Crimea. On the 27, pro-Russian armed men seized government buildings in Crimea, and unmarked uniformed forces (likely Russian Special Forces) began taking key locations throughout Crimea.

On March 1, 2014, Russian President Vladimir Putin received approval from the upper house of Russia's parliament for a military invasion—it officially began on March 2, 2014, when Russian troops flooded into Crimea. On March 16, a sham referendum was held, with reportedly 95% of Crimean voters supporting annexation. The next day, the United States and Europe froze assets and placed visa bans on those individuals involved with the annexation. On March 18, Putin officially signed a treaty annexing Crimea into the Russian Federation.

¹⁷ Dmitry Sudakov, "Billions and billions for Crimea: Where will they go?," 31 August 2017, http://www.pravdareport.com/russia/economics/31-08-2017/138557-crimea_billions-0/.

¹⁸ Wea Fischer and Jadwiga Rogoza, "Crimea, One Year After the Annexation: The End of the Honeymoon?" OSW, <https://www.osw.waw.pl/en/publikacje/analyses/2015-03-25/crimea-one-year-after-annexation-end-honeymoon>.

¹⁹ Riana Teifukova, "The Economic Effect of the Crimean Annexation," Ankasam Ankara Center for Crisis and Policy Studies, 5 May 2017, https://ankasam.org/en/economic-effect-crimean-annexation/#_edn1.

²⁰ "Timeline: Ukraine's political crisis." Aljazeera. 20 September 2014, <https://www.aljazeera.com/news/europe/2014/03/timeline-ukraine-political-crisis-201431143722854652.html>.

²¹ David Ignatius, "David Ignatius: Russia's military delivers a striking lesson in Crimea," 2014, https://www.washingtonpost.com/opinions/david-ignatius-russias-military-delivers-a-striking-lesson-in-crimea/2014/03/18/c1273044-aed7-11e3-9627-c65021d6d572_story.html?noredirect=on&utm_term=.6d8d66749ca3.

²² "Timeline: Ukraine's political crisis." Aljazeera. 20 September 2014, <https://www.aljazeera.com/news/europe/2014/03/timeline-ukraine-political-crisis-201431143722854652.html>.

²³ Associated Press, "Putin: Sanctions Made Russia Stronger," Politico, 15 June 2017, <https://www.politico.com/story/2017/06/15/putin-sanctions-made-russia-stronger-239578>; Jonah Shepp, "Putin Says Economic Sanctions Are Making Russia Stronger - He's Not Totally Wrong," Politico, 20 June, 2017, <http://nymag.com/daily/intelligencer/2017/06/putin-says-sanctions-are-helping-russia-he-might-be-right.html>.

Many banks have chosen to involve themselves in projects intended to prop up Crimea, despite the poor investment climate. The funds for these projects come primarily from Russian-owned and/or controlled banks. Some of these banks and financial institutions have opened or remained open in Crimea even after the imposition of U.S. sanctions. Financial institutions that have not opened physical offices in Crimea are there supporting government-sponsored projects by acting as financial vehicles through which money is transferred between the companies involved or by providing loans. These financial institutions are a key element making it possible for Russian oligarchs to develop Crimea.

Prior to the 2014 invasion and occupation, there were numerous Ukrainian and international banks operating within the Autonomous Republic of Crimea. A few of the prominent banks in the region included JCB Pivdennyi (Пивденный), JSC Kredobank (Кредобанк), Oshchadbank (Ощадбанк), and Privatbank (Приватбанк), which had 337 branches throughout Crimea.²⁴ ²⁵ After the annexation of Crimea by the Russian Federation, the Ukrainian currency was banned and the financial market surrounding the country collapsed.²⁶ In response to the Russian takeover, Kiev ordered all Ukrainian banks to leave the area, resulting in the closure of 41 banks.²⁷

After the occupation, Ukraine and most international businesses either withdrew from Crimea or were forced out, leaving behind vast assets and property. Russia was quick to seize the assets and property in order to transform them into Russian businesses and among these were Russian banks.²⁸ Although several Russian banks have opened, there are only a few that facilitate economic growth and investment in the area. The three main banks supporting Russian investments in Crimea are Sberbank (Сбербанк), Bank Rossiya (Банк Россия), and Russian National Commercial Bank [(Российский Национальный Коммерческий Банк), alternatively RNCB (PHKB)]. These three banks are intermediaries through which financial transactions are made, including the distribution of loans to fund projects that will prop up Crimea.

²⁴ Evgeny Zhuravlev and Elena Nizovaya, "Controversial Russian Bankers Target Crimea," OCCRP, 3 June 2015, <https://www.occrp.org/en/investigations/4001-controversial-russian-bankers-target-crimea>.

²⁵ "Company Detail: Russian National Commercial Bank PJSC," EIRIS Foundation, <http://www.businessinoccupiedlands.org/search/?search=235&company=262&mode=organization>.

²⁶ Richard Galpin, "Russians Count the Cost a Year After Crimea Annexation," BBC News, 20 March 2015, <http://www.bbc.com/news/world-europe-31962156>.

²⁷ Andrew Foxall, "Guest post: How Did Russia's RNCB Avoid Ukraine-Related Sanctions for So Long?" Financial Times, 18 March 2015, <https://www.ft.com/content/5d3e5ef4-9c80-3ee3-8768-67b72771e563>; Steve Stecklow, Elizabeth Piper, Oleksandr Akymenko, "Special Report: Crimean Savers Ask: Where's Our Money?" Reuters, 20 November 2014, <https://www.reuters.com/article/us-ukraine-crisis-banks-specialreport/special-report-crimean-savers-ask-wheres-our-money-idUSKCN0J40FJ20141120?irpc=932>.

²⁸ "Laughing All the Way to the Bank," The Economist, 20 November 2014, <https://www.economist.com/news/europe/21633949-russias-seizure-ukrainian-banks-crimea-still-wreaking-havoc-locals-finances-laughing-all>.

II. Construction

Certain Russian oligarchs are benefiting financially from construction projects that support the Russian Federation's strategic development plan in Crimea. Since the annexation in 2014, the Russian Federation has made development in Crimea a national priority and has implemented robust construction initiatives geared towards tourism, engineering, transportation, and social infrastructure development.²⁹ There are currently numerous high-value construction projects in Crimea from which Russian oligarchs could potentially derive political and financial benefits. Some of these projects were featured at the Yalta International Economic Forum (YIEF), an annual conference sponsored by the Government of the Republic of Crimea and the Yalta International Economic Forum Fund. The YIEF brings together high-level Russian officials, international businesspeople, and also economists and representatives of large business entities to discuss economic development in Crimea and showcase investment opportunities.³⁰ The projects featured at YIEF received publicity and official promotion from government officials and channels commending the companies who were awarded the contracts.^{31,32}

Moscow sought to portray the development of Crimea as a priority at the highest levels of the Kremlin. President Putin personally signed welcome letters to the Yalta Forum attendees, and has more than once addressed the conference by video, which was perhaps a significant political inducement to investment among oligarchs whose fortunes may be dependent on Putin's good graces.³³ The event is a good indicator of the Kremlin's official growth strategy in Crimea and serves as a venue for showcasing all the investments and developments planned for the Republic. Investigative journalist, Misha Friedman, who has written extensively on the Russian State's action stated: "...[the] Kerch Strait Bridge [sic], new Simferopol Airport and other infrastructure projects are only happening because Russia annexed Crimea from Ukraine."³⁴

The construction industry plays a large role in the overall economic development of Crimea, and this report seeks to identify the opaque financial infrastructures used in financing these construction projects, through which Russian oligarchs may benefit financially or politically. Since the economic development of Crimea is a continuous effort, and many of these projects are ongoing, the upcoming 2018 YIEF conference should provide a valuable indicator of future plans for Crimea.

²⁹ "Strategy for Socio-Economic Development of the Republic of Crimea," Investment Portal of the Republic of Crimea, 2015, [Invest-in-crimea.ru/en/основной-концепт/strategy-socio-economic-development-republic-crimea](http://invest-in-crimea.ru/en/основной-концепт/strategy-socio-economic-development-republic-crimea).

³⁰ "About the Forum," Yalta International Economic Forum Foundation, forumyalta.com/pages/about/5/.

³¹ "Sergei Ivanov attended 3rd Yalta International Economic Forum," President of Russia: Events, April 21, 2017, <http://en.kremlin.ru/events/administration/54358>;

³² Sergei Fedichev. "Abkhazia's Economy Minister Agdur Ardzinba (Right) at a panel session titled 'Crimea: Strategy 2030' as part of the 2017 Yalta International Economic Forum, at the Myria Resort Hotel." Getty Images. <https://www.gettyimages.it/detail/fotografie-di-cronaca/abkhazias-economy-minister-adgur-ardzinba-at-a-fotografie-di-cronaca/670699652#/abkhazias-economy-minister-adgur-ardzinba-at-a-panel-session-titled-picture-id670699652>.

³³ "Greetings to 3rd Yalta International Economic Forum," President of Russia: Events, 20 April 2017, <http://en.kremlin.ru/events/president/news/54352>

³⁴ Michael (Misha) Friedman, email message to author, 10 April 2018.

This year's forum took place between April 19 to 22 with an estimated 3,000 attendees from more than 60 countries.³⁵

The Kerch Strait Bridge

Stroygazmontazh (Стройгазмонтаж) won the largest government contract in Crimea in 2015: the right to construct the Kerch Strait bridge (also known as the Crimean Bridge).³⁶ This contract is a massive infrastructure project designed to connect the Crimean and Taman peninsulas by road. It is planned to be approximately 19 kilometers long, spanning

over 7 kilometers of water.³⁷ The bridge will consist of two parallel structures, both a highway and a railway, with an anticipated traffic capacity of up to 40 thousand vehicles and 47 train pairs per day.³⁸ The construction of the bridge is ongoing, with completion currently estimated for 2019.³⁹

Successfully completing the Kerch bridge will be a significant engineering feat, requiring sophisticated construction capacity. According to the Moscow Times, two of Putin's closest associates—Gennady Timchenko and Arkady Rotenberg—owned companies with adequate resources and capital required to construct the bridge.⁴⁰ Due to the complicated nature of the project, Timchenko declined to participate in the bridge construction project; as a result, Rotenberg took on the US\$4.5 billion endeavor.⁴¹ According to a professor of economics and director of the Moscow-based Center for Post-Industrial Studies, Vladislav Inozemtsev, the Chinese would have been able to construct the bridge at a much lower price.⁴² For comparison purposes, China has



³⁵ "Over 3,000 Participants from 60 States to Attend Yalta Int'l Economic Forum," Sputnik News, <https://sputniknews.com/russia/201803131062493982-yalta-crimea-economic-forum/>.

³⁶ Federal Treasury. Unified Information Systems in the Field of Procurement, <http://zakupki.gov.ru>.

³⁷ "The Crimean Bridge (transport crossing over the Kerch Strait)," Stroygazmontazh, www.oocsgm.com/company/structure/.

³⁸ "The Crimean Bridge (transport crossing over the Kerch Strait)," Stroygazmontazh, www.oocsgm.com/company/structure/.

³⁹ "The Crimean Bridge (transport crossing over the Kerch Strait)," Stroygazmontazh, www.oocsgm.com/company/structure/.

⁴⁰ Daria Litvinova, "Why Kerch May Prove a Bridge Too Far for Russia," *The Moscow Times*, 17 June 2016, <https://themoscowtimes.com/articles/why-kerch-may-prove-a-bridge-too-far-for-russia-53309>.

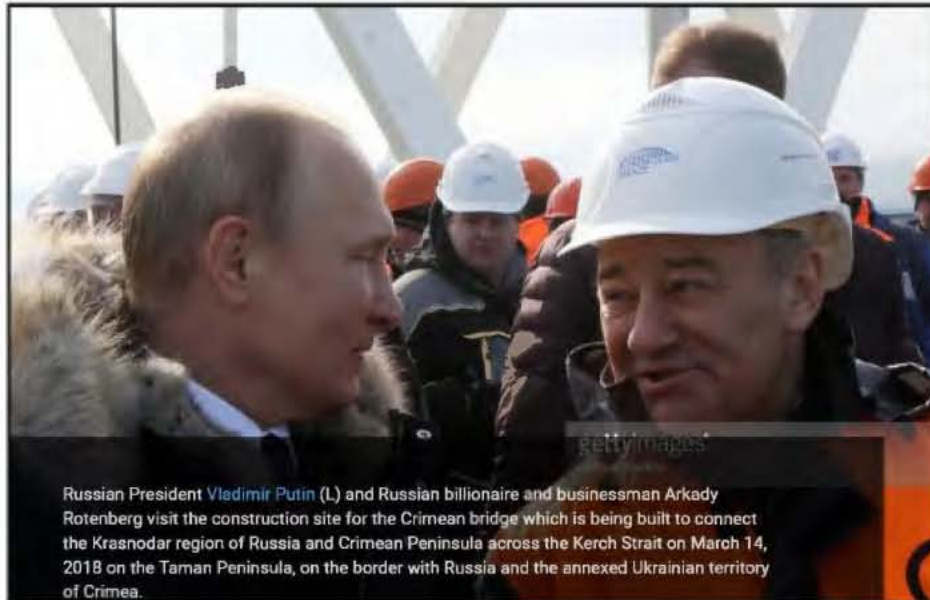
⁴¹ Halya Coynash, "Russia's Crimea Bridge Could Collapse Anytime," *The Atlantic Council*, 10 January 2017, <http://www.atlanticcouncil.org/blogs/ukrainelert/russia-s-crimea-bridge-could-collapse-anytime?tmpl=component&print=1>.

⁴² Alexander Panin, "Kerch Bridge To Crimea May Become Russia's Link To The East," *The Moscow Times*, 5 May 2014, <https://themoscowtimes.com/articles/kerch-bridge-to-crimea-may-become-russias-link-to-the-east-35058>

recently completed the four lane Beipanjiang Bridge—the world’s highest bridge, spanning 1.34 kilometers 565 meters above a valley gorge. According to the International Business Times, the bridge cost about US\$140 million to build. If a 19 km (the same length as the Kerch Strait Bridge) version of the Beipanjiang Bridge was built, it would cost roughly US\$1.96 billion, which is much

less than the cost of the US\$4.5 billion Kerch Bridge.⁴³

Moreover, Georgy Rosnovsky, the creator of two Ukrainian Kerch Strait bridge designs, believes that the bridge could collapse. Risk factors associated with the project include its planned construction over a seabed comprised largely of silt, the risk of earthquakes, seasonal ice floes, and concerns that the bridge’s height will impede boat traffic; however, the project continues to be a priority for Putin.^{44 45} A 2016 NPR



Russian President Vladimir Putin (L) and Russian billionaire and businessman Arkady Rotenberg visit the construction site for the Crimean bridge which is being built to connect the Krasnodar region of Russia and Crimean Peninsula across the Kerch Strait on March 14, 2018 on the Taman Peninsula, on the border with Russia and the annexed Ukrainian territory of Crimea.

report states that Putin allocated more funds for the bridge even in the midst of a Russian financial crisis.⁴⁶ Putin has made multiple appearances with Arkady Rotenberg at the Kerch Bridge construction site, and threatened to “hang [construction] managers” if the Kerch Bridge was not completed in 2018, a year earlier than its actual 2019 completion estimate.^{47 48 49}

⁴³ Alexandra Suarez, “Largest Construction Projects In The World: China Opens New Beipanjiang Bridge To Much Fanfare,” International Business Times, 29 December 2016, <http://www.ibtimes.com/largest-construction-projects-world-china-opens-new-beipanjiang-bridge-much-fanfare-2466977>.

⁴⁴ Halya Coynash, “Russia’s Crimea Bridge Could Collapse Anytime,” The Atlantic Council, 10 January 2017.

<http://www.atlanticcouncil.org/blogs/ukrainealert/russia-s-crimea-bridge-could-collapse-anytime?tmpl=component&print=1>.

⁴⁵ Neil MacFarquhar and Ivan Nechepurenko, “Putin’s Bridge to Crimea May Carry More Symbolism Than Traffic,” The New York Times, 11 November 2017, <https://nyti.ms/2hrHNy0>.

⁴⁶ Corey Flintoff, “Russia’s Crimea Bridge Project Beset By Engineering Worries And Labor Woes,” NPR, 16 August 2016.

<https://www.npr.org/sections/parallels/2016/08/16/490245830/russias-crimea-bridge-project-beset-by-engineering-worries-and-labor-woes>.

⁴⁷ Mikhail Svetlov, “Russian President Vladimir Putin Visits The Crimean Bridge,” Getty Images, 14 March 2018

https://www.gettyimages.com/event/russian-president-vladimir-putin-visits-the-crimea-bridge-775141283?rgwc=1&esource=AFF_GI_IR_Skimbit%20Ltd.10078&asid=Skimbit%20Ltd.&cid=GI#russian-president-vladimir-putin-and-russian-billionaire-and-arkady-picture-id931982854

⁴⁸ Mikhail Svetlov, “Kerch Bridge Construction,” Getty Images, 18 March 2016 <https://www.gettyimages.com/detail/news-photo/russian-president-vladimir-putin-and-businessman-arkady-news-photo/516339324#/russian-president-vladimir-putin-and-businessman-arkady-rotebreg-by-picture-id516339324>.

⁴⁹ Alikandr Valiyev, “‘Like Being A Slave’: Workers On Russia’s Bridge To Crimea Report Abuse, Deceit,” Radio Free Europe/Radio Liberty, 7 August 2016, <https://www.rferl.org/a/russia-crimea-kerch-bridge-workers-abuse-unpaid/27906011.html>.

The bridge project has caused controversy in the region because the Russian Transport Ministry has had to close down the Kerch Strait for several days to construct pieces of the bridge, and there are publicized plans to do so again.⁵⁰ This adversely affects Ukraine's economy by halting water transport in the strait and forcing massive lines of cargo vessels to a standstill.⁵¹ The Kerch Strait bridge is undoubtedly intended to ease the current isolation of Crimea, bolster the tourism industry as well as commercial shipping, and reduce economies of scale for the Crimean market. The project is a key milestone in the overall efforts to prop up Crimea's economy. Putin's emphasis on the completion of the bridge and its potential impact on Crimea's economy imply that this project is of great importance to Russia's strategy for developing Crimea.

Stroygazmontazh [Стройгазмонтаж] (SGM Group)

The Russian Federation's Ministry of Transport awarded Stroygazmontazh status "as the only contractor responsible for designing and building the transport crossing over the Kerch Strait."⁵² Stroygazmontazh⁵³ (SGM Group) is one of the largest construction and engineering firms in Russia, with major involvement in the oil and gas industry.⁵⁴ Stroygazmontazh is 100% owned by Arkady Rotenberg (Аркадий Ротенберг) and is managed by Chief Executive Officer Sergey Garaev.⁵⁵

The Kerch Strait works procurement will be performed by the Taman Federal Highway Administration of the Federal Road Agency. In addition to SGM, Arkady Rotenberg also owns the majority share of SMP bank.⁵⁶ Mosoblbank Moscow (Мособлбанк), a subsidiary of SMP Bank, was the vehicle through which money was transferred on SGM's side of the contract between SGM and the Taman Federal Highway Administration of the Federal Road Agency.⁵⁷ Mosoblbank is included in the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC)'s Specifically Designated Nationals and Blocked Persons (SDN) list. Effectively, Mr. Rotenberg is using his own bank to fund his own project with money received directly from the Russian state. Such a high degree of control over these financial transactions provides opportunities to minimize oversight and maximize privacy and protection—or perhaps to quietly pocket money. The bulk of Arkady's income "derives from state contracts, mostly to build thousands of miles of roads and natural-gas

⁵⁰ Veronika Melkozerova, "Russia's Illegal Crimean Bridge Construction Will Cost Ukraine," Kyiv Post, 31 August, 2017, <https://www.kyivpost.com/ukraine-politics/russias-illegal-crimean-bridge-construction-will-cost-ukraine-video.html>.

⁵¹ Ibid.

⁵² "Regarding Choosing a Sole Contractor for Design and Construction of the Transport Crossing over the Kerch Strait," Stroygazmontazh, <http://www.oosgm.com/>.

⁵³ Subsidiaries of SGM Group include SGM-Most, JSC Lengazspetsstroy, JSC Krasnodargazstroy, JSC Volgogaz, OJSC Volgogradneftemash, OOO SSK Gazregion, (see Appendix A).

⁵⁴ "SGM Group of Companies," Stroygazmontazh, www.oosgm.com/company/structure/.

⁵⁵ Rusprofile entry "OOO 'Stroygazmontazh', LLC 'SGM,'" <https://www.rusprofile.ru/id/133458>.

⁵⁶ "Putin's friend Arkady Rotenberg reportedly owns \$60m-worth yacht," Crime Russia, 20 Feb 2018, <https://en.crimerrussia.com/oligarchs/putin-s-friend-arkady-rotenberg-owns-60m-worth-yacht/>.

⁵⁷ "Addendum No. 9 to the State Contract of February 17, 2015 No 2," SGM Contract Translation, 24 Dec 2015; "Supplementary Agreement No.3 to the State Contract No.2 of 17 February 2015," SGM Contract Translation, 30 June 2015. (See Appendix B).

pipelines and other infrastructure projects.”⁵⁸ Although the bridge itself is not a money-making investment in the long term (it is not planned to be a toll road), it is highly likely that Arkady has taken on the Kerch Strait bridge project with the intent to profit immediately from state contracts, and it is also possible he means to perform a personal favor to Putin after other companies declined to take on the project.⁵⁹ By using his own bank, he has less external oversight from regulatory entities when receiving the income from this project and the corresponding state contracts.

The Ministry of Transport is also using two other Russian banks—Sberbank and Southern Main Branch of the Central Bank of the Russian Federation (Bank of Russia, Банк России)—as a vehicle for transferring money from the Ministry of Construction to Stroygazmontazh. Sberbank has branches in several countries, but it refuses to open a branch in Crimea out of fear that it will incur additional sanctions.⁶⁰ Herman Gref (Герман Греф), the bank’s President, has argued that the bank has already suffered from sanctions and opening a branch in Crimea would only cripple the bank’s activities further.⁶¹ Gref has close ties to President Putin due to his time spent as the Economy Minister and personal economic advisor. Although the bank refuses to open a branch in Crimea, it has been involved in the financial transactions for both the Kerch Strait bridge and the addition of a terminal at Simferopol airport.

Both Rotenberg and Gref have well-known ties to Putin. However, SGM and Sberbank are not the only companies involved in the Kerch Strait project with connections to the Kremlin. Elvira Nabiullina (Эльвира Набиуллина) is the Governor of the Bank of Russia, the main bank of which Southern Main Bank of the Central Bank of the Russian Federation is a subsidiary. The Southern Main Bank of the Central Bank of the Russian Federation is also a vehicle through which money is transferred from the Ministry of Construction to Stroygazmontazh. Nabiullina served as the Minister of Economic Development in 2008 and was the Aide to the President of the Russian Federation from 2012-2013.⁶²

Glavgosexpertiza (Главгосэкспертиза) is a non-profit organization that exercises the powers of the Ministry of Transport by executing works through surveys and appraisals and also engineering survey results.⁶³ Glavgosexpertiza was used for documenting the works and services that were assigned to SGM.⁶⁴ The organization is run by Igor Manylov, a former Russian State Secretary and Deputy Minister of Economic Development. This company was put under U.S. sanctions in 2016 for their involvement in the Kerch Bridge.⁶⁵ Interestingly, this non-profit takes on

⁵⁸ Joshua Yaffa, “Putin’s Shadow Cabinet and the Bridge to Crimea,” *The New Yorker*, 29 May 2017, <https://www.newyorker.com/magazine/2017/05/29/putins-shadow-cabinet-and-the-bridge-to-crimea>.

⁵⁹ Ibid.

⁶⁰ Andrei Skvarsky, “Sberbank to stay out of Crimea, CEO reiterates,” *Emerging Markets*, 13 June 2017, <http://emergingmarkets.me/sberbank-stay-crimea-ceo-reiterates/>.

⁶¹ Ibid.

⁶² “Board of Directors of the Central Bank of the Russian Federation,” *The Central Bank of the Russian Federation*, <https://www.cbr.ru/Eng/today/?PrId=dir>.

⁶³ “Mission and Values,” *Glavgosexpertiza of Russia*, <https://gge.ru/about/#menu-block1>.

⁶⁴ “For the Development of Working Documentation,” *Contract translation*, 11 August 2014. (See Appendix B).

⁶⁵ “United Sanctions Widen Sanctions Russia Against,” *Russian News Agency*, 20 Feb 2016, <http://tass.com/world/921040>.

work that is normally done by the Ministry of Construction. Despite concerns that the bridge is not a viable construction project, Glavgosexpertiza approved the plans to start construction.⁶⁶

In sum, Mosoblbank Moscow, Sberbank, and the Southern Main Bank Branch of the Russian Federation are all involved in the construction of the Crimean Bridge over the Kerch Strait. The involvement of Mosoblbank Moscow proves that Rotenberg is using his own bank for his own project, likely providing him the authority to make money off of the contract without going through external channels. The involvement of the Southern Main Bank Branch of the Russian Federation proves that the Kremlin is involved in the financing of the Kerch Strait bridge. The Russian Federation is investing in Crimea and the Russian oligarchs leading the projects are using their own businesses with the intent to achieve financial gain from government contracts.

Olga Plaksina, Mikhail Abyzov, and the Sevastopol Highway

As part of the Federal Target Program "Social and Economic Development of the Republic of Crimea and Sevastopol until 2020," Sibavtoban (Сибавтобан) was awarded an 18-month contract valued at 6.14 billion rubles (US\$107,131,237) to build a 9.1 km long four-lane high-speed highway to help alleviate traffic on urban Simferopol's infrastructure network. According to Russian corporate information website Rusprofile.ru, Sibavtoban is the only profitable business in which its owner is involved.^{67 68 69} It is unclear if he is benefiting financially from this project and where the allocated funds are going. The target for completion of this project is August of 2018. It was in August of 2016 that President Putin noted the unsatisfactory state of infrastructure in Crimea.⁷⁰

Without financial or political incentives present, few developers would choose to take part in the Simferopol highway project for fear of facing sanctions. Sibavtoban appears to have connections to SDNs Olga Plaksina (Ольга Плаксина) and Mikhail Abyzov (Михаил Анатольевич АБЫЗОВ). Plaksina and Abyzov are on the executive boards for companies in Cyprus and the British Virgin Islands with Costas Hadjicosti (Κώστας Χατζηκωστή) and Charalambos Angelides (Χαράλαμπος Αγγελίδης). Little is known about these two men except that they have multiple business dealings across Cyprus, the U.S., and the British Virgin Islands. According to work history information obtained from LinkedIn, both Plaksina and Hadjicosti worked for PwC (formerly PricewaterhouseCoopers) from 1994-2002. Hadjicosti and Angelides have been working together at Abacus LTD since 2008.^{71 72 73}

⁶⁶ "Railway approaches to Kerch Strait bridge obtain state expert approval," Railway Pro Communication Platform, 26 Jan 2017, <https://www.railwaypro.com/wp/railway-approaches-to-kerch-strait-bridge-obtain-state-expert-approval/>.

⁶⁷ Oksana Pavlova, "«Сибавтобан» до Крыма," Kommersant, 2 March 2017, <https://www.kommersant.ru/doc/3230179>.

⁶⁸ "XE: Convert RUB/USD. Russia Ruble to United States Dollar." <http://www.xe.com/currencyconverter/convert/?Amount=6140000000&From=RUB&To=USD>.

⁶⁹ "Бизнесмен Мороцкий Андрей Николаевич: предприниматель и учредитель, генеральный директор Мороцкий Андрей Николаевич (ИНН 540213760679)," <http://www.rusprofile.ru/person/morockiy-an-540213760679>.

⁷⁰ Oksana Pavlova, "«Сибавтобан» до Крыма." Kommersant, 2 March 2017 <https://www.kommersant.ru/doc/3230179>.

⁷¹ Costas Hadjicosti, LinkedIn, <https://www.linkedin.com/in/costas-hadjicosti-49b91b29/>.

⁷² Olga Plaksina, LinkedIn, <https://www.linkedin.com/in/olga-plaksina-735149/>.

It is possible that SDNs could be using these two individuals as facilitators for offshore business. Bloomberg company profiles, Aquion Chapter 11 filings, and U.S. Securities and Exchange Commission (SEC) filings reveal that Hadjicosti, Angelides, Plaksina, and Abyzov are on the executive boards of multiple companies located in the U.S., Cyprus, and the British Virgin Islands. SEC share transfers and company acquisition/merger documents indicate that Hadjicosti and Angelides acquired shares of companies in the energy, pharmaceuticals, and export sectors.^{74 75 76 77}
78 79 80 81

U.S. businesses where Hadjicosti and Angelides have held beneficial ownership were eventually acquired by other businesses that became companies such as Houston-based Lukoil International Upstream West, Inc. (an American Lukoil Subsidiary owned by a Lukoil holding company in the Netherlands) and Chicago-based Cosmos Holdings. It is possible that this pattern of investment and acquisitions could be exploited to circumvent sanctions when dealing with business partners in Europe, Africa, and Southeast Asia.^{82 83 84} Unfortunately, the dates of transactions on SEC documents for these two companies pre-date sanctions imposed after the Russian annexation of Crimea. The website of Lukoil International Upstream West Inc, however, provides post-annexation evidence of Lukoil acquiring less than 50% ownership of overseas oil drilling companies in places such as Africa and Mexico after the imposition of U.S. sanctions.

⁷³ Charalambos Angelides, LinkedIn, <https://www.linkedin.com/in/charalambosa/>.

⁷⁴ "PanAtlantic Energy Group: CEO and Executives - Bloomberg," Bloomberg, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=206871875>.

⁷⁵ "Vanco Exploration Company: CEO and Executives - Bloomberg," Bloomberg, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=206872176>.

⁷⁶ Greenbase LTD.: CEO and Executives - Bloomberg," Bloomberg, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=237618622>.

⁷⁷ "Prime Estate Co., LTD.: CEO and Executives - Bloomberg," Bloomberg, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=267123628>.

⁷⁸ Karina Yee, "Case 17-10500-KJC Docket #0220," 8 June 2017, <http://www.kccdc.net/aquion/document/171050017060800000000005>.

⁷⁹ "Alion SEC Form D: Notice of Exempt Offering of Securities," SEC EDGAR Database, 11 January 2011, https://www.sec.gov/Archives/edgar/data/1509945/000150994511000001/xslFormDX01/primary_doc.xml.

⁸⁰ "EX-10.1 2 pmlt_ex101.htm SHARE EXCHANGE AGREEMENT," SEC EDGAR Database, 22 April 2013, https://www.sec.gov/Archives/edgar/data/1474167/000147793213001992/pmlt_ex101.htm.

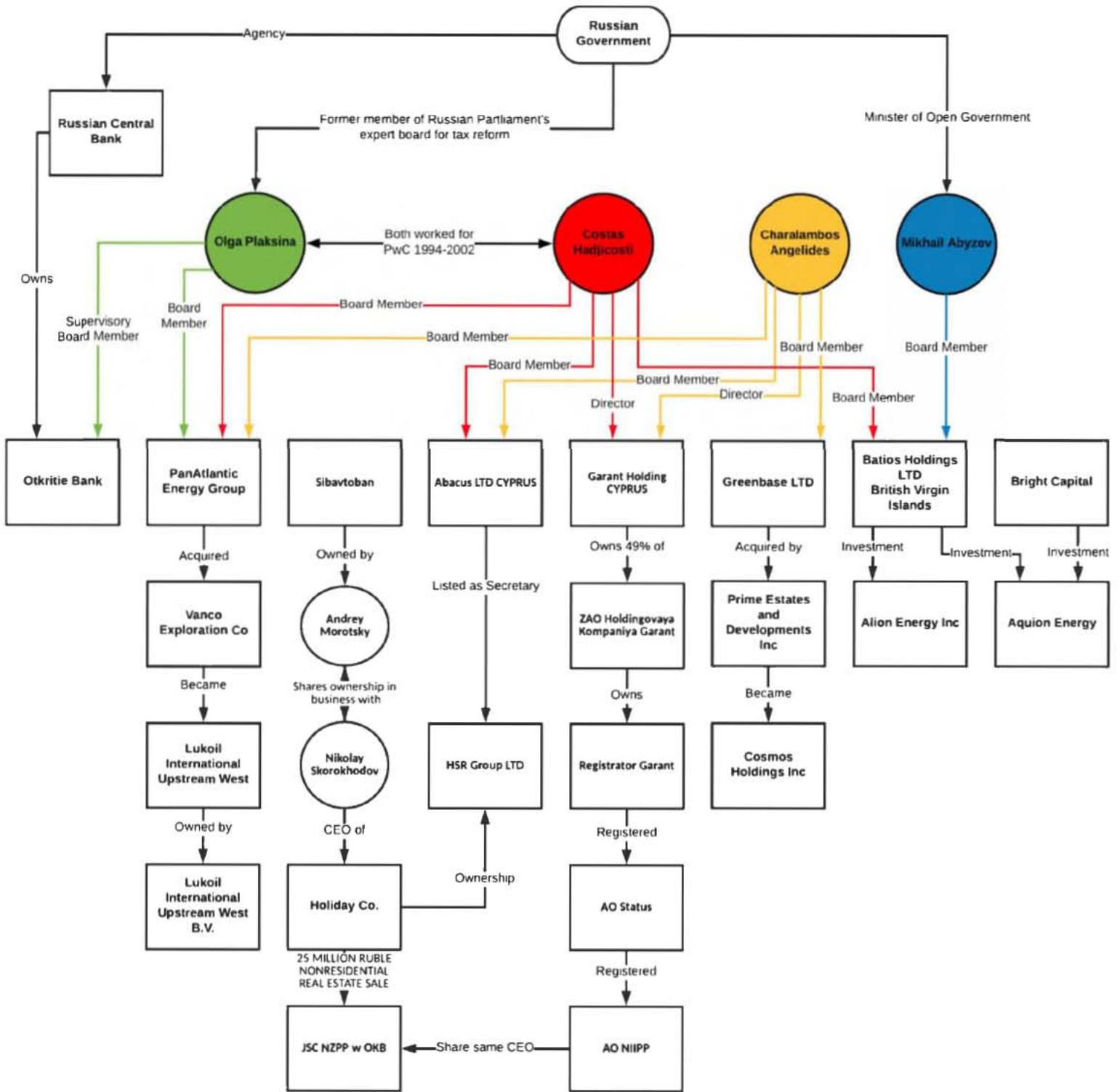
⁸¹ "EDGAR Search Results," SEC EDGAR Database, <https://www.sec.gov/cgi-bin/browse-edgar?company=prime+estates&owner=exclude&action=getcompany>.

⁸² "Lukoil- History," LUKOIL International Upstream West Inc, <http://upstreamwest.lukoil.com/en/About/History>.

⁸³ "Cosmos Holdings Inc. | International Holding Company." Cosmos Holdings Inc, <http://www.cosmosholdingsinc.com/>.

⁸⁴ See Advisen Documents 1 and 2 in the Appendix. Advisen LTD provided company profile information for Netherlands non-profit company Lukoil International Upstream Holding B.V. (DUNS #:403069565).

Chart 1: Companies Related to Olga Plaksina and Mikhail Abyzov



A complex web of companies extends from figures linked to the Sevastopol Highway project.



The Pearl Hotel and Spa Resort (Zhemchuzhina / Жемчужина)

Approximately eight months following Russia’s annexation of Crimea, the Management Company Infrastructural Projects (MCIP) LLC (OOO)—also known as UKIP⁸⁵—registered in Simferopol City in the Republic of Crimea, on November 25, 2014.⁸⁶ MCIP is constructing the hotel and spa resort project known as Zhemchuzhina (or Pearl) on the southern tip of the Crimean peninsula near the famous Swallow’s Nest Castle.⁸⁷ The founder and owner of MCIP is Vladimir Zaritsky (Владимир Зарицкий), the former Commander-in-Chief of the Missile Forces and Artillery in Russia from 2001 to 2008.⁸⁸ Zaritsky’s Pearl hotel and spa resort will reportedly cost approximately US\$29 million.⁸⁹ This is a slightly smaller project in size than the comparable Mriya Resort & Spa built in Yalta, which Sberbank funded in 2014 for US\$300 million.⁹⁰ The price difference has caused some to doubt the Pearl project’s estimates.⁹¹ While the Pearl is smaller than the Mriya Resort & Spa and costs less to construct, it is still a significant investment that requires substantial funding from a recently registered company, owned by a former high-ranking military officer who has not earned enough personal wealth while in the military to account for the funding for this project. Zaritsky is taking advantage of these construction opportunities in Crimea with unknown funding sources, which could indicate that he is using this opportunity to launder his own previously unclaimed income.

⁸⁵ “Luxurious 5-star hotel to be built in Yalta by Missile Forces and Artillery ex-head’s company,” Crime Russia, 22 January 2018, <https://en.crimerrussia.com/gromkie-dela/luxurious-5-star-hotel-to-be-built-in-yalta-by-missile-forces-and-artillery-ex-head-s-company/>.

⁸⁶ “LLC ‘UKIP’,” rusprofile, <http://www.rusprofile.ru/id/7526393>.

⁸⁷ “Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea,” Crime Russia, 31 January 2018. <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea/>.

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ Ibid.

It is unclear where the funding of the Pearl will be coming from, given that both MCIP and their contributing funding sources will be spending nearly all of their assets. The Russian Federal State Statistics Service shows MCIP total assets as currently totaling a mere US\$3,519.⁹² Zaritsky's company has reached out to an additional investor from a private Russia-based bank, Taata (designated an SDN).⁹³ ⁹⁴ ⁹⁵ MCIP's approximate US\$26.1 million contribution to the project is reportedly much less than its likely real cost of about US\$145.5 million, based upon a comparison with the Mriya resort built in 2014.⁹⁶ This would necessitate Taata's investment into the project being just slightly less than the bank's total assets—US\$162.9 million as of February 1, 2018, according to Bank.ru.⁹⁷ In other words, for Taata to fully fund the project, which far exceeds MCIP's assets, it would need to invest nearly all of its own assets. With both MCIP and Taata potentially investing more than they can afford, it seems likely the funding is coming from another hidden source, possibly Zaritsky's personal wealth.

Open-source reporting shows that Vladimir Zaritsky is a very aggressive investor in the new Crimean Republic. Zaritsky is the founder or co-founder of six OOs.⁹⁸ Before the Pearl, he attempted to acquire the Bilbek International Airport reconstruction project in Sevastopol in 2016 through his affiliate company, Integral Company, but the deal was not executed.⁹⁹ There were questions regarding how or where Zaritsky obtained his wealth.¹⁰⁰ While Zaritsky had an extensive military career in the Russian armed forces, Russian general officers are not paid a significant amount. Even when accounting for the Russian military pay increase in 2011, Zaritsky would only have made slightly more than US\$229,000 between 2001 and 2008.¹⁰¹¹⁰² Hypothetically, if Zaritsky were paid for his whole military career at the level of a Colonel-General (1968-2008), the highest rank he attained, he would have only earned approximately US\$1.3 million.¹⁰³ Zaritsky's project is expensive and seems to exceed a realistic investment for the parties involved.

However, open-source reports suggest that Zaritsky might be using this project as a means for money laundering of unreported profits he made while serving as Commander-in-Chief of the

⁹² "Limited Company 'MANAGEMENT COMPANY INFRASTRUCTURAL PROJECTS' Accounting (financial reporting)," rusprofile, <http://www.rusprofile.ru/accounting?ogrn=1149102091654>.

⁹³ "Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea," *Crime Russia*, 31 January 2018, <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea/>.

⁹⁴ "Taata Bank ZAO," Bloomberg, <https://www.bloomberg.com/profiles/companies/1260221D:RU-taatta-bank-zao>.

⁹⁵ "Treasury Designates Individuals and Entities Involved in the Ongoing Conflict in Ukraine," Department of Treasury, 20 June 2017, <https://www.treasury.gov/press-center/press-releases/Pages/sm0114.aspx>.

⁹⁶ "Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea," *Crime Russia*, 31 January 2018, <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea/>.

⁹⁷ "Bank 'Taatta' replaces the head and key owner," bankru, 10 October 2017, <http://www.banki.ru/news/lenta/?id=10051459>.

⁹⁸ "Zaritsky Vladimir Nikolaevich," rusprofile, <http://www.rusprofile.ru/person/zarickiy-vn-773117131396>.

⁹⁹ Ibid.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² Andrzej Wilk, "A significant pay increase in the Russian Army," 2 February 2012,

<https://www.osw.waw.pl/en/publikacje/analyses/2012-02-01/a-significant-pay-increase-russian-army>.

¹⁰³ "Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea," *Crime Russia*, 31 January 2018, <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea/>.

Missile Forces and Artillery in Russia.¹⁰⁴ Zaritsky is reportedly a very wealthy man, his means far exceeding the personal wealth of Lieutenant General Mikhail Matveetsky, his successor.¹⁰⁵

Pursuing a vehicle to launder his unclaimed income is one potential motive for Zaritsky's investments in the Crimean Peninsula. He may also have a genuinely positive outlook regarding the profitability of tourism in the new republic. The Pearl resort will attempt to exploit its location on the Black Sea via beach amenities and recreational facilities to attract tourism.¹⁰⁶ Given that Crimea's economy has been traditionally dominated by tourism, the Pearl could potentially be a healthy investment for Zaritsky, MCIP, and Taata bank.¹⁰⁷ Zaritsky's investment behavior in the Crimean Peninsula—behavior he began almost as soon as the region was annexed—could greatly benefit this Russian oligarch in the long term. However, it is difficult to estimate whether the tourism sector in Crimea will strengthen in the coming years, and the fact that Zaritsky invested in Crimea just as the country was experiencing an economic decline seems to indicate that he invested in the region for other reasons. Our analysis posits that the Pearl has given Zaritsky the ability to launder his wealth under the guise of making a financial investment into the newly annexed region's construction market.

Changing Patterns of Tourism in Crimea

In response to the downturn of Ukrainian and European visitors to Crimea, the Russian government has established a travel subsidy and public relations program to bring more Russians to the peninsula.¹⁰⁸ More bodies in Crimean resorts may well incentivize further investment by Russian businesspeople.

With train and ground transportation unavailable until the Kerch Strait Bridge is completed, Russia currently relies on both air travel and ferries to transport passengers across the Kerch Strait for tourism. With the assistance of Aeroflot and its CEO Vitaly Saveliev—as well as a multitude of other Russian airlines—Russia has offered subsidized flights from various regional and national airports in Russia to help bring Russians to Crimea. Discounts run as high as fifty percent.¹⁰⁹ The Russian government launched this subsidy program in spring of 2014. Moscow allocated 680 million rubles (over US\$11.8 million) from the state budget for this purpose, and more recently

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

¹⁰⁶ Ibid.

¹⁰⁷ Misha Friedman, "The High Price of Putin's Takeover of Crimea," 31 March 2017, <https://www.bloomberg.com/news/features/2017-03-31/crimea-pays-a-high-price-three-years-after-russian-takeover>.

¹⁰⁸ Nataliya Vasilyeva, "Free vacations for Russian employees: destination Crimea," CTV News, 16 June 2014, <https://www.ctvnews.ca/business/free-vacations-for-russian-employees-destination-crimea-1.1870771>.

¹⁰⁹ "Crimea: 2014 Tourist Season Heading for the Rocks," Eurasianet, 11 April 2014, <https://eurasianet.org/s/crimea-2014-tourist-season-heading-for-the-rocks>.

offered 475 million rubles (US\$8.3 million) in 2017.¹¹⁰ This leap in passenger traffic comes amid a Kremlin-backed public relations campaign aimed at “[returning] Crimea to its native harbor.”¹¹¹

Larger corporations in Russia have also assisted with bringing Russians to the peninsula. Aeroflot, Russia’s largest airline (in which the Kremlin has a 51% stake) developed low-cost shuttle airlines such as the now-defunct Dobrolyet to assist in bringing Russians to Crimea.¹¹² Alrosa Airlines, a lower-cost shuttle to Crimea, provides scheduled and charter flights to and from Simferopol. Alrosa Airlines is owned by Alrosa Public Joint Stock Company (Алроса PJSC). Alrosa PJSC is a diamond company that operates out of Mirny, Russia, and is currently run by Vladimir Putin’s finance minister, Anton Siluanov.

At the end of 2015, Simferopol Airport was Russia’s fifth-busiest airport, up from ninth place in the previous year. It served over 5 million passengers, 79.9% more than in 2014. The 2016 traffic was forecast at 5.5 million passengers. Russia is expecting around 6 million tourists to visit Crimea in 2018. Though numbers had ticked downward from 2015 to 2017, the opening of the new terminal in mid-2018, plus consistent pushes from the Russian government, have led to a renewed increase in arrivals at Simferopol Airport.¹¹³ These spikes can likely be attributed to the Russian Government providing subsidies to Russians looking to spend their holidays in a warm water location. With these numbers, Russia has to a significant degree replenished the decrease in tourism that followed the initial annexation of Crimea.

Simferopol International Airport (Симферополь Интернационал Аэропорт)

Russian oligarchs Sergey Matviyenko (Сергей Матвиенко), Yuri Kovalchuk (Юрий Ковальчук), and Oleg Zhestkov (Олег Жестков) have been using the construction of a new terminal at the Simferopol International Airport as a vehicle to generate revenue. Oligarchs like Matviyenko are able to benefit financially from the contracts attached to this project due to the region’s opaque financial structure and tolerance for corrupt business deals. While corruption existed in Crimea before the 2014 annexation, the recent push from Russia to develop Crimea and increase tourism in the region has created new possibilities for oligarchs to benefit from construction projects.

The Simferopol International Airport is located in south-central Crimea and is the main international and domestic airport in the region. During the 2014 annexation, the Russian Federation seized the airport and transferred it to the newly-formed Autonomous Republic of Crimea before it was subsequently privatized. The improvements to the airport are part of Russia’s

¹¹⁰ Polina Montag-Girmes, “Russia to spend \$8.5 million for 2017 Crimea subsidy program,” Air Transportation World, 6 April 2017, <http://atwonline.com/government-affairs/russia-spend-85-million-2017-crimea-subsidy-program>.

¹¹¹ Steven Lee Myers and Ellen Barry, “Putin Reclaims Crimea for Russia and Bitterly Denounces the West,” New York Times online, 18 March 2014, <https://www.nytimes.com/2014/03/19/world/europe/ukraine.html>.

¹¹² “Aeroflot subsidiary grounded by European sanctions,” Financial Times online, <https://www.ft.com/content/f2bbcb6c-1b31-11e4-a633-00144feabd0>.

¹¹³ Andrey Bystrov, “Simferopol airport back on positive growth path,” Russian Aviation Insider online, 12 March 2018, <http://www.rusaviainsider.com/simferopol-airport-back-positive-growth-path/>.

Strategy for Socio-Economic Development of the Republic of Crimea and were promoted at the YIEF as a project designed to increase and manage tourism.

In April 2016 the Crimean government made an investment agreement with Russian company Simferopol International Airport OOO (Симферополь Интернационал Аэропорт ООО), selling 51% of the airport. International Airport Simferopol OOO officially acquired the entire property with approval from the Russian Federal Anti-monopoly Service in June 2016.¹¹⁴ While there are legitimate benefits to improving an airport, Russian oligarch Sergey Matviyenko and others are benefiting financially from the contract. Matviyenko has taken numerous steps to obscure the financial record of these benefits.

*Sergey Matviyenko (Сергей Матвиенко):
Acquiring Contracts Through Nepotism*

It is likely that Sergey Matviyenko was unfairly awarded the bid for development of the Simferopol Airport through his mother's connection to the Russian government. Sergey's mother, Valentina Matviyenko (Валентина Матвиенко), has been unfairly granting her son contracts for development in Russia since she was Governor of Saint Petersburg between 2003 and 2011. Since Valentina Matviyenko was promoted to Chairwoman of the Federation Council in 2011, she has been expanding the size of contracts she has been able to grant her son, including at least one contract in the newly-annexed Crimea.

Valentina Matviyenko, the third-highest-ranked official in the Russian Federation, has already been sanctioned by the U.S. government. However, her son Sergey Matviyenko continues to evade international criminal prosecution due to the extensive effort he puts into obscuring his connection to the bids obtained by his mother and thus any personal wrongdoing.



Valentina Matviyenko &
Vladimir Putin



Sergey Matviyenko &
Valentina Matviyenko

¹¹⁴ "A motion was agreed on the completion of a transaction (actions) falling under control of economic concentration," Legal acts, Federal Antimonopoly Service, 24 June 2016, <http://solutions.fas.gov.ru/ca/upravlenie-regulirovaniya-transporta/ar-42144-16>.

The construction of the new wing of the Simferopol International Airport is estimated to cost US\$522 million dollars. The money invested in the project comes from a combination of state loans and private investment. It was discovered at the 2016 YIEF that the Crimean government selected Sergey Matviyenko to win the Simferopol International Airport OOO contract. However, no bid was made public, preventing any competition for the contract. Simferopol International Airport OOO secured funding through its parent company Accord-Invest OOO (Аккорд Инвест ООО) to begin development. Through multiple shell companies, Accord Invest is linked to Matviyenko. The connection begins with the Airport and ends with Empire JSC (Империя ЗАО). Simferopol International Airport OOO is funded by Accord Invest. Accord invest is owned by Accord Holding (Аккорд Холдинг ООО). Accord Holding is owned by Accord Capital (Аккорд Капитал ООО). Accord Capital is funded by BMA Invest (Б.М.А. - Инвест). BMA Invest is funded by Syndicated Investments OOO (Синдицированные Инвестиции ООО), and Syndicated Investments acquired Empire ЗАО (Империя ЗАО), which Sergey Matviyenko founded.

The connection to Matviyenko is clouded and obscured even more by a string of other investors. Similar to the financial transactions for the Crimean Bridge over the Kerch Strait, Sberbank is a vehicle used to move money for many of the contracts awarded for the construction of the new terminal in the Simferopol Airport.¹¹⁵ The involvement of Glavgosexpertiza, which was also used in the Crimean Bridge over the Kerch Strait, further proves the Russian Federation is involved in propping Crimea up through the construction of the new terminal since Glavgosexpertiza is conducting work in place of the Ministry of Construction.

There is also evidence RNCB is involved with financing the new terminal. RNCB is the largest Russian bank operating in Crimea. Originally a subsidiary of VTB Bank, RNCB is owned by the Federal Agency for State Property Management, but its official documentation shows Alexey Alexeevich Shcherbakov as the President.^{116 117} The Chairman of the Board of Directors of the Bank is Ruslan Arefiev. RNCB was added to the U.S. sanctions list in early 2015.¹¹⁸

RNCB has pledged a 13.98 billion ruble (US\$223.9 million) loan to the construction of the new terminal, but there are no loan documents or contracts available to the public to prove this.¹¹⁹¹²⁰ However, RNCB did release a statement in support of this loan:

“Within the framework of the syndicated loan agreement, [we] opened a credit line for LLC International Airport Simferopol with a total limit of 13.98 billion rubles(US\$223.9 million). The funds will be provided for 15.5 years for the construction of a new passenger terminal with an area

¹¹⁵ “Treaty Number 0059D-16/GGE-10471/10/SG/R0016: For the execution/implementation of work, or a performance evaluation,” Simferopol Contract, 27 Jan 2016. (See Appendix B).

¹¹⁶ “How did Russia’s RNCB Avoid Ukraine-related Sanctions For So Long?” Financial Times, 8 March 2015, <https://www.ft.com/content/5d3e5ef4-9c80-3ee3-8768-67b72771e563>.

¹¹⁷ “Single State Register of Legal Entities: Russian National Commercial Bank,” RNCB Registry, 14 March 2013, rusprofile.ru.

¹¹⁸ “Ukraine Related Designations,” U.S. Department of Treasury, 11 March 2015, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20150311.aspx>.

¹¹⁹ “Company Overview of Simferopol International Airport,” Bloomberg, 31 March 2018, <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=110000492>

¹²⁰ “XE Currency Converter: Convert RUB to USD.” XE.com, <https://www.xe.com/currencyconverter/convert/?Amount=13%2C980%2C000%2C000&From=RUB&To=USD>

of 78 thousand square meters. The planned capacity of the terminal is at least 6.5 million passengers per year.”¹²¹

RNCB’s involvement further indicates the Kremlin’s involvement. This bank is owned by the government and is providing a large loan to help finance the terminal, so essentially the Kremlin is financing the terminal.

Bank Rossiya, which is under U.S. sanctions, is also involved in this project. Bank Rossiya is owned by the U.S.-sanctioned oligarch Yuri Kovalchuk, who has a personal stake of 40% in Simferopol Airport.¹²² Kovalchuk is also a partner in Accord-Invest, which is the parent company of Simferopol Airport, OOO. Bank Rossiya is used by many Russian officials for their personal banking, and Kovalchuk is known to be one of Putin’s personal economic advisors.¹²³ Dmitry Lebedev is the Chairman of the Board of Directors of Bank Rossiya.¹²⁴ Lebedev and Kovalchuk also work together with Center for Strategic Research “North-West” (“CSRNW”) in which Lebedev is the Director and Kovalchuk is the Chairman of the Board of Directors.¹²⁵ Kovalchuk’s investment, through the Kremlin-funded Center for Strategic Research North-West, shows the Kremlin’s willingness to use a firm dedicated to investment to enrich Putin’s allies. CSR charades as a think-tank looking at investment in the North-West region of Russia, but has direct ties to Kovalchuk and Dmitri Lebedev, both of whom are labelled by OFAC as SDNs.

In sum, Bank Rossiya executives are tied directly to the Center for Strategic Research “North-West,” which is connected to Akkord, which is subsequently linked to the construction of the new terminal at Simferopol Airport. Sberbank, RNCB, and Bank Rossiya are all involved in the construction of the new terminal at Simferopol airport. Sberbank is mostly used as a vehicle for transferring money, whereas RNCB is directly providing loans, which are tied to the Kremlin. Bank Rossiya is involved through Kovalchuk’s involvement in the airport. The use of these financial institutions proves that the Kremlin is involved in providing financing to projects in Crimea—with the likelihood that the oligarch at hand, Kovalchuk, will benefit.

The chart below shows how Sergey Matvienko has gone to great lengths to obscure his connection to the Simferopol International Airport and created a web of companies in which he can obscure his personal financial gains.

¹²¹ “RNSB Bank will provide financing to LLC “International Airport” Simferopol,” Russian National Commercial Bank, 25 August 2016, <http://www.rncb.ru/news/2345/>.

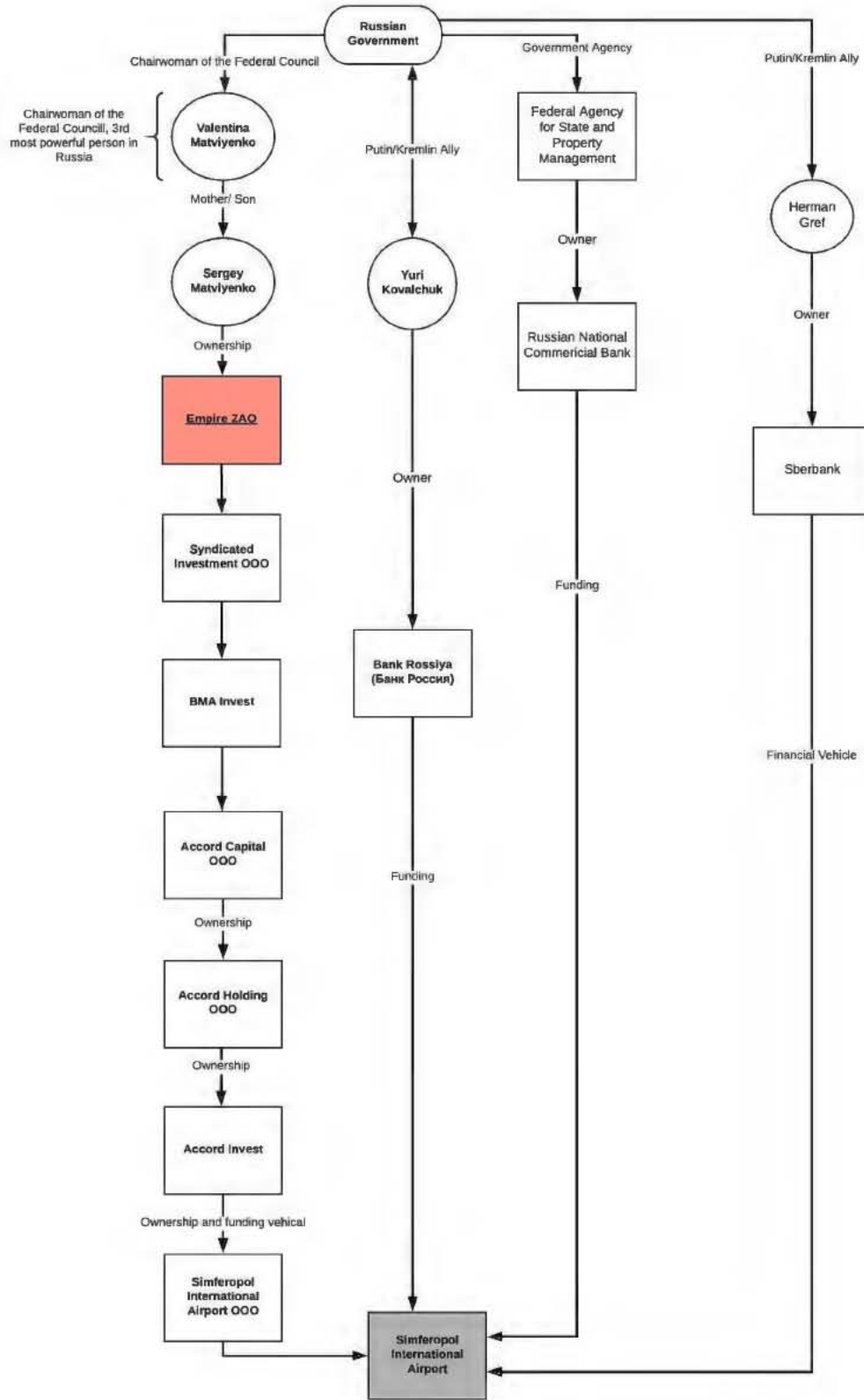
¹²² “Company Overview of Simferopol International Airport,” Bloomberg, 31 March 2018, <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=110000492>.

¹²³ Simon Bowers. “Bank Rossiya. Kremlin’s favoured bank. to be “frozen out the dollar.” The Guardian, 20 March 2014, <https://www.theguardian.com/world/2014/mar/20/crimea-crisis-kremlin-bank-frozen-out-dollar>.

¹²⁴ “Board of Directors,” Bank Rossiya, <http://www.abr.ru/about/corp/corporativ/>.

¹²⁵ “Center for Strategic Research ‘North-West’ (CSR ‘North-West’),” NIRA’s World Directory of Think Tanks, <http://www.nira.or.jp/past/ice/nwdtt/2005/DAT/1267.html>.

Chart 2: Companies Affiliated with Simferopol International Airport



III. Energy

Due to Western sanctions and pressure, Russian oligarchs are likely masking their involvement in the Crimean energy sector through the use of shell companies and a web of offshore companies, bank accounts, and international lawyers. Specifically, energy companies are seeking to gain from Russia's encroachment on the oil and natural gas deposits on the Crimean shelf because the Black Sea reserves are estimated to contain anywhere from four to thirteen trillion cubic meters of natural gas.¹²⁶ Crimea suffers from a shortage of power and requires a stable supply to develop its other sectors. As Russia seeks to legitimize Crimea, energy production will be a top priority. Due to U.S. and European sanctions, large Russian energy companies are either avoiding or are masking their involvement in Crimea. Therefore, most of the companies found to have connections to Crimea are either small, or relatively unknown.

Prior to its annexation, the Crimean peninsula relied heavily on Ukraine to supply it with electricity. Despite the presence of oil and gas fields located along the Black Sea shelf, much of the potential remained untapped, and power was routed into Crimea from plants in the interior of Ukraine. Chornomorneftegaz (Чорноморнефтегаз), a subsidiary of state energy company Ukrenergo (Укренерго), operated much of the energy infrastructure on the peninsula. As a net energy importer, Crimea relied on greater Ukraine for about 70% of its power—pylons and cables supplied approximately 650 megawatts of electricity.¹²⁷

Despite Ukraine having oil and natural gas production capabilities, much of the country's energy came from abroad. According to the U.S. Energy Information Administration (EIA), as much as 40% of the total Ukrainian energy supply came from natural gas.^{128 129} Russia, the largest supplier by volume, accounted for three-fifths of Ukraine's total energy supply.¹³⁰ Russia repeatedly demonstrated willingness to raise their prices as a tool of political leverage. Before the annexation, the Ukrainian government started a project to develop its domestic energy production capacity, with an eventual goal of energy independence from Russia by 2020. The Yanukovich government succeeded in reducing dependence on Russian gas from a peak of forty-five billion cubic meters in 2011 to twenty-eight billion cubic meters in 2013. Crimea's role in this development program was to serve as a site of new natural gas exploitation because the Black Sea reserves are expected to contain anywhere from four to thirteen trillion cubic meters of natural gas. After an open bidding process, contracts were ultimately awarded to Exxon-Mobil and Dutch Royal Shell in August 2012 for leading exploration and development of the deepwater Skifska gas fields near Crimea. Exxon-Mobil and Royal Dutch Shell outbid several other companies including one of Russia's largest oil companies - Lukoil. The fields were expected to produce as much as four billion cubic meters of gas annually.

After the annexation of Crimea, power supplies from Ukraine's interior were severed, and foreign energy development ended. Russia has nationalized all energy resources and companies in

¹²⁶ NATO, "The Energy Dimensions of Russia's Annexation of Crimea," NATO Review, <https://www.nato.int/docu/review/2014/NATO-Energy-security-running-on-empty/Ukraine-energy-independence-gas-dependence-on-Russia/EN/index.htm>.

¹²⁷ Anna Shamanska, "Explainer: Why Ukraine Supplies Electricity To Crimea, And Why It Stopped," RadioFreeEurope/RadioLiberty, 25 November 2015, <https://www.rferl.org/a/ukraine-crimea-power-supply-electricity-explainer/27384812.html>.

¹²⁸ "Eastern Europe, Caucasus, and Central Asia." International Energy Agency, 2015, https://www.iea.org/publications/freepublications/publication/IDR_EasternEuropeCaucasus_2015.pdf.

¹²⁹ "Ukraine 2012." International Energy Agency, 2012, https://www.iea.org/publications/freepublications/publication/Ukraine2012_free.pdf.

¹³⁰ Ibid

Crimea and expanded its Exclusive Economic Zone claim in accordance with new Crimean territorial borders. After Russian paratroopers secured Chornomorneftegaz's oil drilling platforms, the company broke away from Ukraine and was nationalized by Gazprom (Газпром).¹³¹ ¹³² Russia's largest oil companies, Gazprom (including Chornomorneftegaz), Gazprom Neft, Lukoil, Surgutneftegas, and Rosneft were quickly targeted by U.S. sanctions to hit the Russian economy and prevent them from exploring and developing the Crimean shelf.¹³³ However, these sanctions have not stopped all companies from initiating projects in Crimea.

Numerous sources have cited Joint Stock Company "Krimtec" (КРЫМТЭЦ), a Crimean power plant, and "Novye Proekty" [New Project] (НОВЫЕ ПРОЕКТЫ), a subsidiary of Russian oil and gas machinery company JSC Glavnefteservis (Главнефтесервис), as the beneficiaries of contracts and licenses from the Russian government. These companies were awarded official licenses and contracts by the Russian government to pursue the production of electricity, and the exploration and production of oil and gas on the Crimean shelf. According to Russian state newspaper, Kommersant, Russian Prime Minister Dmitry Medvedev issued a license for "Novye Proekty" in June 2016 timed to last 30 years.¹³⁴ Several companies, including the RNCB, have large contracts with JSC "Krimtec," highlighting the importance of Crimean energy production to the Russian regime.

Krimtec (КРЫМТЭЦ)

According to November 2017 open-source reporting, the Russian government awarded Krimtec the tender for a small power plant with a capacity of up to 120 megawatts in Simferopol. Refurbishment and expansion of this plant is expected to alleviate the electricity shortage until the two entirely new power plants are built elsewhere.¹³⁵

In 2015, Krimtec began submitting applications to receive approval for its investment programs. According to Krimtec's company website, the structure was in a "deplorable state" and the main financier, RNCB, has invested millions of rubles into the company to replace deteriorating equipment and ensure a reliable energy supply.¹³⁶ Contracts found on Krimtec's website and Zakupki.gov.ru confirm that Krimtec receives funding from several sources, including over US\$80,000 for "provisions of services for the opening of a non-revolving credit line for the purpose of financing the project 'Expansion of Saks Heating Networks' with the installation of a CCGT-120 MW" from RNCB.¹³⁷

¹³¹"Drilling Rigs of 'Chernomornaftogaz' Were Captured By The Russian 104th Regiment's Paratroopers," *InformNapalm.org*, 24 December 2015. <https://informnapalm.org/en/drilling-rigs-of-chernomornaftogaz-were-captured-by-the-russian-104th-regiment-s-paratroopers/>.

¹³²NATO, "The Energy Dimensions of Russia's Annexation of Crimea," *NATO Review*, <https://www.nato.int/docu/review/2014/NATO-Energy-security-running-on-empty/Ukraine-energy-independence-gas-dependence-on-Russia/EN/index.htm>.

¹³³U.S. Department of the Treasury, "Announcement of Expanded Treasury Sanctions within the Russian Financial Services, Energy and Defense or Related Materiel Sectors," <https://www.treasury.gov/press-center/press-releases/Pages/j12629.aspx>.

¹³⁴"Over the Shelf Stretches the Shelf of the 'New Projects'," *Kommersant.ru*, 5 March 2017, <https://www.kommersant.ru/doc/3235138>.

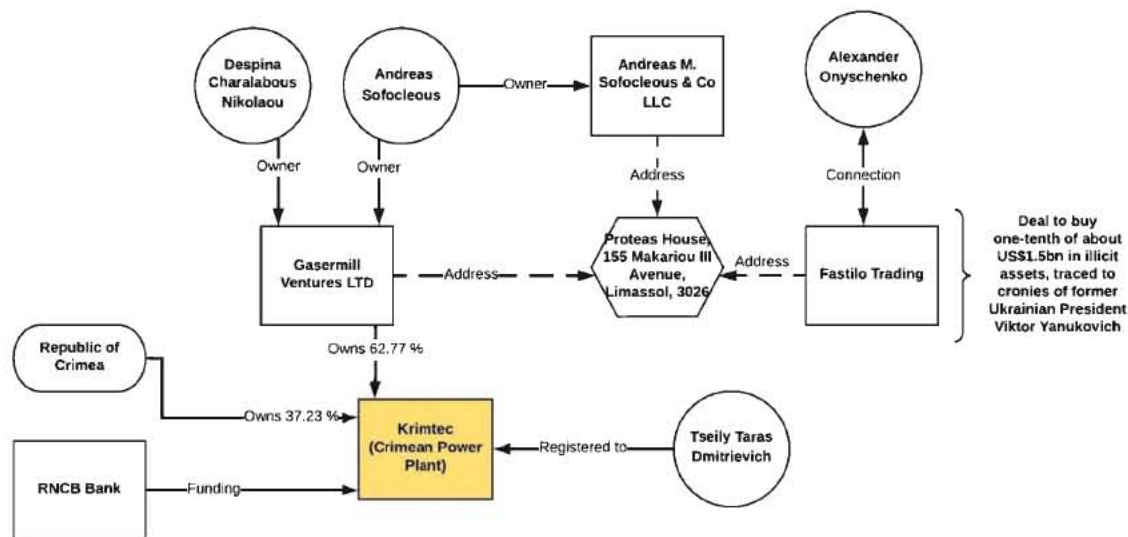
¹³⁵Anastasia Lyrchikova, "Russia Says Launch of Crimea Power Plant Delayed," *Reuters*, 9 November 2017, <https://www.reuters.com/article/us-ukraine-crisis-crimea-electricity/russia-says-launch-of-crimea-power-plant-delayed-idUSKBN1D91ZT>.

¹³⁶"АО "КРЫМТЭЦ" - генерация электрической и тепловой энергии." КРЫМТЭЦ, <http://krimtec.com/>.

¹³⁷Appendix B, Federal Treasury, Unified Information Systems in the Field of Procurement, <http://zakupki.gov.ru>.

In January 2015, Krimtec was registered to Tseily Taras Dmitrievich in the city of Simferopol in the Republic of Crimea.¹³⁸ According to rusprofile.ru, Gasermill Vencherz LTD is a shareholder and owns a controlling 62.77% of Krimtec. The Republic of Crimea owns the remainder of the company, with a 37.23% share. According to the Cypriot Ministry of Commerce, Industry, and Tourism, in 2008, Gasermill Ventures LTD was registered to Despina Charalabous Nikolaou (ΔΕΣΠΟΙΝΑ ΧΑΡΑΛΑΜΠΟΥΣ ΝΙΚΟΛΑΟΥ) and Andreas Sofocleous (ΑΝΔΡΕΑΣ ΣΟΦΟΚΛΕΟΥΣ) in Cyprus.¹³⁹ Sofocleous' law firm, Andreas M. Sofocleous & Co LLC, specializes in mergers and acquisitions, cross border transactions, joint ventures, and intellectual property licensing, as well as company formation and management and other business arrangements.¹⁴⁰ A considerable number of companies, including Gasermill Ventures LTD and Sofocleous' law firm, are registered to the same address—specifically, Proteas House, 155 Makariou III Avenue, Limassol, Cyprus, 3026. In addition to the companies listed above, Al Jazeera's investigative reporting has tied Alexander Onyschenko to Fastilo Trading, which is registered to the same Cypriot address. Al Jazeera reported, "Al Jazeera's Investigative Unit has obtained an unsigned document that puts Onyschenko and his Cyprus company, Fastilo Limited, at the heart of a deal to buy one-tenth of about US\$1.5 billion in illicit assets, traced to cronies of former Ukrainian President Viktor Yanukovich."¹⁴¹ **Russian oligarchs are likely using Gasermill Ventures LTD in Cyprus to mask their involvement in the Crimean energy sector by hiding true ownership as a way to skirt potential sanctions.** They are likely doing this in ways similar to Onyschenko's Fastilo Trading, but further investigation is needed to confirm.

Chart 3: Krimtec Energy Connections



¹³⁸ "АО "КРЫМТЭЦ" - генерация электрической и тепловой энергии." КРЫМТЭЦ, <http://krimtec.com/>.

¹³⁹ Department of Registrar of Companies and Official Receiver, <https://efiling.drcor.mcit.gov.cy/DrcorPublic/SearchResults.aspx?name=%&number=232696&searchtype=optStartMatch&index=1&name=%&sc=0>.

¹⁴⁰ "Andreas M. Sofocleous & Co LLC | Advocates - Legal Consultants," Andreas M. Sofocleous & Co LLC | Advocates - Legal Consultants, <http://www.sofocleous.com.cy/>.

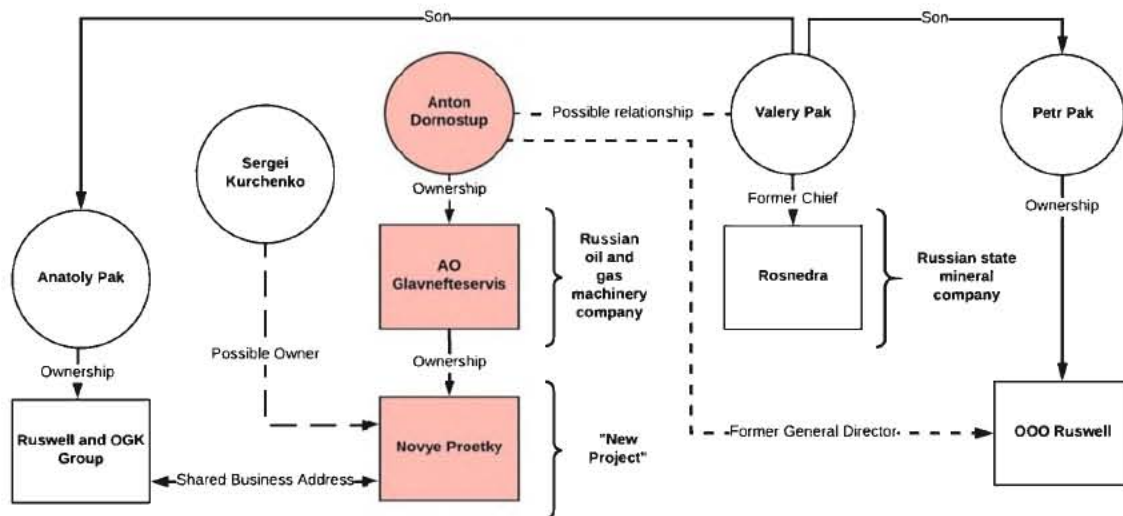
¹⁴¹ Will Jordan, "Illicit Deal Targets Assets Looted from Ukraine," *Ukraine | Al Jazeera*, January 07, 2018, <https://www.aljazeera.com/indepth/features/illicit-deal-targets-assets-looted-ukraine-171206141619973.html>.

Novye Proekty (НОВЫЕ ПРОЕКТЫ)

In March 2017, Kommersant reported that Novye Proekty ("New Projects") received a license for the exploration and production of oil and gas on the shelf of Crimea. The Glubokaya area of the Black Sea, is estimated to contain eight million tons of crude oil and 1.4 billion cubic meters of natural gas.

Novye Proekty is a subsidiary of AO Glavnefteservis (not to be confused with Glavsetservis), owned by businessman Anton Dornostup (АНТОН ДОРНОСТУП). According to several open-source reports, CEO Anton Dornostup has a close relationship with Valery Pak, but this remains unclear. Pak was previously chief of Russian state mineral company Rosnedra, former deputy minister for natural resources, and former head of multiple Russian oil companies. According to licenses found on egrul.nalog.ru, Novye Proekty shares a business address with the Ruswell and OGK Group, headed by Anatoly Pak, one of Valery Pak's sons; Dornostup was also General Director of Ruswell Ltd., a company owned by Petr Pak, another Pak son.

Chart 4: Novye Proekty and the Anton Dornostup Connection



The connection between Dornostup's company and the Russian state, through the Pak clan, is clear. Media reports claim the real owner of the Novye Proekty operation is Ukrainian oligarch Sergei Kurchenko, but the connection remains an intelligence gap.¹⁴²

Due to the significant financial investment and development currently ongoing in the Crimean energy sector, it is likely that Russian oligarchs are making a concerted effort to exploit this market for financial gain. The use of offshore shell companies and lawyers is clearly a mechanism designed to hide their presence and skirt current and future sanctions. Additional sources of intelligence are needed to determine exactly who is behind Krimtec and Novye Proekty.

¹⁴²"Over the Shelf Stretches the Shelf of the "New Projects," Kommersant.ru, 5 March 2017, <https://www.kommersant.ru/doc/3235138>.

IV. Real Estate

It is probable that the beneficial owners of Paragon—Lyudmila Lebedev Petrovna and her husband Pavel Lebedev—exploit offshore holding companies to obfuscate their investments in Crimean real estate and avoid being sanctioned by the U.S. The Paragon consortium of companies is one of the major real estate development companies on the Crimean Peninsula, operated by former Ukrainian Prime Minister Pavel Lebedev since at least 2012.¹⁴³ Pavel Lebedev may also be attempting to gather political support which he can use to benefit his real estate business. Some news reports noted that he had expressed interest in becoming governor of Sevastopol in 2016.¹⁴⁴ Currently Lebedev is the Vice President of the Russian Union of Industrialists and Entrepreneurs and Chairman of the Sevastopol coordination branch of the organization.¹⁴⁵

Pavel Lebedev (Павло Лебедєв)



L to R: Defense Minister Pavel Lebedev, Ukrainian President Viktor Yanukovich, Russian President Vladimir Putin, and the Russian Minister of Defense at the 2013 Navy Day Parade in Sevastopol.

Lebedev and his wife fled Ukraine in February 2014 alongside Former President Viktor Yanukovich.¹⁴⁶ Due to his involvement in the annexation and alleged sale of Ukrainian military information and supplies to Russia,¹⁴⁷ Ukrainian law enforcement issued a warrant for his arrest in 2016.¹⁴⁸ Locally, Lebedev heads the Crimean Council of Russian Union of Industrialists and Entrepreneurs, and is the Deputy Chairman of the Sevastopol branch of that organization.¹⁴⁹ Lebedev was scheduled to testify via video link from Russia in the treason case against Former Ukrainian President Viktor Yanukovich in late March 2018.¹⁵⁰ Reports have yet to confirm if Lebedev has testified at this time. Lebedev is also involved with the Crimean chemical company

¹⁴³ "New Defense Minister Lebedev Has 36.5 Million Income, Fleet of Expensive Cars and More than 50 Land Plots," 24 December 2012, https://en.censor.net.ua/photo_news/228223/new_defense_minister_lebedev_has_365_million_income_fleet_of_expensive_cars_and_more_than_50_land_plots

¹⁴⁴ "Former Minister of defense of Ukraine Lebedev wants to be "Governor" of the occupied Sevastopol" "Ukrop News 24" March 1, 2016. <https://ukropnews24.com/former-minister-of-defense-of-ukraine-lebedev-wants-to-be-governor-of-the-occupied-sevastopol/>

¹⁴⁵ "Pavel Lebedev Building in Sevastopol," Zagorodna, 3 January 2016, <https://www.zagorodna.com/en/articles/pavel-lebedev-building-in-sevastopol.html>.

¹⁴⁶ Natalie Vikhrov. "Fugitive ex-defense minister continues to battle EBRD," 24 March 2017, <https://www.kyivpost.com/business/fugitive-ex-defense-minister-continues-battle-ebrd-bank-says.html>.

¹⁴⁷ Taras Kuzio. "Who committed treason in Ukraine?" Ukrainian Policy, 1 March 2016, <http://ukrainianpolicy.com/who-committed-treason-in-ukraine/>.

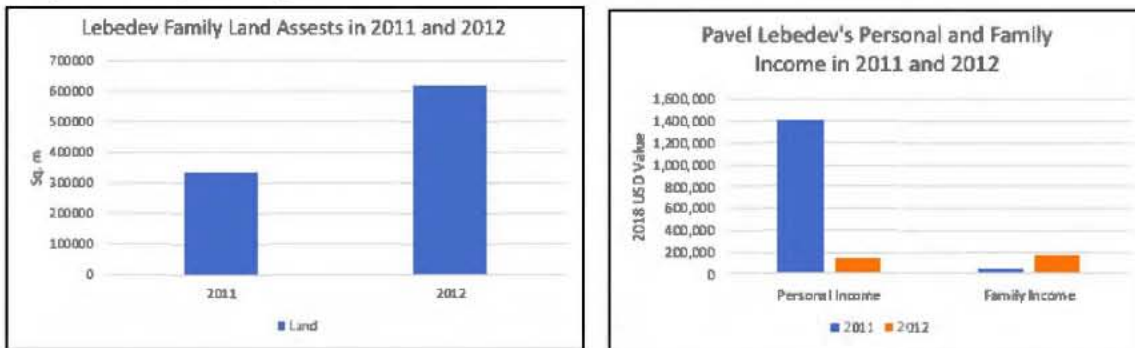
¹⁴⁸ Pavlo Lebedev, "Revoly", https://www.revolvy.com/main/index.php?s=Pavlo%20Lebedev&item_type=topic.

¹⁴⁹ "Former Minister of defense of Ukraine Lebedev wants to be "Governor" of the occupied Sevastopol" "Ukrop News 24" March 1, 2016. <https://ukropnews24.com/former-minister-of-defense-of-ukraine-lebedev-wants-to-be-governor-of-the-occupied-sevastopol/>

¹⁵⁰ "Court agrees to question Azarov via video link in Yanukovich treason case," UkrInform, 21 March 2018, <https://www.ukrinform.net/rubric-politics/2426273-court-agrees-to-question-azarov-via-video-link-in-yanukovich-treason-case.html>.

Titan; Altius Development, which was involved in constructing the Olympic Village for the 2014 Olympic Games in Sochi; as well as several Oleg Deripaska-linked development firms.¹⁵¹

When declaring his personal and financial assets in 2011 and 2012 for his inauguration as Minister of Defense (figures below), Pavel Lebedev's personal income dropped from US\$1,400,793 (36,567,560 UAH) in 2011 to US\$140,458 (3,666,655 UAH) in 2012 (a tenfold decrease) while his family's income increased by 400%. On the same declarant paperwork, his household/family financial liabilities dropped from (1,067,214 UAH) in 2011 to (6,713 UAH) in 2012. His household land holdings doubled from 336,693 m² across 46 properties in 2011 to 620,861 m² across 57 properties, with an approximately equal increase in real estate holdings.¹⁵² This possibly reveals that Pavel Lebedev transferred some income generating assets to his wife between the 2011 and 2012 filings, and that he rapidly purchased over 300,000 m² of land to potentially divest his assets away from his political position.



Significant changes in apparent income and holdings can be discerned in the Lebedev family between 2011 and 2012.

Parangon (Парангон)

According to Parangon's homepage, Parangon.org, the company has been operating on the peninsula since 2006, and has a 40% market share on Sevastopol's construction and real estate market. Some of their current and completed projects include Aqua Evpatoria spa resort, LCD Olympia, LCD Cossack Bay, and numerous other apartment and luxury resorts on the peninsula. Additionally, they boast that they were one of the first companies to be registered and approved to construct and sell real estate in Crimea by the Russian Government post-2014 invasion. This fact is supported by the Russian State Register Number (OGRN/OГPH) registration dates for the various connected companies where the majority were registered between October 2014 and December 2015.

Parangon is headquartered at a solitary office building in Sevastopol, and the address served to connect many other companies to the group (many having office numbers in the 40s). These related companies were involved in a wide range of services such as car sales, customer loans, legal services, electrical installation, and more—though their website only advertises their

¹⁵¹Scott Stedman, "Exclusive: Oleg Deripaska's Right-Hand Man was Trump Tower Moscow Developer's Former CEO," Medium, 13 December 2017, <https://medium.com/@ScottMStedman/exclusive-oleg-deripaskas-right-hand-man-was-trump-tower-moscow-developer-s-former-ceo-75f36781eeff>.

¹⁵²Pavel Lebedev 2011-2012 Financial Filings, <https://pep.org.ua/en/person/9878>.

real estate business endeavors. Some news articles make note that several of Parangon's projects are built on similarly seized land.¹⁵³

Parangon executives—including its director Julia Smirnov Frantseva (Юлия Смирнов Францевна)—have made several appearances in early 2018 alongside Crimean and Russian government-linked entities. In April 2017 at the Yalta Economic Forum, Julia Frantseva, Sergey Aksyonov (Сергей Валерьевич Аксёнов, current Prime Minister of Crimea), and Andrei Filonov (Андрей Владимирович Филонов, Municipal leader for the city of Evpatoria) appeared at a public event where they signed a “Memorandum of Cooperation between the Council of Ministers of the Republic of Crimea and Parangon LLC.” The deal provided Parangon 6 billion rubles (US\$97,740,000), tax breaks, and labor to build Aqua Evpatoria: a 4 star hotel, spa complex, and waterfront property located in Evpatoria with its opening planned in Q4 2019.¹⁵⁴ This project was then awarded the “Best Architectural Project in Crimea” plaque in July 2017.¹⁵⁵ Based on 2018 Digital Globe imagery, construction at the site has not yet begun despite receiving the funds to do so in April 2017.

In February 2018, Sevastopol Governor Dmitry Ovsyannikov gave a public statement on the issue of the “Laspi Zakasnik” (Ласпи Закасник) zone. Zakasnik zones are roughly equal to national parks or nature preserves in the U.S. and require special approval to develop. The governor stated his belief that it was not necessary to increase the boundaries of the Laspi Zakasnik to prevent future development or construction, and additionally expressed support for the government's seizure of protected land for use in development and defense purposes. The article notes that the Crimean courts have sided with the government in approximately 1,060 of the 1,090 land seizure-related court proceedings.¹⁵⁶ Coincidentally, Parangon, which has posted a summary of this statement on the news section of the homepage, has built a dual-tower apartment complex, “Lapsi,” in that zakasnik, according to their homepage's property map.¹⁵⁷ 2018 AirBus Imagery on Google Maps confirms the two buildings' location. Parangon has also been criticized for illegally constructing real estate projects on other protected nature reserves such as Cape Fiolent and the Chersonese in Cossack Bay.¹⁵⁸

On February 2, 2018, Commercial Director of RGC Parangon Nikolai Galichkin participated in the “Mortgage in Sevastopol and Crimea.” The panel, organized by GC Most [sic] (or ‘Banks of Crimea and Sevastopol, Developers, Real Estate Agencies, and Construction Business’), also had unnamed representatives from GC Most, the Sevastopol Fund for Entrepreneurship Support, Bank Rossiya, RNCB, and AN “Multidom” [sic].¹⁵⁹ This shows that real estate in Crimea is likely a major focus for the economic development plan in Crimea.

¹⁵³ “Construction bacchanalia in the city of Russian glory,” Rambler, 4 July 2017, <https://news.rambler.ru/economics/37315860-stroitel'naya-vakhanaliya-v-gorode-russkoy-slavy/>.

¹⁵⁴ “RGC Parangon signed a Memorandum of Cooperation with the Council of Ministers of the Republic of Crimea and the Evpatoria Municipal District,” Parangon, 23 April 2017, <https://parangon.org/2017/04/23/r-gk-parangon-podpisala-memorandum-o-vzaimodejstvii-s-sovetom-ministrov-respubliki-krym-i-evpatorijskim-munitsipalnym-okrugom/>.

¹⁵⁵ “The complex “Aqua Evpatoria” is recognized as the best architectural work of the Crimea,” Parangon, July 2017, <https://parangon.org/2017/07/06/akva-evpatoriya-priznan-luchshim-arhitekturnym-proizvedeniem-kryma/>.

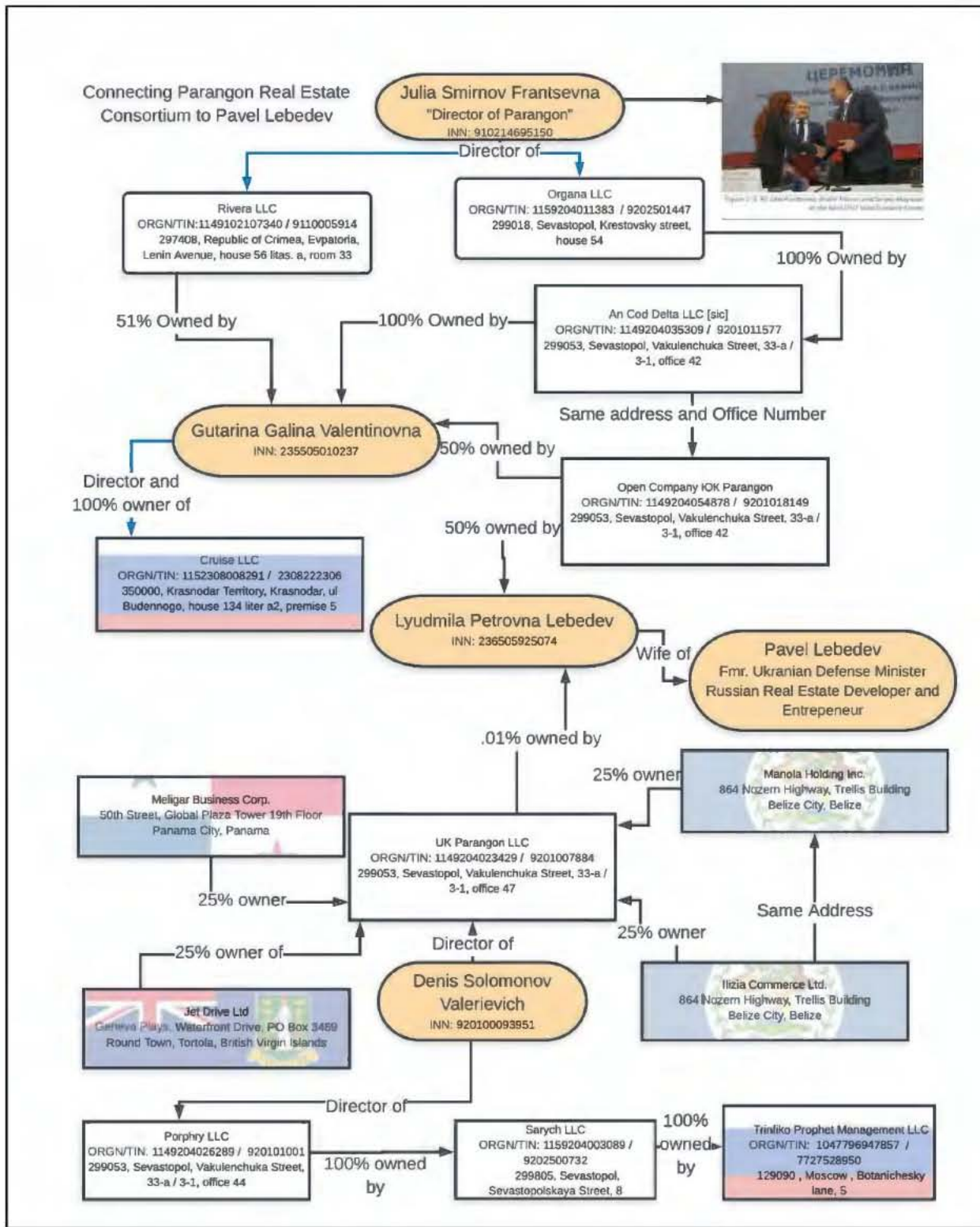
¹⁵⁶ “Ovsyannikov called to stop the “information HYIP” because of Laspi” Sevastopol News, 28 February 2018, <http://new-sebastopol.com/news/id/21724>.

¹⁵⁷ “In the course of the report before the election, the governor of Sevastopol, Dmitry Ovsyannikov, once again stressed that the issue of Laspi was closed, and the boundaries of the reserve were finally determined,” Parangon, 28 February 2018, <https://parangon.org/2018/03/15/v-hode-otcheta-pered-zaksobraniem-gubernator-sevastopolya-dmitrij-ovsyannikov-v-ocherednoj-raz-podcherknul-cto-vopros-po-laspi-zakryt-i-granitsy-zakaznika-opredeleny-okonchatelno/>.

¹⁵⁸ “Cape Fiolent in Crimea as unique landscape reserve is lost,” Crimean News Agency, 26 May 2017, <http://qha.com.ua/en/society/cape-fiolent-in-crimea-as-unique-landscape-reserve-is-lost/140800/>.

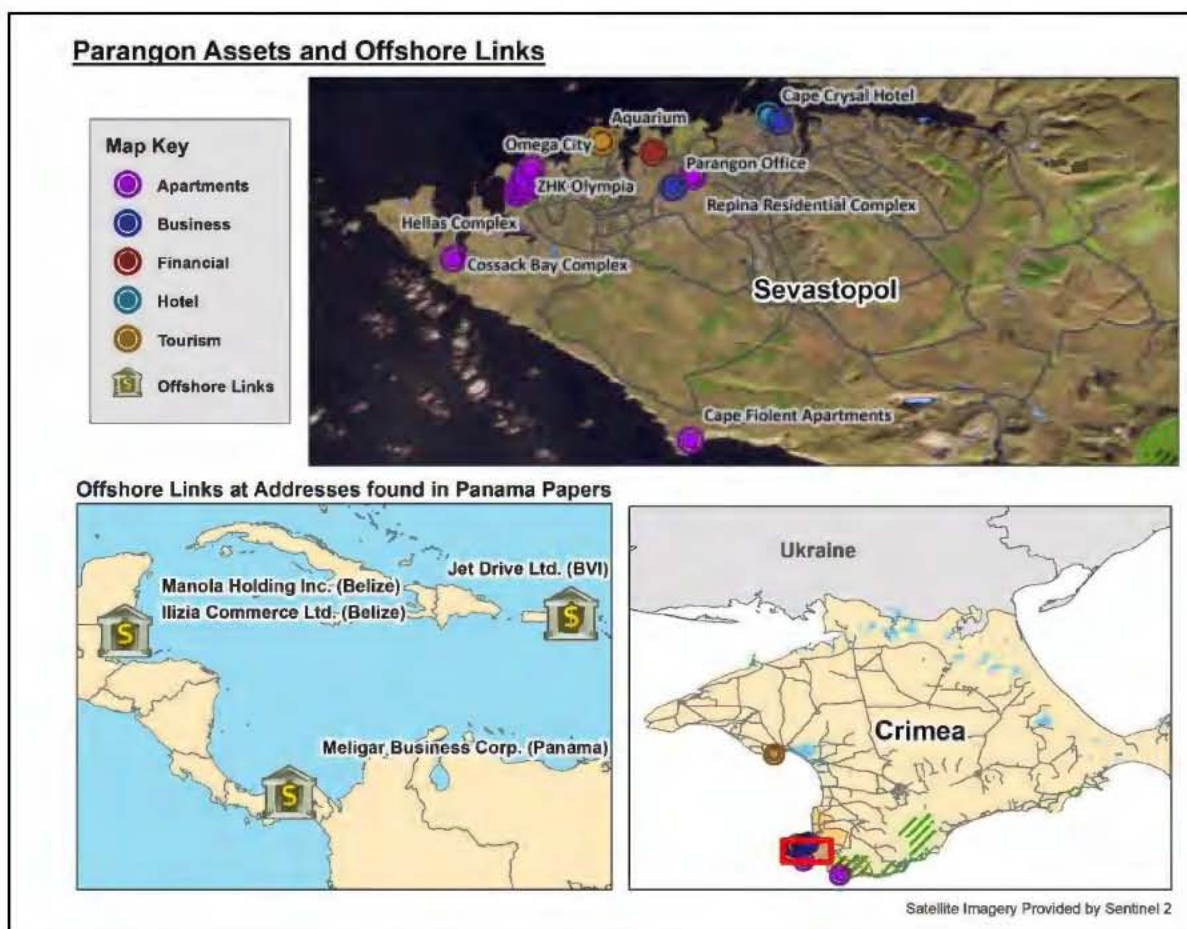
¹⁵⁹ “Mortgage in Sevastopol and Crimea,” Parangon, 6 February 2018, <https://parangon.org/2018/02/06/ipoteka-v-sevastopole-i-v-krymu/>.

Chart 5: Parangon Financials and Connections to Offshore Holdings



Using an array of open-source and Russian government business information found on rusprofile.ru, Parangon's 2017 Yalta Forum agreement (via Julia Frantseva) was connected to the Lebedevs, several offshore holding companies, and a Moscow-based property management firm.

Map 2: Paragon Assets and Offshore Links



Research uncovered four offshore links to the Paragon family of companies.

Of the four overseas connections found, two of them have the same address in Belize City: Ilizia Commerce LTD and Manola Holding Inc., which are located at an address that shows up in the Panama Papers.^{160 161} The Panama Papers show Ilizia Commerce is one of many shareholders of Corbet Group LTD, and other shareholders include two Uzbekistan citizens, a Panamanian-based company, a Belize oil company, and Cyprus-based Boroni Company LTD.¹⁶²

Jet Drive [sic] LTD's address was directly and indirectly related to hundreds of people and organizations through the Panama Papers, though translation of the exact English name of the company, the cost of pulling business records from the British Virgin Islands, and the amount of

¹⁶⁰ Rusprofile entry, "Ilizia Commerce Ltd," <http://www.rusprofile.ru/foreign/57417>.

¹⁶¹ Rusprofile entry, "Manola Holding Inc.," <http://www.rusprofile.ru/foreign/57418>.

¹⁶² Offshore Leaks database, "864 Northern Highway, Trellis Building, Belize City, Belize," <https://offshoreleaks.icij.org/nodes/14023228>.

connections with this address made further research difficult given the time and resource constraints of this project.¹⁶³

Meligar Business Corporation's registered address was linked to hundreds of people and companies via the Panama Papers database, though none shared the exact same office.^{164 165} When searched on Open Corporate's database, Meligar Business Corporation is owned by Cambra La Duke and Co, whose employees are involved with many companies.¹⁶⁶

Trinfiko Property Management OOO¹⁶⁷ is a Moscow-based company that was the supplier in 89 Russian government contracts for a combined value of US\$6,109,013, and is involved with "management of securities" services.¹⁶⁸ The address for Trinfiko OOO has 23 registered addresses associated with it on Rusprofile, and according to Google Street View imagery the address is a possible hotel or shopping center in downtown Moscow near several embassies. Trinfiko Property Management is owned by an assortment of companies and people with a wide array of ownership percentages including Cypriot-based Nibro Capital Management Ltd, which may warrant further investigation in order to map out the its network of affiliated persons and entities.^{169 170}

Considering the link to addresses in the Panama Papers, Russian government contractors, and Pavel Lebedev's increasing benefits and involvement in Crimean politics, Pavel Lebedev is likely exploiting legal contacts and employing economic obfuscation in order to increase his political and financial gain from his Crimean investments. His increasing political activities post-annexation, such as his position on the Russian Union of Industrialists and Entrepreneurs and his open remarks about eyeing a Sevastopol gubernatorial run, may indicate that he hopes to gain political benefits from his investment in Crimea.

Additionally, Lebedev is using the political clout gained through these methods to receive cheap or free land from the Crimean government for development, such as in the Lapis zakaznik and Cape Fiolent. As previously stated, Crimean courts have sided with the government in the vast majority of land-ownership legal cases. An alternate analysis is that Lebedev is not receiving any political benefit, but rather, is personally responsible for his political positions. This analysis is based on the fact that his political party, the minor left-wing Rodina party, only won a single Duma seat when compared to Putin's United Russia Party's 344 seats in the 2016 elections.¹⁷¹ It is unlikely that Putin would personally seek to elevate someone who does not belong to his own political party in a location as critical to Russia as Crimea.

¹⁶³ Offshore Leaks Database, "Waterfront Drive, PO Box 3469, BVI,"

<https://offshoreleaks.icij.org/search?cat=3&e=&q=WATERFRONT+DRIVE%2C+PO+Box+3469&utf8=%E2%9C%93>.

¹⁶⁴ Rusprofile entry, "Meligar Business Corp.," <http://www.rusprofile.ru/foreign/57317>.

¹⁶⁵ Offshore Leaks Database, "50th Street; Global Plaza Tower; 19th floor; Suite 19-H; Panama City; Republic of Panama," <https://offshoreleaks.icij.org/nodes/14018408>.

¹⁶⁶ Open Corporate Database Entry, "Meligar Business Corp.," <https://opencorporates.com/companies/pa/824754>.

¹⁶⁷ Bank of Russia Ordinance, 2 November 2017, <http://docplayer.ru/72762886-Soderzhanie-15-noyabrya-2017-1929.html>.

¹⁶⁸ Rusprofile Entry, "Trinfiko Property Management OOO," Trinfiko, <http://www.rusprofile.ru/id/1290626>.

¹⁶⁹ Rusprofile Entry, "Nibro Capital Management Ltd.," <http://www.rusprofile.ru/foreign/18615>.

¹⁷⁰ Rusprofile Entry, "CJSC Trinfiko Holdings," <http://www.rusprofile.ru/id/1209646>.

¹⁷¹ Ben Noble, "Putin just won a supermajority in the Duma. That matters," *Washington Post*, 1 October 2016, <https://www.washingtonpost.com/news/monkey-cage/wp/2016/10/01/putin-just-won-a-super-majority-in-the-duma-that-matters>.

V. *Crimean Assets*

The seizure and subsequent privatization of the Novy Svet winery through a suspicious auction suggests that Putin's closest cronies will receive Crimea's finest spoils.

According to the Ukrainian Ministry of Justice, over 4,000 assets were seized by the local Russian-backed Crimean government after the 2014 annexation.¹⁷² One of the most recognizable of these assets is the Novy Svet (Новый Свет) winery which was established in 1878 and served sparkling wine at the coronation of Czar Nicholas II in 1896. The winery was nationalized by Crimea and subsequently privatized in an auction held on December 22, 2017. The Crimean Ministry of Property and Land Relations (Министерство Имущественных И Земельных Отношений Республики Крым) auctioned the winery for 1.5 billion rubles (US\$26.4 million) to a company named Southern Project (Южный проект), according to the tender document published on the ministry's website.¹⁷³ Yet the Russian Federal Tax Service website says Southern Project itself was only registered as a Russian company on November 23, a month before the auction.¹⁷⁴ The company is registered as a real estate firm with Anna Yurevna Lastochkina (Анна Ласточкина) as CEO and founder. The registration document also names Bank Rossiya as a founder of Southern Project.

Bank Rossiya's chairman Yuri Kovalchuk is currently sanctioned, but Lastochkina is not. She is listed as the founder and/or CEO of four additional companies according to rusprofile and individual company registration documents.¹⁷⁵ She is the CEO and co-founder of OOO Lantana (Лантана), which is an accounting law firm registered in 2015.¹⁷⁶ The other co-founder is Dmitri Mansurov who is also the head of the legal division at Bank Rossiya, according to Bloomberg.¹⁷⁷ Lastochkina is the CEO and founder of another holding company called OOO Abros (Инвестиционная Компания Аброс). Abros was registered in 2004. It is the oldest of all Lastochkina's companies but is now a subsidiary of Lantana.¹⁷⁸ She is the CEO and founder of OOO Ice (Айс) as well, a performing arts company registered in 2014 and a subsidiary of Abros.¹⁷⁹ Lastly, she is the founder of NP Corporate Village, registered in 2012, but she is not the CEO.¹⁸⁰ All the companies she is affiliated with are based at different addresses in St. Petersburg, except NP Corporate Village, which is in Leningrad.

¹⁷² John-Thor Dahlburg and Laura Mills, "Crimea's New Russian Overlords Are Seizing Thousands Of Businesses," *Business Insider*, 2 December 2014, <https://www.businessinsider.com/crimeas-new-russian-overlords-are-seizing-thousands-of-businesses-2014-12>.

¹⁷³ "Information Results of the Privatization Transaction," Ministry of Property and Land Relations of the Republic of Crimea, 22 December 2017, (See Appendix B).

¹⁷⁴ *Ibid.*

¹⁷⁵ Rusprofile entry, "Lastochkina, Anna Yurievna," www.rusprofile.ru/person/lastochkina-ayu-782581053673.

¹⁷⁶ Single State Register of Legal Entities, "OOO Lantana," (See Appendix B).

¹⁷⁷ "Executive Profile: Mansurov, Dmitry Flerovich," Bloomberg, <https://www.bloomberg.com/research/stocks/private/person.asp?personId=329671403&privcapId=53837101>.

¹⁷⁸ Single State Register of Legal Entities, "OOO Abros," (See Appendix B).

¹⁷⁹ Single State Register of Legal Entities, "OOO Ice," (See Appendix B).

¹⁸⁰ Single State Register of Legal Entities, "OOO NP Corporate Village," (See Appendix B).

Her newest firm, Southern Project, was not the only bidder for the Novy Svet winery. Another company called Voom Vokh Invest (Вoom-Вох Инвест) is listed as a bidder on the tender document.¹⁸¹ They were registered as a counseling and commercial activities firm in 2016 on Federal Tax Service documents.¹⁸² They are a microenterprise with less than 15 employees and an authorized capital of 10,000,000 rubles (US\$174,700) according to Rusprofile.ru.¹⁸³ Rusprofile.ru lists 20 firms operating at the same address, in the very same room as Voom Vokh Invest.¹⁸⁴ However, CEO Dmitri Viktorovich Zaichenko (Дмитрий Викторович Зайченко) is not affiliated with any other firm. This suggests that Voom Vokh Invest is a shell company and the Novy Svet auction was a ruse to ensure Southern Project—and, subsequently, Yuri Kovalchuck—won the bid.

An article in the German wine trade magazine *Meinenger's Wine Business International* claims other European entities were interested in buying Novy Svet, but were not allowed to bid by the Crimea Ministry of Land and Property Relations who managed the auction.¹⁸⁵ The article also cites a statement from Crimean governor Sergei Aksenov (Сергей Аксёнов [Russian]/Сергій Аксьонов [Ukrainian]) that the government plans to privatize more wineries to profit from these auctions and raise additional tax revenue. *Meinenger's* claims that Novy Svet could be worth three times the price it was auctioned for and that Putin helped his friend Kovalchuk acquire the asset. This could serve many purposes for Putin: improving the Crimean fiscal situation, fostering economic development, and doing a favor for a trusted oligarch who is investing heavily in the region. This could also be a sign that oligarchs close to Putin will have exclusive access to the most valuable privatized Crimean assets at a discounted rate. *Meinenger's* cites the Russian Ministry of Agriculture as estimating that total wine assets in Crimea are worth US\$1.55 billion (88.5 billion rubles).

The fate of most of the other 4,000 assets could not be verified through Crimean government sources. However, credible organizations were able to track down several major assets that were seized in 2014. Massandra (Массандра) and Magarach (Магарач) are two other notable wineries in Crimea that have not yet been privatized.¹⁸⁶ The Ukrainian oil and gas company Chornomornaftogaz (Черноморнефтегаз) was brought under Gazprom's control shortly after annexation.¹⁸⁷ Former Ukrainian public assets such as local colleges and Crimean Railways (Крымская железная дорога) were also nationalized and reorganized. Several private assets like Yalta Film Studio (Ялтинская киностудия) and Krymavtotrans (Крымавтотранс), a

¹⁸¹ "Information Results of the Privatization Transaction," Ministry of Property and Land Relations of the Republic of Crimea, 22 December 2017, (See Appendix B).

¹⁸² Single State Register of Legal Entities, "OOOVoom Vokh Invest," (See Appendix B).

¹⁸³ Rusprofile entry, "OOO Voom-Vokh Invest." <http://www.rusprofile.ru/id/10601117#founders>.

¹⁸⁴ Rusprofile entry, "119415, Moscow, Leninsky Prospekt, 114, room XV - room 1,"

<http://www.rusprofile.ru/search?type=ul&query=119415%2C%20%D0%B3%D0%BE%D1%80%D0%BE%D0%B4%20%D0%9C%D0%BE%D1%81%D0%BA%D0%B2%D0%B0%2C%20%D0%9B%D0%B5%D0%BD%D0%B8%D0%BD%D1%81%D0%BA%D0%B8%D0%B9%20%D0%BF%D1%80%D0%BE%D1%81%D0%BF%D0%B5%D0%BA%D1%82%2C%20%D0%B4%D0%BE%D0%BC%20114%2C%20%D0%BF%D0%BE%D0%BC%D0%B5%D1%89%D0%B5%D0%BD%D0%B8%D0%B5%20XV%20-%20%D0%BA%D0%BE%D0%BC%D0%BD%D0%B0%D1%82%D0%B0%201>

¹⁸⁵ Eugene Gerden, "Crimean Wineries to be Auctioned," *Meinenger's*, 16 February 2018, <https://www.meininger.de/en/wine-business-international/crimean-wineries-be-auctioned>.

¹⁸⁶ Andrey Sambos, "Imitating Chavez: A Year of Nationalization in Crimea," Carnegie Moscow Center, 19 March 2015, <http://carnegie.ru/commentary/59421>.

¹⁸⁷ *Ibid.*

transportation company, were also seized, but their owners received some compensation. This is most likely because they were Russian citizens, according to Carnegie Moscow's Andrey Sambros.¹⁸⁸ However, assets from Ukrainian oligarchs Aleksandr Leschinsky, Sergey Taruta, and Igor Kolomoisky were also seized in Crimea and subsequently nationalized.¹⁸⁹ Sambros and LA Times correspondent Mansur Mirovalev claims that Crimean Prime Minister Sergei Aksenov has received many seized assets himself.¹⁹⁰ Specific assets could not be verified, but public records on the Crimean government website show his personal wealth has increased by 1 million rubles since 2014 (over US\$16,000).^{191,192,193} His wife's income increased far more dramatically, from 2.9 million rubles (US\$48,000) to 32.8 million (US\$543,358) in the same time frame.¹⁹⁴ The Speaker of the Crimean Parliament Vladimir Konstantinov also substantially increased his income from 2.5 million rubles (US\$42,000) in 2014 to 84.5 million rubles (US\$1.4 million) in 2016.¹⁹⁵ Sambros argues that the large nationalization project in Crimea was an attempt by Crimean authorities to show Moscow that they could bring economic development to the region without being a drain on the Kremlin's resources. Many large assets like wineries may continue to be auctioned off to well-known oligarchs while others could remain in the hands of local Crimean authorities who seek to become oligarchs themselves.

VI. Crimean Heavy Industry

Unlike many of the Russian entities detailed throughout this analysis, Ukrainian oligarch Dmytro (Dmitry) Firtash (Дмитро Фірташ [Ukrainian]/ Дмүмпуї Фүрташ [Russian]) has been an instrumental center of gravity in Russia's encroachment into Crimea, as he owns chemical and metal related facilities in the disputed territory which almost certainly conduct business through opaque financial infrastructure. As co-owner of the Russian-Ukrainian gas intermediary RosUkrEnergo (РосУкрЭнерго, RUE), Firtash dealt with Russian gas moguls at Gazprom during the early 2000s and during the Yanukovich presidency, which almost certainly solidified his importance to Moscow since he and RUE facilitated cheap gas deals to Russia, cultivating a relationship from which all involved parties certainly benefited in the long run.^{196 197 198 199} In addition to his extensive dealings with Russian energy moguls, Firtash's ties to

¹⁸⁸ Ibid.

¹⁸⁹ Ibid.

¹⁹⁰ Mansur Mirovalev, "Crimean business owners caught up in pro-Russia officials' crackdown," Los Angeles Times, 12 January 2017, <http://www.latimes.com/world/europe/la-ig-crimea-yalta-2017-story.html>.

¹⁹¹ "Information on incomes, expenses, property and liabilities of property nature," Head of the Republic of Crimea, Chairman of the Council of Ministers of the Republic of Crimea Aksenova S.V. from January 1, 2014 to December 31, 2014 years, (See Appendix B).

¹⁹² "Information on incomes, expenses, property and liabilities of property nature," Head of the Republic of Crimea, Chairman of the Council of Ministers of the Republic of Crimea Aksenova S.V. from January 1, 2015 to December 31, 2015 years, (See Appendix B).

¹⁹³ "Information on incomes, expenses, property and liabilities of property nature," Head of the Republic of Crimea, Chairman of the Council of Ministers of the Republic of Crimea Aksenova S.V. from January 1, 2016 to December 31, 2016 years, (See Appendix B).

¹⁹⁴ Ibid.

¹⁹⁵ Serhiy Mokrushin and Sofia Fedeczko, "How Annexation Made Crimea's Self-Proclaimed Government Rich," Hromadske International, August 30, 2017, <https://en.hromadske.ua/posts/how-annexation-made-crimeas-self-proclaimed-government-rich>.

¹⁹⁶ Sławomir Matuszak, "How Ukrainian Oligarchs View Economic Integration with the EU and Russia," Osrodek Studiów Wschodnich (OSW - Center for Eastern Studies), <https://www.osw.waw.pl/en/publikacje/analyses/2011-09-14/how-ukrainian-oligarchs-view-economic-integration-eu-and-russia>.

¹⁹⁷ Hannah Levintova, AJ Vicens, and Ashley Dejean, "Hacker, Banker, Soldier, Spy: A Guide to the Key Players in the Trump-Russia Scandal," Mother Jones, <https://www.motherjones.com/politics/2017/06/russia-trump-putin-scandal-key-players-dossiers/>.

the Rotenberg brothers and notorious Russian mafia boss Semion (Semyon) Mogilevich (Семён Моги́левич) likely further solidified his importance to Putin and the Kremlin.^{200 201 202 203 204} Former Ukrainian PM Yulia Tymoshenko (Ю́лія Тимоше́нко) sought to disband RUE and even sued Firtash, alleging that Firtash, via RUE, was laundering money—though the case was eventually dismissed.²⁰⁵ According to numerous press releases on Firtash's Group DF (alternately, DF Group) holdings firm website and other media, the oligarch has faced additional legal scrutiny (e.g. embezzlement claims, possible connections to Russian organized crime) yet has come away practically unscathed.^{206 207 208} The exact reasons are unknown; though there may be a possibility of some Russian intervention, an alternative analysis could argue that the Ukrainian government does not want to vilify Firtash due to the philanthropic charitable works he has conducted, which benefit Ukrainians both in and outside of the country.^{209 210 211}

According to the Group DF website and numerous open sources, Firtash owns and/or manages multiple companies, which notably include the following Crimea-based heavy industry companies:

- Ukrainian Chemical Products (ЧАО Юкреїниан Кемікал Продактс) (УСР [ЮКП]; formerly known as, but often still referred to as Crimea Titan [Крым Титан]) in Armyansk, which primarily produces titanium dioxide, fertilizer, and other chemicals
- Crimean Sodium Works (ПАО Крымский Содовый Завод)—alternately, Krymsky Sodovy Zavod (KSZ, [КСЗ]), Crimean Soda Plant, Krym Soda, and PJSC SZ—which is Ukraine's primary soda ash production manufacturer.

¹⁹⁸ Rachel Maddow, "Pursuit of Shady Oligarch a Test of DoJ Integrity Under Trump," MSNBC, <https://www.msnbc.com/rachel-maddow/watch/pursuit-of-shady-oligarch-a-test-of-doj-integrity-under-trump-881324611851?playlist=associated>.

¹⁹⁹ Andrew E. Kramer, "Ukrainian Gas Broker Faces Scrutiny," *The New York Times* online, <https://www.nytimes.com/2014/04/21/business/international/ukrainian-gas-broker-faces-scrutiny.html>.

²⁰⁰ Roman Olcarchyk and James Shotter, "Austria Arrests Ukraine Oligarch Dmitry Firtash at US Request," *Financial Times*, <https://www.ft.com/content/77af8ed2-aab0-11e3-9fd6-00144feab7de>.

²⁰¹ Stephen Grey, Tom Bergin, Sevghil Musaieva and Roman Anin, "SPECIAL REPORT-Putin's Allies Channelled Billions to Ukraine Oligarch," Reuters, <https://www.reuters.com/article/russia-capitalism-gas-special-report-pix/special-report-putins-allies-channelled-billions-to-ukraine-oligarch-idUSL3N0TF4QD20141126>.

²⁰² Marina Walker Guevara et al, "Who Uses the Offshore World," *International Consortium of Investigative Journalists*, <https://www.icij.org/investigations/offshore/who-uses-offshore-world/>.

²⁰³ Mikhail Zygar, *All the Kremlin's Men* (New York: PublicAffairs, 2016), 124-127.

²⁰⁴ Michael Weiss, "Married to the Ukrainian Mob," *Foreign Policy*, March 19, 2014, <http://foreignpolicy.com/2014/03/19/married-to-the-ukrainian-mob/>.

²⁰⁵ Mikhail Zygar, *All the Kremlin's Men* (New York: PublicAffairs, 2016), 167.

²⁰⁶ Andrew E. Kramer, "Ukrainian Gas Broker Faces Scrutiny," *The New York Times* online, <https://www.nytimes.com/2014/04/21/business/international/ukrainian-gas-broker-faces-scrutiny.html>.

²⁰⁷ "Group DF Statement Regarding the Information on the Prosecutor General's Office Website about Alleged Embezzlement of Funds and Tax Dodging by the Group DF Enterprises," News, Group DF Press Center, August 23, 2017, <https://groupdf.com/en/press-center/news/group-df-statement-regarding-the-information-on-the-prosecutor-generals-office-website-about-alleged-embezzlement-of-funds-by-the-group-df-enterprises-and-tax-dodging/>.

²⁰⁸ "There is No Second Lawsuit Against Dmitry Firtash – The Statement of Dmitry Firtash's Lawyers," News, Group DF Press Center, July 27, 2017, <https://groupdf.com/en/press-center/news/there-is-no-second-suit-against-dmitry-firtash-the-statement-of-dmitry-firtashs-lawyers/>.

²⁰⁹ Weiss, "Married."

²¹⁰ "Memorial to Victims of Holodomor was Opened in Washington," News, Group DF Press Center, November 9, 2015, <https://groupdf.com/en/press-center/news/memorial-to-victims-of-holodomor-was-opened-in-washington/>.

²¹¹ Janet McParland, "Controversy Puts Oligarch's Charity Contributions under the Microscope," *The Globe and Mail*, April 19, 2014, <https://www.theglobeandmail.com/report-on-business/international-business/european-business/controversy-puts-oligarchs-charity-contributions-under-the-microscope/article18068219/>.

UCP has been leased to Russia since 2014 and has likely been involved in unscrupulous activities: for example, the Ukrainian Center of Investigative Journalism discovered in mid-February 2018 that a Ukrainian-flagged tanker delivered ilmenite ore, almost certainly destined for UCP, from Turkey to the closed Kerch Port in Crimea, despite sanctions.^{212 213} In his book *Frontline Ukraine: Crisis in the Borderlands*, the University of Kent's Richard Sakwa outlines that Firtash's reluctance to re-register both UCP and Crimean Sodium Works as Russian and instead keep them listed as Ukrainian was a surreptitious tactic which benefitted not only Firtash, but Moscow as well:

The two plants contribute an astonishing 60 per cent to Crimea's GDP. They previously paid taxes to the Ukrainian authorities, but if they re-register as Russian enterprises they will automatically come in for European and American sanctions. At the same time, they will become vulnerable to being taken over by a major Russian player. Under Russian law an enterprise's accounts can be frozen and bankruptcy proceedings initiated if a certain amount of unpaid tax accumulates. This is one reason why Firtash preferred to maintain Ukrainian registration in the interim, and thus pay taxes to the Ukrainian government. The Crimean authorities appeared to have no plans to nationalise the plants, but instead sought to have them re-registered. In the words of one analysis: "This indicates Moscow's support for Firtash."²¹⁴

Additionally, based on a LinkedIn article on Crimea Titan, the plant seems to be experiencing some financial difficulties which include a dwindling staff and an August 2017 roof collapse. This latter incident necessitated the intervention of Russian bank VTB to assist the facility with its bank loan.²¹⁵ However, details of this transaction are unclear, mostly due to insufficient evidentiary source documentation.

The UK-based EIRIS Foundation, which researches and reports on ethical corporate and finance practices, has highlighted that Crimea Titan/UCP "is now an investment of Moscow-based private equity firm Titanium Investments" (ООО Титановые Инвестиции), which was established by Letan Investments Limited in Cyprus under Firtash's Group DF holdings.²¹⁶ Titanium Investments CEO Alexander Ayvazov (Александром Айвазовым) purportedly established the company along with Vladimir Kiriyeenko (Владимир Кириенко)—son of Russian First Deputy Chief of Staff of Putin's Presidential Executive Office, Sergei Kiriyeenko (Сергей Кириенко).^{217 218} According to October 2016 open-source information, Titanium Investments was allegedly affected by sanctions imposed by Ukraine on Russia.²¹⁹ In October 2017, the Ukrainian government

²¹² Interfax Ukraine, "Group DF Renames Crimea Titan," Interfax Ukraine, <http://en.interfax.com.ua/news/economic/257809.html>.

²¹³ UAWire, "Media: Despite Sanctions Ukrainian Cargo Ship Delivers Ore from Turkey to Crimea Then Safely Sails Back to Ukraine," UAWire, <https://www.uawire.org/media-ukrainian-cargo-ship-delivers-ore-from-turkey-to-crimea-and-sails-back-to-ukraine>.

²¹⁴ Richard Sakwa, *Frontline Ukraine: Crisis in the Borderlands* (London: I.B. Tauris, 2015), 111.

²¹⁵ Yuri Ivanov, "Russian TiO2 Market Trends," LinkedIn, <https://www.linkedin.com/pulse/russian-tio2-market-trends-yuri-ivanov>.

²¹⁶ EIRIS Foundation, "Company Detail: Titanium Investments LLC," EIRIS Foundation, <http://www.businessinoccupiedlands.org/search/?search=235&company=276&mode=organization>.

²¹⁷ Crime Russia, "Mystery Official. Kiriyeenko Family's Avenue to Wealth," Crime Russia, <https://en.crimerrussia.com/gover/mystery-official-kiriyeenko-family-s-avenue-to-wealth/>.

²¹⁸ Anton Verbitsky, "We Are No Longer Children: How the Relatives of Officials Manage Investment Funds," *Forbes Russia*, <http://www.forbes.ru/finansy/igroki/279131-my-uzhe-ne-deti-kak-rodstvenniki-chinovnikov-upravlyayut-investfondami?page=0.1>.

²¹⁹ *The Ukrainian Metal*, "Ukraine: Titanium Company Hit by Sanctions," *The Ukrainian Metal*, <https://metalukraine.com/2016/10/20/ukraine-titanium-company-hit-by-sanctions.html>.

similarly proposed sanctions against UCP based on national economic security concerns, though it was not easily possible to corroborate whether or not these sanctions were actually implemented.²²⁰ Furthermore, Titanium Investments also intends to finance the establishment of another titanium dioxide-related facility on the peninsula by 2020 with an estimated cost of approximately 31.2 billion rubles (US\$509,494,577.74).^{221 222} However, this information cannot be substantiated with any supporting documentation on the company's overall profit and loss margins. Though difficult to conclusively prove without primary source documents in hand, it is probable that Titanium Investments is a significant obfuscatory financial vehicle which allows Russia to continue illicit business practices within the Crimean heavy industry sector—and likely other sectors as well, especially considering its ties to Cypriot firm Letan Investments.

Firtash's connection to the Kiriyenkos is unclear, yet his links to Titanium Investments are a likely sign (in addition to his dealings with Gazprom) of collusion with the Putin-led government. Firtash is currently wanted for extradition to the U.S. for corruption and bribery in India and is currently in exile in Austria. His standing with Russia is not immediately transparent; however, his Crimean chemical and titanium plants continue to remain in operation, and—as of September 2015—at least one Russian billionaire with ties to Putin, Vasily Anisimov, purportedly provided 125 million Euros (US\$153,405,318.28) for Firtash's bail, suggesting his "Russian friends did not forsake him."²²³

Registrar companies can be used to obfuscate beneficial ownership of the securities of business entities in Crimea's industrial sector. In addition to the aforementioned Firtash-associated businesses, Factory Fiolent (АО Завод Фиолент) is held by registrar company Closed Joint Stock Company Siberian Registration Company (ЗАО Сибирская Регистрационная Компания), alternatively ZAO SRK.²²⁴ The chief executive officer and general director of ZAO SRK is Andrey Yurievich Alekhin [Андрей Юрьевич Алёхин] (or "Alyokhin") who founded the "Regional Branch of All-Russian Public Movement, "The Popular Front for Russia" (All-Russian People's Front, [Региональное Отделение Общероссийского Общественного Движения "Народный Фронт "За Россию" в Кемеровской области]), an organization which serves as a regional branch of Putin's political party in the Kemerovo Oblast.²²⁵ Alekhin is also the Chairman of the Regional Audit Commission of the Party in Kemerovo, with his own webpage section on the party website.²²⁶ Alekhin, in late November 2016, was photographed as an official attendee of the Party Action Forum held in Moscow.²²⁷ In an interview with local Russian media in May 2016, Alekhin said, "I think that the registrar is more important than the bank, because the bank has money, and we keep the assets that generate money, which they then bring to the bank."²²⁸ Alekhin claims that as of

²²⁰ The Ukrainian Metal, "Ukraine: Military Prosecutors Propose to Halt Foreign Economic Operations of Crimean Titanium," The Ukrainian Metal, <https://metalukraine.com/2017/04/10/ukraine-military-prosecutors-propose-to-halt-foreign-economic-operations-of-crimean-titanium.html>.

²²¹ The Ukrainian Metal, "Ukraine: Titanium Investments to Construct New Shop," The Ukrainian Metal, <https://metalukraine.com/2017/12/15/ukraine-titanium-investments-to-construct-new-shop.html>.

²²² Yuri Ivanov, "Russian TiO2 Market Trends," LinkedIn, <https://www.linkedin.com/pulse/russian-tio2-market-trends-yuri-ivanov>.

²²³ DW, "Vienna Court to Decide on Ukrainian Oligarch's Extradition to the US," DW, <http://www.dw.com/en/vienna-court-to-decide-on-ukrainian-oligarchs-extradition-to-the-us/a-18419173>.

²²⁴ "JSC Plant Fiolent," Zachestnyi Biznes, https://zachestnybiznes.ru/company/ul/1149102099640_9102048745_AO-ZAVOD-FIOLENT.

²²⁵ "Businessman Alekhin Andrey Yuryevich," Rusprofile, <http://www.rusprofile.ru/person/alekhin-ayu-421811169349>.

²²⁶ "Alekhin Andrey Yuirevich," ONF.RU, <http://onf.ru/alehin-andrey-yurevich/>.

²²⁷ "OK.RU Profile: Andrey Alekhin Photos," https://ok.ru/profile/28446484726/album/58457393302?st_aid=Undefined_Albums_OverPhoto.

²²⁸ "Andrey Alyokhin: The Registrar Is More Important Than the Bank," AgroSib: Siberian Reporter, No. 28, 2016, pp.36. http://sibreporter.info/sites/default/files/sr_74.pdf.

December 2015, ZAO SRK has fifteen joint-stock companies in Crimea for which it is the registrar, “among them are practically all large enterprises of the Crimea [Republic]: in particular, the public joint-stock company Crimean Sodium Works, numbering fifteen thousand shareholders, one of the leading instrument-making enterprises operating within the framework of the Russian defense order, the Fiolent Plant and others.”²²⁹ Factory Fiolent has been on the list of entities sanctioned by Ukraine; Mr. Alekhin, despite his business and political affiliations, is not.²³⁰ Reflecting Rosstat data as of late December 2016, the owners of Factory Fiolent are not declared. Whoever they are, they maintain a 100% share, worth approximately US\$12 million.²³¹ If it is true that Alekhin’s Siberian Registration Company also is the registrar for Crimean Sodium Works’ securities, Alekhin is directly affiliated with Dmytro Firtash and Firtash’s business network. It is possible that Firtash may have further connections to Putin, or at least his political party, through Alekhin.

VII. Implications

Economic development in Crimea has been a major priority for the Russian government since its annexation in 2014. President Putin himself held public meetings with Crimean leaders every year to discuss the region’s development, according to archived press releases from the Kremlin.^{232 233 234} He also campaigned there in March 2018 on the weekend of the presidential election, which was rescheduled to honor the anniversary of annexation.²³⁵ Crimea is generally not an attractive investment opportunity under U.S. sanctions—to combat this reality, the Duma passed a bill in 2014 creating a free economic zone designed to spur investment.²³⁶ This report has shown that oligarchs are generally profiting from Russian government contracts to invest in Crimea. However, it remains likely that some investment from oligarchs is also done to gain political favor with Putin. As the Helsinki Commission states, “Putin’s regime entrusts cronies to carry out various tasks, domestically and internationally... cronies sometimes must execute strategic projects that might not make commercial sense.”²³⁷ These political and financial incentives appear to be the driving force for oligarchs’ investment in Crimea, which would not have taken place without the Russian state’s current agenda.

How sustainable is Russian investment in Crimea? Oligarchs are investing in the region largely because of Russian government-created incentives to do so rather than long-term profitability of individual projects. Yet the Russian federal budget cannot sustain this level of investment indefinitely in the face of a sluggish economy, severe sanctions and a projected regional

²²⁹ Elena Tanazhko, “Experience Lasting Two Decades,” *Journal of the Board of Directors Siberia*, No. 11 (122), Dec. 2015, <http://sovetdirectorov.info/5613027/8908881/8944164/8944498/>.

²³⁰ “New Sanctions Table,” Avellum, 2 June 2017, http://avellum.com/Content/CmsFile/en/files_LA%20-%20New%20Sanctions%20-%20Table%20-%20ENG.pdf.

²³¹ “JSC ‘Plant’ Fiolent,” ListOrg.com, <https://www.list-org.com/company/8196877>.

²³² Kremlin Events, “Meeting on socioeconomic development in Crimea and Sevastopol,” 18 March 2015, <http://en.kremlin.ru/events/president/news/47877>.

²³³ Kremlin Events, “Meeting with senior officials of the Republic of Crimea and Sevastopol,” 19 August 2016, <http://en.kremlin.ru/events/president/news/52731>.

²³⁴ Kremlin Events, “Trip to Crimea and Sevastopol,” 20 August 2017, <http://en.kremlin.ru/events/president/trips/55391>.

²³⁵ Danila Gelperovich and Taras Burnos, “Putin Votes Cast From Crimea May Come at High Diplomatic Cost,” 17 March 2018, <https://www.voanews.com/a/putin-crimea-election/4303079.html>.

²³⁶ Russian Duma Legislative Support System, “Bill No. 639992-6,” 11 October 2014, <http://sozd.parlament.gov.ru/bill/639992-6>.

²³⁷ Helsinki Commission Report In Brief, “Corruption in Russia: An Overview,” 23 October 2017.

development cost already projected to reach US\$82 billion (over 5 trillion rubles).²³⁸ Crimea is largely dependent on Russia for food and electricity as well. If Crimea is to become a viable region, it must become more self-sustainable by revitalizing its tourism industry, re-establishing foreign direct investment flows, and continuing the development of natural gas fields. U.S. sanctions will likely hinder development since Crimea depends on external customers and suppliers for these industries. The region must attract tourists and investors, as well as buyers for their energy and agricultural products. Neither Crimea itself nor Russia can provide for all of Crimea's needs. Crimea requires access to the outside world to reverse its status as a burden on Russia's budget.²³⁹

There is evidence of foreign investment in Crimea from countries such as Turkey, China, India, Israel, and others. Russia and Ukraine have already pledged their support to China's Belt and Road Initiative (China's project to secure access to energy sources via multiple sea routes) by signing MOUs with China.²⁴⁰ China has already spent US\$5 billion for the development of the China-Belarus industrial park.²⁴¹ This site facilitates collaboration with European companies and Chinese State-Owned Enterprises.²⁴² Additionally, Indian seafood business mogul and consul-general for Iceland in Mumbai—Gul Kripalani—has signed an India-Crimea Partnership agreement on behalf of a group that represented 5 businesses.²⁴³ His Pijikay Group has an annual revenue of about US\$190 million.²⁴⁴ India has not officially joined the U.S. in enforcing sanctions against Russia over the annexation of Crimea. According to the Stockholm International Peace Research Institute (SIPRI), "Russia accounted for 62 per cent of India's arms imports in 2013–17, making it India's second largest arms supplier."²⁴⁵

Despite the steep economic challenges in Crimea, few expect Russia to jettison the new province. The annexation was largely popular domestically in both Crimea and Russia. Putin appears strong on the international stage by protecting historically Russian territory and ethnic groups. Crimea has important historical and strategic significance for Russia. Catherine the Great originally seized the peninsula from the Ottoman Empire in 1783 and held it until 1954 when Khrushchev ceded it to Ukraine. It is well known to Russians for scenic beaches and viticulture. Crimea gives Russia access to warm water ports in the Black Sea and Mediterranean with the naval base in Sevastopol. Putin likely feared losing this access to a future pro-Western government in Kiev in 2014 after President Yanukovich fled. Therefore, the domestic and strategic benefits of annexation mean Putin will likely be willing to endure whatever pain the international community can impose on Russia. Yet as the Helsinki Commission suggests, Russia may not retreat from Crimea

²³⁸ Agata Wierzbowska, Arkadiusz Sarna and Tadeusz A. Olszanski, "The Consequences of the Annexation of Crimea," The Centre for Eastern Studies, 19 March 2014, <https://www.osw.waw.pl/en/publikacje/analyses/2014-03-19/consequences-annexation-crimea>.

²³⁹ "Crimea's Annexation Two Years On," The Economist Intelligence Unit, 5 May 2016, <http://country.eiu.com/article.aspx?articleid=694194053>.

²⁴⁰ Ben Williams, "Israeli investors arrive in Crimea to assess venues for future investment projects," ACM Outpost, 28 October 2016, <https://benwilliamslibrary.com/blog/?p=5340>

²⁴¹ "Chinese Spending Lures Countries to Its Belt and Road Initiative," Bloomberg News online, 10 May 2017, <https://www.bloomberg.com/graphics/2017-china-belt-and-road-initiative/>.

²⁴² "Two new companies registered in China-Belarus industrial park," Xinhua Net online, 10 January 2017, http://www.xinhuanet.com/english/2018-01/10/c_136883711.htm.

²⁴³ "Indian entrepreneur loses out in controversy over Crimean leader in Putin's team," The Times of India, 26 December 2014, <https://m.timesofindia.com/nri/other-news/Indian-entrepreneur-loses-out-in-controversy-over-Crimean-leader-in-Putins-team/articleshow/45645431.cms>

²⁴⁴ Douglas Busvinc, "U.S. 'troubled' that Crimean leader in India with Putin," Reuters, 11 December 2014, <https://www.reuters.com/article/us-india-russia-crimea/u-s-troubled-that-crimean-leader-in-india-with-putin-idUSKBN0JP1AM20141211>

²⁴⁵ "Asia and the Middle East lead rising trend in arms imports, US exports grow significantly, says SIPRI," News and Events, SIPRI, 12 March 2018, <https://www.sipri.org/news/press-release/2018/asia-and-middle-east-lead-rising-trend-arms-imports-us-exports-grow-significantly-says-sipri>.

but the costs of investing there due to sanctions could become so high that the development project falls far short of expectations and Crimea continues to be a burden for the country.²⁴⁶ Individual oligarchs may be discouraged from investing there in the future as well. Perhaps most importantly, the more Russia suffers in Crimea, the more hesitant it may become to seek further territorial gains at the expense of its neighbors.

VIII. Conclusion / Recommendations

As evidenced by the investment patterns of wealthy Russian business people who maintain close ties to Putin and the Kremlin, U.S. sanctions are driving oligarchs to obfuscate their involvement with business deals by using family members, friends, middlemen, and (offshore) holding companies. Typically, wealthy business people would want to publicize being awarded large government projects and would do little to hide their sources of wealth. The research in this paper indicates that wealthy business people who have proximity to President Putin are obscuring the financial benefits received through these projects, since they are likely receiving more financial profit than they would like to publicly report. If large development projects executed by close allies of President Putin for the Sochi Olympics are any indicator of the level of financial benefits that could be gained in Crimea, Putin's allies could benefit greatly.²⁴⁷

The success of development in Crimea hinges on oligarchic investment in large government projects. Measures that impede the ability of oligarchs to profit from development in Crimea would be most effective in ensuring that the Crimean development project becomes an increasingly expensive and unsustainable undertaking for the Russian government. This would not only make oligarchs more hesitant to invest in Crimea through government contracts, but it would also prevent the proceeds of these contracts from being moved to offshore holding/shell companies. Once these funds reach offshore holding/shell companies, oligarchs could gain the ability to circumvent sanctions and continue their activities to support the Kremlin and gain influence abroad.

Inhibiting Russian oligarchs does not need to transcend U.S. borders. In addition to sanctions, measures taken domestically in the U.S. may prevent Russian wrongdoing and limit Russian influence. In the U.S. and other democratic states, transparency is an important tool in combating crimes like money laundering. U.S. legislation that installs stricter regulations for shell companies would not only support domestic law enforcement activities, but would also have the benefit of exposing Russian operations taking place in the U.S. This measure could be further developed by making more information regarding beneficial shareholders of shell companies available to the public or government agencies. In this process, it is possible Russian citizens and Crimean nationals could learn more about the business transactions of Kremlin supported oligarchs as well.

Therefore, this paper proposes four potential recommendations designed to impede the ability of Russian oligarchs to work as de facto agents for the Kremlin:

²⁴⁶ Helsinki Commission Report In Brief, "Corruption in Russia: An Overview," 23 October 2017

²⁴⁷ Halya Coynash, "Russia's Crimea Bridge Could Collapse Anytime," *The Atlantic Council*, <http://www.atlanticcouncil.org/blogs/ukrainealert/russia-s-crimea-bridge-could-collapse-anytime?tmpl=component&print=1>.

Recommendation 1:

Sanction All Individuals Associated with the Development of Crimea.

Expand sanctions to include the family members, middle-men, and shell companies used by Russian oligarchs. The goal is to seriously impede or halt progress on development in Crimea by sanctioning individuals and entities that are involved with development projects in Crimea.

Through our research, we have discovered the following mechanisms that oligarchs use to transfer money and obfuscate the involvement in certain projects and companies:

1. Government economic and development forums like the Yalta International Economic Forum that publicize large government projects and solicit bids for contractors.
2. Familial relationships with SDNs and their associates:
 - a. Former Ukrainian Prime Minister Pavel Lebedev and his wife Lyudmila Petrovna Lebedev.
 - b. Chairwoman of the Federation Council Valentina Matviyenko and son Sergey Matviyenko.
3. Middle-men and shell companies that help obfuscate sanctioned oligarchs' involvement:
 - a. Costas Hadjicosti
 - b. Charalambos Angelides
 - c. Anna Yurevna Lastochkina
 - d. Ukrainian Chemical Products (UCP)
 - e. Crimean Sodium Works
 - f. Andrey Yurievich Alekhin
 - g. Factory Fiolent

The Federal Target Program "Social and Economic Development of the Republic of Crimea and Sevastopol until 2020" is promoted through multiple avenues such as the Yalta Forum which draw in investors from different countries.²⁴⁸ Individuals and entities could be dissuaded from operating in Crimea by U.S. sanctions. An example for this type of government promotion can be seen in RNCB and Bank Rossiya's role as forum sponsors.²⁴⁹ These banks have operated as intermediaries for investment in Crimea by the Russian state for the sake of propping up the region's economy. Essentially, the Yalta Forum and similar events are just another means to this end. The U.S. can sanction any economic entity that involves itself through events like the Forum in Crimea. This type of action has already been established as a means for deterrent under Executive Order 13660.²⁵⁰ This should not only include investment taken at the direction of the Russian State, but also any investment that directly or indirectly supports the Kremlin's goal in the region. Countries have already begun to ignore sanctions imposed by not only the U.S., but also the

²⁴⁸ Oksana Pavlova, "«Сибавтотранс» до Крыма," *Kommersant*, 2 March 2017, <https://www.kommersant.ru/doc/3230179>.

²⁴⁹ "Partners," Yalta Forum, <http://forumyalta.com/pages/partners/1/>

²⁵⁰ Office of Foreign Assets Control, "Ukraine/Russia Related Sanctions Program," updated 16 June 2018, <https://www.treasury.gov/resource-center/sanctions/Programs/Documents/ukraine.pdf>.

European Union. This allows the Russian State to continue promoting their interests.²⁵¹ The goal for these sanctions is to deter any action that could further legitimize the Russian State's annexation of Crimea.

If sanctions were expanded to include the facilitators of SDNs, the development of Crimea could be slowed by making it more difficult for oligarchs to provide the investment needed to fund large development projects. This would erode the Kremlin's ability to legitimize the annexation of Crimea if the pace of its development becomes seriously impeded. While this could be effective in the short-run, oligarchs and the Russian government will find others way avenues to continue their activities that could include using other people/entities to facilitate their transactions or moving money through physical or other untraceable means.

Recommendation 2:

Expand Resources and Capabilities of U.S. Anti-Money Laundering (AML) Programs

Domestically, the resources and capabilities of U.S. Anti-Money Laundering (AML) programs should be expanded. In a 2011 World Bank forensic study of grand corruption cases, anonymous companies incorporated in the U.S. were used in more grand corruption cases than those in any other country.²⁵² As of 2013, The Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) employed only 350 people, but receives an average of 55,000 Suspicious Activity Reports (SARs) daily.²⁵³ Currently, its limited workforce can inspect only reports of suspicious activity and lack the ability to actively investigate suspicious activity outside of SARs. We need our financial corruption entities to have the ability to not only report but also investigate these cases.

Additionally, AML reporting responsibilities are not required by all of the professional services that act as gatekeepers to the U.S. financial system. Obligations for conducting due diligence on potential customers, monitoring their actions for money laundering activities, and reporting suspicious activities to law enforcement are not currently required of lawyers, formation agents, investment advisors, and the real estate industry. Congress should pass legislation to require all industry professionals in the U.S. financial system to comply with AML programs as well as address new challenges posed by cryptocurrency. FinCen's budget, personnel, and capabilities to investigate should be greatly expanded. A new Russian kleptocracy investigative unit should also be created under FinCen's purview.²⁵⁴

This would greatly increase the U.S.' ability to enforce AML programs and hopefully prevent large amounts of money laundering from occurring in the United States without knowledge by government authorities. Unfortunately, if this program is successfully implemented, Russian oligarchs may find other jurisdictions to facilitate their business activities where the U.S. may not have the ability to easily track their financial activities. Prior to implementing such a program, more

²⁵¹ "Italian Firms Doing Business in Crimea Despite EU Sanctions- Lawmaker," Sputnik News, 14 October 2016, <https://sputniknews.com/business/201610141046347203-business-crimea-italy-sanctions/>.

²⁵² Ibid

²⁵³ Ibid

²⁵⁴ Ibid

research is required to identify the new jurisdictions where Russian oligarchs may began to move their assets. The United States should consider working with these jurisdictions to build an international AML investigative and enforcement organization prior to the implementation of an enhanced domestic program.

Recommendation 3:

U.S. Public Relations Campaign on Russian Corruption

The U.S. government should launch a campaign to publicly highlight businesses that enable illicit transactions in order to expose Russian corruption and deter foreign direct investment (FDI) in Crimea. Departments of State and Treasury should publicize the wealth and assets of oligarchs to increase awareness amongst Russian citizens and the rest of the world. This can be done through an annual anti-kleptocracy report such as that suggested by the Hudson Institute that would detail the total assets controlled by the Russian government and connected oligarchs.²⁵⁵ The State Department already issues a similar set of public analyses through its annual Human Rights Reports. The goal of this action would be to expose illicit transactions and deter any potential FDI in Crimea. In other words, publicizing that the U.S. is aware of the illicit transactions occurring in relation to Crimea and that action is being taken against individuals and entities involved would deter other foreign parties from investing in the region for fear of being sanctioned by the U.S. Ultimately, the Crimean economy would need to be sustained indefinitely by these Russian oligarchs if external investors could be deterred by U.S. sanctions.

Another potential benefit of this campaign would be to increase awareness of Russian corruption amongst Russian citizens. Putin's high approval ratings may be at risk if Russian citizens discovered credible and irrefutable information regarding the magnitude of political and financial benefits afforded to oligarchs by the Kremlin for simply investing in Crimea. The juxtaposition of Russian oligarchs making large sums of money through numerous government sponsored develop projects in Crimea while government investment in other regions of Russia has been lacking could sow the seeds of discord amongst Russian citizenry. Additionally, this could also provide a suitable environment to request an interagency process for relevant U.S. government entities to cultivate personal relationships with disenchanting Russian citizens, oligarchs, their relatives, and other key players to discover more information regarding opaque financial infrastructures not yet uncovered through the research presented in this paper. These initiatives could be fortified by incentivizing Russians who have assets stolen by the Russian government or oligarchs to come forward, as well as facilitating asylum claims by whistleblowers who expose Russian corruption that threatens U.S. interests. Providing adequate protection to whistleblowers should also be a priority given the recent incident involving Russian ex-spy Skripal.

The risks associated with implementing this recommendation involve the potential adverse effects on Crimea's economy. Citizens living in Crimea will be directly affected if Crimea's economy is worsened by the U.S. deterring FDI. Also, exposing this corruption to the Russian population

²⁵⁵ Ben Judah & Nate Sibley, "Countering Russian Kleptocracy," Hudson Institute, April 2018, <https://s3.amazonaws.com/media.hudson.org/files/publications/CounteringRussianKleptocracy.pdf>.

could provoke a response from the Kremlin to initiate a retaliatory propaganda campaign against the U.S. or its allies.

Recommendation 4:

Enforce Transparency of Shell Companies in the U.S.

The U.S. should enforce transparency of shell companies that originate or operate in the U.S. “The United States currently mass-produces the legal entities which Russian kleptocrats and other criminals use to circumvent law enforcement: anonymous shell companies.”²⁵⁶ ²⁵⁷ As highlighted in this report, Russian oligarchs that are investing in Crimea are using offshore holding and shell companies to obfuscate their involvement with certain companies and projects. According to the *Countering Russian Kleptocracy* report published by the Hudson Institute, the United States produces about “10 times more shell companies than the world’s next 41 tax havens combined” and Russian kleptocrats are exploiting deficiencies in the the current U.S. AML system.²⁵⁸ Sanctions and Russia-focused recommendations are essential, but until we fix our problem back home, Russian oligarchs will continue to exploit deficiencies in the the current U.S. AML system.

To enforce transparency of these shell companies, Congress should create a federal registry that lists beneficial ownership for all companies in the U.S. and foreign companies/individuals who own assets in the U.S. This would require the shareholdings of U.S. companies to be posted and frequently updated on the federal business registry for law enforcement and possibly the public. Additionally, the U.S. government should force its most opaque jurisdictions like Delaware, Wyoming, Idaho, and Nevada to be more transparent, potentially by threatening to withhold federal funds for infrastructure, education, health care, etc. The U.S. approach could consider modeling their federal business registry after “the United Kingdom’s 2016 Persons of Significant Control Register, which includes information about individuals who own or control companies including their name, month and year of birth, and details of their shareholdings in the companies.”²⁵⁹

The primary benefit associated with this registry would be to prohibit Russian oligarchs from utilizing opaque financial infrastructures to obscure their investments. Shell companies and their owners would be exposed and held accountable for publicizing their financial transactions. The Department of the Treasury’s FinCEN should be given the necessary funds and powers to establish a dedicated inspection unit for formation agents to ensure effective compliance. Those who disregard them or deliberately provide misleading information about the beneficial ownership of a company or trust should be subject to civil or criminal penalties.

²⁵⁶ Ben Judah & Nate Sibley, “Countering Russian Kleptocracy,” Hudson Institute, April 2018,

<https://s3.amazonaws.com/media.hudson.org/files/publications/CounteringRussianKleptocracy.pdf>.

²⁵⁷ Liz Confalone, “Forming an Anonymous Company Can Be Easier Than Getting a Library Card”, The New York Times, 7 April 2016, <https://www.nytimes.com/roomfordebate/2016/04/07/cracking-shell-company-secrecy/forming-an-anonymous-company-can-be-easier-than-getting-a-library-card>.

²⁵⁸ Ben Judah and Nate Sibley, “Countering Russian Kleptocracy,” Hudson Institute, April 2018, <https://s3.amazonaws.com/media.hudson.org/files/publications/CounteringRussianKleptocracy.pdf>.

²⁵⁹ Shima Baradaran Baughman, “U.S. Shell Companies Are Just as Common as Panamanian Ones.” New Republic, 12, April 2016 <https://newrepublic.com/article/132600/us-shell-companies-just-common-panamanian-ones>.

An important drawback of this recommendation is the need for a substantial amount of resources to enforce transparency amongst large numbers of shell companies that exist and will be created as time goes on.

In Conclusion

Since World War II, the rules-based liberal international order and the fall of the Soviet Union have kept a general peace in Europe. Despots such as Slobodan Milosevic in Serbia have been properly punished by international institutions and their actions made non-repeatable or at the very least non-profitable. However, Russia in the Putin era has infringed upon multiple locations along its borders and continues to threaten to push the envelope even further. Starting with its incursion into Georgia's South Ossetia region in 2008, followed by the annexation of Crimea in 2014 and its influence campaigns against several elections in 2016 and 2017, Russia has consistently tested limits to determine how far the West will allow them to go. Their usual excuse is that they are protecting ethnic Russians, but our research has shown that in Crimea, it has been anything but. For Russia, ownership of Crimea is an opportunity to expand influence and generate money for its power players. From the U.S. perspective, there are multiple countries in the Balkans and Baltics with ethnic Russian populations that may fear they are next in line. NATO members such as Estonia may wonder whether Article 5 will be successfully invoked if a minor incursion occurs in an ethnic Russian area of the country. For the U.S., maintaining defensive, economic, and overall soft power in the region is imperative to ensure the region remains stable and independent. Russia's incursion into Crimea, along with any other further aggression, should be addressed by making the incursion as economically painful as possible. For a recent example, Oleg Deripaska—who has benefitted greatly from Russia's annexation of Crimea—has found his assets frozen and his travel restricted as his companies suffer. The U.S. must continue this pressure campaign to uphold norms, to make illegal annexations punishable through financial repercussions, and to ensure the sovereignty of populations.

Bibliography

"A motion was agreed on the completion of a transaction [actions] falling under control of economic concentration," *Legal acts, Federal Antimonopoly Service*, June 24, 2016, <http://solutions.fas.gov.ru/ca/upravlenie-regulirovaniya-transporta/ar-42144-16>.

"About the Forum," *Yalta International Economic Forum Foundation*, forumyalta.com/pages/about/5/.

"Addendum No. 9 to the State Contract of February 17, 2015 No 2," *SGM Contract Translation*, December 24, 2015.

"Aeroflot subsidiary grounded by European sanctions," *Financial Times*, <https://www.ft.com/content/f2bbcb6c-1b31-11e4-a633-00144feabdc0>.

"Alekhin Andrey Yuirevich." *ONF.RU*, <http://onf.ru/alehin-andrey-yurevich/>.

"Alion SEC Form D: Notice of Exempt Offering of Securities," *SEC EDGAR Database*, January 11, 2011, https://www.sec.gov/Archives/edgar/data/1509945/000150994511000001/xslFormDX01/primary_doc.xml.

"Andreas M. Sofocleous & Co LLC | Advocates - Legal Consultants," *Andreas M. Sofocleous & Co LLC | Advocates - Legal Consultants*, <http://www.sofocleous.com.cy/>.

"Andrey Alyokhin: The Registrar Is More Important Than the Bank" *AgroSib: Siberian Reporter*, 2016, http://sibreporter.info/sites/default/files/sr_74.pdf.

Angelides, Charalambos, *LinkedIn*, <https://www.linkedin.com/in/charalambosa/>.

Associated Press. "Putin: Sanctions Made Russia Stronger," *Politico*, June 15, 2017, <https://www.politico.com/story/2017/06/15/putin-sanctions-made-russia-stronger-239578>.

"Australia Imposes Sanctions on Russians After Annexation of Crimea from Ukraine," *ABC News*, March 19, 2014, <http://www.abc.net.au/news/2014-03-19/australia-sanctions-russia-ukraine/5331826>.

Australian Government. "Australia and Sanctions," *Australian Government*, <http://dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.aspx>.

Bank of Russia Ordinance document, November 2, 2017, <http://docplayer.ru/72762886-Soderzhanie-15-noyabrya-2017-1929.html>.

"Bank 'Taatta' replaces the head and key owner," *bank.ru*, October 10, 2017, <http://www.banki.ru/news/lenta/?id=10051459>.

Baradaran Baughman, Shima, "U.S. Shell Companies Are Just as Common as Panamanian Ones." *New Republic*, April 12, 2016 <https://newrepublic.com/article/132600/us-shell-companies-just-common-panamanian-ones>

Bloomberg News. "Chinese Spending Lures Countries to Its Belt and Road Initiative." May 10, 2017. <https://www.bloomberg.com/graphics/2017-china-belt-and-road-initiative/>.

"Board of Directors." *Bank Rossiya*. <http://www.abr.ru/about/corp/corporativ/>.

"Board of Directors of the Central Bank of the Russian Federation," *The Central Bank of the Russian Federation*, <https://www.cbr.ru/Eng/today/?PrId=dir>.

Bosilkovski, Igor, "Treasury Department's Russia Oligarchs List Is Copied From Forbes," *Forbes*, January 30, 2018, <https://www.forbes.com/sites/igorbosilkovski/2018/01/30/treasury-departments-russias-oligarchs-list-is-copied-from-forbes/#45bb407d6825>

Bowers, Simon, "Bank Rossiya, Kremlin's favoured bank, to be "frozen out the dollar," *The Guardian*, March 20, 2014, <https://www.theguardian.com/world/2014/mar/20/crimea-crisis-kremlin-bank-frozen-out-dollar>.

Burnos, Taras And Gelperovich, Danila, "Putin Votes Cast From Crimea May Come at High Diplomatic Cost," March 17, 2018, <https://www.voanews.com/a/putin-crimea-election/4303079.html>.

"Businessman Alekhin Andrey Yuryevich," *Rusprofile*, <http://www.rusprofile.ru/person/alekhin-ayu-421811169349>.

Busvine, Douglas, "U.S. 'troubled' that Crimean leader in India with Putin," *Reuters*, December 11, 2014, <https://www.reuters.com/article/us-india-russia-crimea/u-s-troubled-that-crimean-leader-in-india-with-putin-idUSKBN0JP1AM20141211>

Bystrov, Andrey. "Simferopol airport back on positive growth path," *Russian Aviation Insider online*, March 12, 2018. <http://www.rusaviainsider.com/simferopol-airport-back-positive-growth-path/>.

"Cape Fiolent in Crimea as unique landscape reserve is lost," *Crimean News Agency*, May 26, 2017, <http://qha.com.ua/en/society/cape-fiolent-in-crimea-as-unique-landscape-reserve-is-lost/140800/>.

"Center for Strategic Research 'North-West' (CSR 'North-West')," *NIRA's World Directory of Think Tanks*, <http://www.nira.or.jp/past/ice/nwdtt/2005/DAT/1267.html>.

"Company Detail: Russian National Commercial Bank PJSC," *EIRIS Foundation*, <http://www.businessinoccupiedlands.org/search/?search=235&company=262&mode=organization>.

"Company Overview of Simferopol International Airport," *Bloomberg*, March 31, 2018, <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=110000492>.

Confalone, Liz, "Forming an Anonymous Company Can Be Easier Than Getting a Library Card," *The New York Times*, April 7, 2016, <https://www.nytimes.com/roomfordebate/2016/04/07/cracking-shell-company-secrecy/forming-an-anonymous-company-can-be-easier-than-getting-a-library-card>

"Construction bacchanalia in the city of Russian glory," *Rambler*, July 4, 2017, <https://news.rambler.ru/economics/37315860-stroitel'naya-vakhanaliya-v-gorode-russkoy-slavy/>.

"Cosmos Holdings Inc. | International Holding Company," *Cosmos Holdings Inc.*, <http://www.cosmosholdingsinc.com/>.

"Court agrees to question Azarov via video link in Yanukovich treason case," *Ukrinform*, March 21, 2018, <https://www.ukrinform.net/rubric-politics/2426273-court-agrees-to-question-azarov-via-video-link-in-yanukovich-treason-case.html>

Coynash, Halya, "Russia's Crimea Bridge Could Collapse Anytime," *The Atlantic Council*, January 10, 2017. <http://www.atlanticcouncil.org/blogs/ukrainealert/russia-s-crimea-bridge-could-collapse-anytime?tmpl=component&print=1>.

"Crimea: 2014 Tourist Season Heading for the Rocks," *Eurasianet*, April 11, 2014, <https://eurasianet.org/s/crimea-2014-tourist-season-heading-for-the-rocks>.

"Crimean Profile," *BBC*, 17 January 2018, <http://www.bbc.com/news/world-europe-18287223>.

"Crimea's Annexation Two Years On," *The Economist Intelligence Unit*, May 5, 2016, <http://country.eiu.com/article.aspx?articleid=69419405>.

"Crimea's Economy In Number and Pictures," *RT*, March 18, 2014, <https://www.rt.com/business/crimea-economy-referendum-results-102/>.

"Company Detail: Titanium Investments LLC," *EIRIS Foundation online*, <http://www.businessinoccupiedlands.org/search/?search=235&company=276&mode=organization>.

Dahlburg, John-Thor and Laura Mills, "Crimea's New Russian Overlords Are Seizing Thousands Of Businesses," *Business Insider*, December 2, 2014, <https://www.businessinsider.com/crimeas-new-russian-overlords-are-seizing-thousands-of-businesses-2014-12>.

Department of Registrar of Companies and Official Receiver, <https://efiling.drcor.mcit.gov.cy/DrcorPublic/SearchResults.aspx?name=%&number=232696&searchtype=optStartMatch&index=1&name=%&sc=0>.

"Drilling Rigs of 'Chernomornaftogaz' Were Captured By The Russian 104th Regiment's Paratroopers," *InformNapalm.org*, December 24, 2015, <https://informnapalm.org/en/drilling-rigs-of-chernomornaftogaz-were-captured-by-the-russian-104th-regiment-s-paratroopers/>.

"Eastern Europe, Caucasus, and Central Asia." *International Energy Agency*, https://www.iea.org/publications/freepublications/publication/IDR_EasternEuropeCaucasus_2015.pdf

"EDGAR Search Results," *SEC EDGAR Database*, <https://www.sec.gov/cgi-bin/browse-edgar?company=prime+estates&owner=exclude&action=getcompany>.

European Union. "Declaration by the High Representative on Behalf of the European Union on the Alignment of Certain Third Countries with the Council Decision 2014/145/CFSP Concerning Restrictive Measures in Respect of Actions Undermining or Threatening the Territorial Integrity, Sovereignty and Independence of Ukraine," *European Union*, April 11, 2014, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/cfsp/142174.pdf.

"EX-10.1.2 pmlt_ex101.htm SHARE EXCHANGE AGREEMENT," *SEC EDGAR Database*, April 22, 2013, https://www.sec.gov/Archives/edgar/data/1474167/000147793213001992/pmlt_ex101.htm.

"Executive Profile: Mansurov, Dmitry Flerovich," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/person.asp?personId=329671403&privcapId=53837101>.

Fedeczko, Sofia and Mokrushin, Serhiy, "How Annexation Made Crimea's Self-Proclaimed Government Rich," *Hromadske International* August 30, 2017, <https://en.hromadske.ua/posts/how-annexation-made-crimeas-self-proclaimed-government-rich>.

Fedeichev, Sergei, "Abkhazia's Economy Minister Agdur Ardzindba (Right) at a panel session titled 'Crimea: Strategy 2030' as part of the 2017 Yalta International Economic Forum, at the Myria Resort Hotel." *Getty Images*. <https://www.gettyimages.it/detail/fotografie-di-cronaca/abkhazias-economy-minister-agdur-ardzinba-at-a-fotografie-di-cronaca/670699652#/abkhazias-economy-minister-agdur-ardzinba-at-a-panel-session-titled-picture-id670699652>.

Federal State Statistics Service for the Republic of Crimea and the City of Sevastopol. "ВАЛОВОЙ РЕГИОНАЛЬНЫЙ ПРОДУКТ РЕСПУБЛИКИ КРЫМ ПО ВИДАМ ЭКОНОМИЧЕСКОЙ ДЕЯТЕЛЬНОСТИ," http://crimea.gks.ru/wps/wcm/connect/rosstat_ts/crimea/ru/, See Appendix.

Federal Treasury, Unified Information Systems in the Field of Procurement, <http://zakupki.gov.ru>.

Fischer, Wea and Jadwiga Rogoza. "Crimea, One Year After the Annexation: The End of the Honeymoon?" *OSW*, March 25, 2015, <https://www.osw.waw.pl/en/publikacje/analyses/2015-03-25/crimea-one-year-after-annexation-end-honeymoon>.

Flintoff, Corey, "Russia's Crimea Bridge Project Baset By Engineering Worries And Labor Woes," *NPR*, August 16, 2016, <https://www.npr.org/sections/parallels/2016/08/16/490245830/russias-crimea-bridge-project-beset-by-engineering-worries-and-labor-woes>.

"For the Development of Working Documentation," *Contract translation*, August 11, 2014.

Foxall, Andrew. "Guest post: How Did Russia's RNCB Avoid Ukraine-Related Sanctions for So Long?" *Financial Times*, 18 March 2015, <https://www.ft.com/content/5d3e5ef4-9c80-3ee3-8768-67b72771e563>.

Friedman, Misha, "The High Price of Putin's Takeover of Crimea," March 31, 2017, <https://www.bloomberg.com/news/features/2017-03-31/crimea-pays-a-high-price-three-years-after-russian-takeover>.

Galpin, Richard. "Russians Count the Cost a Year After Crimea Annexation," *BBC News*, March 20, 2015, <http://www.bbc.com/news/world-europe-31962156>.

Gerden, Eugene, "Crimean Wineries to be Auctioned," *Meininger's*, February 16, 2018, <https://www.meininger.de/en/wine-business-international/crimean-winceries-be-auctioned>.

Government of Canada. "Special Economic Measures (Ukraine) Regulations," *Justice Laws Website*, <http://laws-lois.justice.gc.ca/eng/regulations/SOR-2014-60/page-1.html>.

"Greenbase LTD.: CEO and Executives - Bloomberg," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=237618622>.

"Greetings to 3rd Yalta International Economic Forum," *President of Russia: Events*, April 20, 2017, <http://en.kremlin.ru/events/president/news/54352>.

Grey, Stephen, Tom Bergin, Sevgil Musaieva, and Roman Anin. "SPECIAL REPORT-Putin's Allies Channelled Billions to Ukraine Oligarch," *Reuters online*, 26 November 2014, <https://www.reuters.com/article/russia-capitalism-gas-special-report-pix/special-report-putins-allies-channelled-billions-to-ukraine-oligarch-idU5L3N0TF4QD20141126>.

Group DF Press Center. "Group DF Statement Regarding the Information on the Prosecutor General's Office Website about Alleged Embezzlement of Funds and Tax Dodging by the Group DF Enterprises." News. August 23, 2017. <https://groupdf.com/en/press-center/news/group-df-statement-regarding-the-information-on-the-prosecutor-generals-office-website-about-alleged-embezzlement-of-funds-by-the-group-df-enterprises-and-tax-dodging/>.

Group DF Press Center. "Memorial to Victims of Holodomor was Opened in Washington." News. November 9, 2015. <https://groupdf.com/en/press-center/news/memorial-to-victims-of-holodomor-was-opened-in-washington/>.

Group DF Press Center. "There is No Second Lawsuit Against Dmitry Firtash – The Statement of Dmitry Firtash’s Lawyers." News. July 27, 2017. <https://groupdf.com/en/press-center/news/there-is-no-second-suit-against-dmitry-firtash-the-statement-of-dmitry-firtashs-lawyers/>.

"Group DF Renames Crimea Titan," *Interfax Ukraine online*, March 30, 2015, <http://en.interfax.com.ua/news/economic/257809.html>.

Guevara, Marina Walker, Nicky Hager, Mar Cabra, Gerard Ryle, and Emily Menkes, "Who Uses the Offshore World," *International Consortium of Investigative Journalists*, April 4, 2013, <https://www.icij.org/investigations/offshore/who-uses-offshore-world/>.

Helsinki Commission Report In Brief, "Corruption in Russia: An Overview," October 23, 2017.

Hadjicosti, Costas, *LinkedIn*, <https://www.linkedin.com/in/costas-hadjicosti-49b91b29/>.

"How did Russia’s RNCB Avoid Ukraine-related Sanctions For So Long?" *Financial Times*, March 8, 2015, <https://www.ft.com/content/5d3e5ef4-9c80-3ee3-8768-67b72771e563>.

"Indian entrepreneur loses out in controversy over Crimean leader in Putin’s team," *The Times of India*, December 26, 2014, <https://m.timesofindia.com/nri/other-news/Indian-entrepreneur-loses-out-in-controversy-over-Crimean-leader-in-Putins-team/articleshow/45645431.cms>

"In the course of the report before the election, the governor of Sevastopol, Dmitry Ovsyannikov, once again stressed that the issue of Laspi was closed, and the boundaries of the reserve were finally determined," *Parangon*, February 28, 2018, <https://parangon.org/2018/03/15/v-hode-otcheta-pere-d-zaksobraniem-gubernator-sevastopolya-dmitrij-ovsyannikov-v-ocherednoj-raz-podcherknul-cto-vopros-po-laspi-zakryt-i-granitsy-zakaznika-opredeleny-okonchatelno/>.

Ivanov, Yuri. "Russian TiO2 Market Trends," *LinkedIn*, <https://www.linkedin.com/pulse/russian-tio2-market-trends-yuri-ivanov>.

"Japan Imposes Sanctions Against Russia over Crimea Independence," *Fox News World*, March 18, 2014, <http://www.foxnews.com/world/2014/03/18/japan-imposes-sanctions-against-russia-over-crimea-independence.html>.

Jordan, Will, "Illicit Deal Targets Assets Looted from Ukraine," *Ukraine | Al Jazeera*, January 7, 2018, <https://www.aljazeera.com/indepth/features/illicit-deal-targets-assets-looted-ukraine-171206141619973.html>.

"JSC 'Plant' Fiolent," *ListOrg.com*, <https://www.list-org.com/company/8196877>.

"JSC Plant Fiolent," *Zachestnyi Biznes*, https://zachestnybiznes.ru/company/ui/1149102099640_9102048745_AO-ZAVOD-FIOLENT.

Judah, Ben and Nate Sibley, "Countering Russian Kleptocracy," *Hudson Institute*, April 2018, <https://s3.amazonaws.com/media.hudson.org/files/publications/CounteringRussianKleptocracy.pdf>.

Kramer, Andrew E., "Ukrainian Gas Broker Faces Scrutiny," *New York Times online*, April 21, 2014, <https://www.nytimes.com/2014/04/21/business/international/ukrainian-gas-broker-faces-scrutiny.html>.

Kremlin Events, "Meeting on socioeconomic development in Crimea and Sevastopol," March 18, 2015, <http://en.kremlin.ru/events/president/news/47877>.

Kremlin Events, "Meeting with senior officials of the Republic of Crimea and Sevastopol," August 19, 2016, <http://en.kremlin.ru/events/president/news/52731>.

Kremlin Events, "Trip to Crimea and Sevastopol," August 20, 2017, <http://en.kremlin.ru/events/president/trips/55391>.

Kuzio, Taras, "Who committed treason in Ukraine?" *Ukrainian Policy*, March 1, 2016, <http://ukrainianpolicy.com/who-committed-treason-in-ukraine/>.

Levintova, Hannah, AJ Vicens, and Ashley Dejean. "Hacker, Banker, "Soldier, Spy: A Guide to the Key Players in the Trump-Russia Scandal," *Mother Jones*, <https://www.motherjones.com/politics/2017/06/russia-trump-putin-scandal-key-players-dossiers/>.

"Limited Company 'MANAGEMENT COMPANY INFRASTRUCTURAL PROJECTS' Accounting (financial reporting)," *rusprofile*, <http://www.rusprofile.ru/accounting?ogrn=1149102091654>.

Litovkin, Nikolay, "Crimea to open for Indian Projects," *Russia Beyond*, July 18, 2016, https://www.rbth.com/economics/cooperation/2016/07/18/crimean-peninsula-to-open-for-indian-projects_612555

Litvinova, Daria, "Why Kerch May Prove a Bridge Too Far for Russia," *The Moscow Times*, June 17, 2016, <https://themoscowtimes.com/articles/why-kerch-may-prove-a-bridge-too-far-for-russia-53309>.

"LLC 'UKIP'," *rusprofile*, <http://www.rusprofile.ru/id/7526393>.

"Lukoil- History," *LUKOIL International Upstream West Inc.*, <http://upstreamwest.lukoil.com/en/About/History>.

"Luxurious 5-star hotel to be built in Yalta by Missile Forces and Artillery ex-head's company," *Crime Russia*, January 22, 2018, <https://en.crimerussia.com/gromkie-dela/luxurious-5-star-hotel-to-be-built-in-yalta-by-missile-forces-and-artillery-ex-head-s-company/>.

Lyrchikova, Anastasia, "Russia Says Launch of Crimea Power Plant Delayed," *Reuters*, November 9, 2017, <https://www.reuters.com/article/us-ukraine-crisis-crimea-electricity/russia-says-launch-of-crimea-power-plant-delayed-idUSKBN1D91ZT>.

MacFarquhar, Neil and Ivan Nechepurenko, "Putin's Bridge to Crimea May Carry More Symbolism Than Traffic," *The New York Times*, November 11, 2017, <https://nyti.ms/2hrHNy0>.

Makarenko, Olena. "Crimea's Economy. When Russia's Words and Figures Don't Meet," *Euromaidan Press*, May 17, 2016, <http://euromaidanpress.com/2016/05/17/crimeas-economy-when-russias-words-and-figures-dont-meet/>.

Matuszak, Slawomir, "How Ukrainian Oligarchs View Economic Integration with the EU and Russia," *Osrodek Studiów Wschodnich (OSW - Center for Eastern Studies)*, <https://www.osw.waw.pl/en/publikacje/analyses/2011-09-14/how-ukrainian-oligarchs-view-economic-integration-eu-and-russia>.

McFarland, Janet. "Controversy Puts Oligarch's Charity Contributions under the Microscope." *The Globe and Mail*, April 29, 2014. <https://www.theglobeandmail.com/report-on-business/international-business/european-business/controversy-puts-oligarchs-charity-contributions-under-the-microscope/article18068219/>.

Melkozerova, Veronika, "Russia's Illegal Crimean Bridge Construction Will Cost Ukraine," *Kyiv Post*, August 31, 2017, <https://www.kyivpost.com/ukraine-politics/russias-illegal-crimean-bridge-construction-will-cost-ukraine-video.html>.

Michael (Misha) Friedman, email message to author, April 10, 2018.

Mirovalev, Mansur, "Crimean Business Owners Caught Up in Pro-Russia Officials' Crackdown," *Los Angeles Times*, January 12, 2017, <http://www.latimes.com/world/europe/la-fg-crimea-yalta-2017-story.html>.

"Mission and Values," *Glavgosexpertia of Russia*, <https://gge.ru/about/#menu-block1>.

Montag-Girmes, Polina, "Russia to spend \$8.5 million for 2017 Crimea subsidy program," *Air Transportation World*, April 6, 2017, <http://atwonline.com/government-affairs/russia-spend-85-million-2017-crimea-subsidy-program>.

"Mortgage in Sevastopol and Crimea," *Parangon*, February 6, 2018, <https://parangon.org/2018/02/06/ipoteka-v-sevastopole-i-v-krymu/>.

Myers, Steven Lee and Ellen Barry, "Putin Reclaims Crimea for Russia and Bitterly Denounces the West," *New York Times* online, March 18, 2014, <https://www.nytimes.com/2014/03/19/world/europe/ukraine.html>.

"Mystery Official. Kiriienko Family's Avenue to Wealth," *Crime Russia*, Last modified October 24, 2017, <https://en.crimerussia.com/gover/mystery-official-kiriienko-family-s-avenue-to-wealth/>.

NATO, "The Energy Dimensions of Russia's Annexation of Crimea," *NATO Review*, <https://www.nato.int/docu/review/2014/NATO-Energy-security-running-on-empty/Ukraine-energy-independence-gas-dependence-on-Russia/EN/index.htm>.

"New Defense Minister Lebedev Has 36.5 Million Income, Fleet of Expensive Cars and More than 50 Land Plots," December 24, 2012, https://en.censor.net.ua/photo_news/228223/new-defense-minister-lebedev-has-365-million-income-fleet-of-expensive-cars-and-more-than-50-land-plots.

"New Sanctions Table," *Avellum*, June 2, 2017,

http://avellum.com/Content/CmsFile/en/files_LA%20-%20New%20Sanctions%20-%20Table%20-%20ENG.pdf.

Offshore Leaks Database, "50th Street; Global Plaza Tower; 19th floor; Suite 19-H; Panama City; Republic of Panama," <https://offshoreleaks.icij.org/nodes/14018408>.

Offshore Leaks database, "864 Northern Highway; Trellis Building; Belize City; Belize," <https://offshoreleaks.icij.org/nodes/14023228>.

Offshore Leaks Database, "Waterfront Drive, PO Box 3469, BVI," <https://offshoreleaks.icij.org/search?cat=3&e=&q=WATERFRONT+DRIVE%2C+PO+Box+3469&utf8=%E2%9C%93>.

Olearchyk, Roman and James Shotter, "Austria Arrests Ukraine Oligarch Dmitry Firtash at US Request." *Financial Times online*, <https://www.ft.com/content/77af8cd2-aab0-11e3-9fd6-00144feab7de>.

"OK.RU Profile: Andrey Alekhin Photos," *OK.RU*, https://ok.ru/profile/28446484726/album/58457393302?st_aid=Undefined Albums OverPhoto.

Open Corporate Database Entry, "Meligar Business Corp.," <https://opencorporates.com/companies/pa/824754>.

"Over the Shelf Stretches the Shelf of the "New Projects," *Kommersant.ru*, March 5, 2017, <https://www.kommersant.ru/doc/3235138>.

"Over 3,000 Participants from 60 States to Attend Yalta Int'l Economic Forum," *Sputnik News*, <https://sputniknews.com/russia/201803131062493982-yalta-crimea-economic-forum/>.

"Ovsyannikov called to stop the "information HYIP" because of Laspi," *Sevastopol News*, February 28, 2018, <http://new-sevastopol.com/news/id/21724>.

"PanAtlantic Energy Group: CEO and Executives - Bloomberg," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=206871875>.

Panin, Alexander, "Kerch Bridge To Crimea May Become Russia's Link To The East," *The Moscow Times*, May 5, 2014, <https://themoscowtimes.com/articles/kerch-bridge-to-crimea-may-become-russias-link-to-the-east-35058>.

Pavel Lebedev 2011-2012 Financial Filings, <https://pep.org.ua/en/person/9878>.

"Pavel Lebedev Building in Sevastopol," *Zagorodna*, January 3, 2016, <https://www.zagorodna.com/en/articles/pavel-lebedev-building-in-sevastopol.html>

Pavlo Lebedev. *Revolvy*. https://www.revolvy.com/main/index.php?s=Pavlo%20Lebedyev&item_type=topic

Pavlova, Oksana, "«Сибавтобан» до Крыма," *Kommersant*, March 2, 2017, <https://www.kommersant.ru/doc/3230179>.

"Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea," *Crime Russia*, January 31, 2018, <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea>

Plaksina, Olga, *LinkedIn*, <https://www.linkedin.com/in/olga-plaksina-735149/>.

"Prime Estate Co., LTD.: CEO and Executives - Bloomberg," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=267123628>.

"Putin's friend Arkady Rotenberg reportedly owns \$60m-worth yacht," *Crime Russia*, February 20, 2018, <https://en.crimerrussia.com/oligarchs/putin-s-friend-arkady-rotenberg-owns-60m-worth-yacht/>.

"Railway approaches to Kerch Strait bridge obtain state expert approval," *Railway Pro Communication Platform*, January 26, 2017, <https://www.railwaypro.com/wp/railway-approaches-to-kerch-strait-bridge-obtain-state-expert-approval/>.

Rechetnikova, Marusya. "Russia's Economic Development Since Crimea and Its 'Pivot' Towards China," *University of Chicago Law School*, 2017, https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1059&context=international_immersion_program_papers.

"Regarding Choosing a Sole Contractor for Design and Construction of the Transport Crossing over the Kerch Strait," *Stroygazmontazh*, <http://www.oosgm.com/>.

Retson, Sheril. "Crimea is Becoming a Russian Money Pit," *World Policy*, October 24, 2016, <https://worldpolicy.org/2016/10/24/crimea-is-becoming-a-russian-money-pit/>.

Rettman, Andrew. "EU Sanctions Add to Putin's Crimea Headache," *EU Observer*, December 18, 2014, <https://euobserver.com/foreign/12698>.

"RGC Parangon signed a Memorandum of Cooperation with the Council of Ministers of the Republic of Crimea and the Evpatoria Municipal District," *Parangon*, April 23, 2017, <https://parangon.org/2017/04/23/rpk-parangon-podpisala-memorandum-o-vzaimodejstvii-s-sovetom-ministrov-respubliki-krym-i-evpatorijskim-munitsipalnym-okrugom/>.

Riana Teifukova, "The Economic Effect of the Crimean Annexation," *Ankasam Ankara Center for Crisis and Policy Studies*, May 5, 2017, https://ankasam.org/en/economic-effect-crimean-annexation/#_edn1.

"RNSB Bank will provide financing to LLC "International Airport" Simferopol," *Russian National Commercial Bank*, August 25, 2016, <http://www.rncb.ru/news/2345/>.

Roudik, Peter, "Government Procurement Law and Policy: Russia," *Library of Congress*, March 2010, <https://www.loc.gov/law/help/govt-procurement-law/russia.php>.

Russian Duma Legislative Support System, "Bill No. 639992-6," October 11, 2014, <http://sozd.parlament.gov.ru/bill/639992-6>.

Rusprofile entry, "119415, Moscow, Leninsky Prospekt, 114, room XV - room 1," <http://www.rusprofile.ru/search?type=ul&query=119415%2C%20%D0%B3%D0%BE%D1%80%D0%BE%D0%B4%20%D0%9C%D0%BE%D1%81%D0%BA%D0%B2%D0%B0%2C%20%D0%9B%D0%B5%D0%BD%D0%B8%D0%BD%D1%81%D0%BA%D0%B8%D0%B9%20%D0%BF%D1%80%D0%BE%D1%81%D0%BF%D0%B5%D0%BA%D1%82%2C%20%D0%B4%D0%BE%D0%BC%20114%2C%20%D0%BF%D0%BE%D0%BC%D0%B5%D1%89%D0%B5%D0%BD%D0%B8%D0%B5%20XV%20-%20%D0%BA%D0%BE%D0%BC%D0%BD%D0%B0%D1%82%D0%B0%201>.

Rusprofile entry, "Ilizia Commerce Ltd," <http://www.rusprofile.ru/foreign/57417>.

Rusprofile entry, "Lastochkina, Anna Yurievna," www.rusprofile.ru/person/lastochkina-ayu-782581053673.

Rusprofile entry, "Manola Holding Inc," <http://www.rusprofile.ru/foreign/57418>.

Rusprofile entry, "Meligar Business Corp.," <http://www.rusprofile.ru/foreign/57317>.

Rusprofile entry, "OOO 'Stroygazmontazh', LLC 'SGM,'" <https://www.rusprofile.ru/id/133458>.

Rusprofile entry, "OOO Voom-Vokh Invest," <http://www.rusprofile.ru/id/10601117#founders>.

Sakwa, Richard, *Frontline Ukraine: Crises in the Borderlands*. London: I.B. Tauris, 2015.

Sambos, Andrey, "Imitating Chavez: A Year of Nationalization in Crimea," *Carnegie Moscow Center*, March 19, 2015, <http://carnegie.ru/commentary/59421>.

Sarna, Arkadiusz, Olszanski, Tadeusz A., and Wierzbowska, Agata, "The Consequences of the Annexation of Crimea," *The Centre for Eastern Studies*, March 19, 2014, <https://www.osw.waw.pl/en/publikacje/analyses/2014-03-19/consequences-annexation-crimea>.

"Sergei Ivanov attended 3rd Yalta International Economic Forum," President of Russia: Events. April 21, 2017, <http://en.kremlin.ru/events/administration/54358>.

"SGM Group of Companies," *Stroygazmontazh*, www.oosgm.com/company/structure/.

Shamanska, Anna, "Explainer: Why Ukraine Supplies Electricity To Crimea, And Why It Stopped," *RadioFreeEurope/RadioLiberty*, November 25, 2015, <https://www.rferl.org/a/ukraine-crimea-power-supply-electricity-explainer/27384812.html>.

Shepp, Jonah Shepp. "Putin Says Economic Sanctions Are Making Russia Stronger - He's Not Totally Wrong," *Politico*, June 20, 2017, <http://nymag.com/daily/intelligencer/2017/06/putin-says-sanctions-are-helping-russia-he-might-be-right.html>.

"Single State Register of Legal Entities: Russian National Commercial Bank," *RNCB Registry*, March 14, 2013, [rusprofile.ru](http://www.rncb.ru).

SIPRI. "Asia and the Middle East lead rising trend in arms imports, US exports grow significantly, says SIPRI." News and Events. March 12, 2018. <https://www.sipri.org/news/press-release/2018/asia-and-middle-east-lead-rising-trend-arms-imports-us-exports-grow-significantly-says-sipri>.

Skvarsky, Andrei, "Sberbank to stay out of Crimea, CEO reiterates," *Emerging Markets*, June 13, 2017, <http://emergingmarkets.me/sberbank-stay-crimea-ceo-reiterates/>.

Stecklow, Steve, Elizabeth Piper and Oleksandr Akymenko. "Special Report: Crimean Savers Ask: Where's Our Money?" *Reuters*, November 20, 2014, <https://www.reuters.com/article/us-ukraine-crisis-banks-specialreport/special-report-crimean-savers-ask-where-s-our-money-idUSKCN0J40FJ20141120?irpc=932>.

Stedman, Scott, "Exclusive: Oleg Deripaska's Right-Hand Man was Trump Tower Moscow Developer's Former CEO," *Medium*, December 13, 2017, <https://medium.com/@ScottMStedman/exclusive-oleg-deripaskas-right-hand-man-was-trump-tower-moscow-developer-s-former-ceo-75f36781eeff>.

"Strategy for Socio-Economic Development of the Republic of Crimea," *Investment Portal of the Republic of Crimea*, 2015, invest-in-crimea.ru/en/основной-контент/strategy-socio-economic-development-republic-crimea.

Suarez, Alexandra, "Largest Construction Projects In The World: China Opens New Beipanjiang Bridge To Much Fanfare," *International Business Times*, December 29, 2016, <http://www.ibtimes.com/largest-construction-projects-world-china-opens-new-beipanjiang-bridge-much-fanfare-2466977>.

Sudakov, Dmitry. "Billions and billions for Crimea: Where will they go?" *Pravda.ru*, August 31, 2017. http://www.pravdareport.com/russia/economics/31-08-2017/138557-crimea_billions-0/.

"Supplementary Agreement No.3 to the State Contract No.2 of 17 February 2015," *SGM Contract Translation*, June 30, 2015.

Svetlov, Mikhail, "Russian President Vladimir Putin Visits The Crimean Bridge," *Getty Images*, March 16, 2016 https://www.gettyimages.com/event/russian-president-vladimir-putin-visits-the-crimean-bridge-775141283?irgwc=1&resource=AFF_GI_IR_Skimbit%20Ltd_10078&asid=Skimbit%20Ltd.&cid=GI#russian-president-vladimir-putin-and-russian-billionaire-and-arkady-picture-id931982854.

"Taata Bank ZAO," *Bloomberg*, <https://www.bloomberg.com/profiles/companies/1260221D:RU-taata-bank-zao>.

Tanazhko, Elena, "Experience Lasting Two Decades," *Journal of the Board of Directors Siberia 122 online*, Last modified December 2, 2015, <http://sovetdirectorov.info/5613027/8908881/8944164/8944498/>.

Teifukova, Riana. "The Economic Effect of the Crimean Annexation," *Ankasam Ankara Center for Crisis and Policy Studies*, May 5, 2017, https://ankasam.org/en/economic-effect-crimean-annexation/#_edn1.

"The complex "Aqua Evpatoria" is recognized as the best architectural work of the Crimea," *Parangon*, July 2017, <https://parangon.org/2017/07/06/akva-evpatoriya-priznan-luchshim-arhitekturnym-proizvedeniem-kryma/>.

"The Crimean Bridge (transport crossing over the Kerch Strait)," *Straygazmontazh*, www.oossgm.com/company/structure/.

Theise, Eugen, "Vienna Court to Decide on Ukrainian Oligarch's Extradition to the US," *Deutsche Welle online*. Last modified April 29, 2015, <http://www.dw.com/en/vienna-court-to-decide-on-ukrainian-oligarchs-extradition-to-the-us/a-18419173>.

"Timeline: Ukraine's political crisis," *Aljazeera*, 2014, <https://www.aljazeera.com/news/europe/2014/03/timeline-ukraine-political-crisis-201431143722854652.html>.

"Treasury Designates Individuals and Entities Involved in the Ongoing Conflict in Ukraine," *Department of Treasury*, June 20, 2017. <https://www.treasury.gov/press-center/press-releases/Pages/sm0114.aspx>.

"Treaty Number 0059D-16/GGE-10471/10/SG/R0016: For the execution/implementation of work, or a performance evaluation," *Simferopol Contract*, January 27, 2016.

"Ukraine Related Designations," *U.S. Department of Treasury*, March 11, 2015, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20150311.aspx>.

"Ukraine: Military Prosecutors Propose to Halt Foreign Economic Operations of Crimean Titanium," *The Ukrainian Metal*, Last modified April 10, 2017, <https://metalukraine.com/2017/04/10/ukraine-military-prosecutors-propose-to-halt-foreign-economic-operations-of-crimean-titanium.html>.

"Ukraine: Titanium Company Hit by Sanctions," *The Ukrainian Metal online*, Last modified October 20, 2016, <https://metalukraine.com/2016/10/20/ukraine-titanium-company-hit-by-Sanctions.html>.

"Ukraine: Titanium Investments to Construct New Shop," *The Ukrainian Metal*, Last modified December 15, 2017, <https://metalukraine.com/2017/12/15/ukraine-titanium-investments-to-construct-New-shop.html>.

"United Sanctions Widen Sanctions Russia Against," *Russian News Agency*, February 20, 2016, <http://tass.com/world/921040>.

"U.S. Department of the Treasury." *Announcement of Expanded Treasury Sanctions within the Russian Financial Services, Energy and Defense or Related Materiel Sectors*, <https://www.treasury.gov/press-center/press-releases/Pages/jl2629.aspx>.

"Ukraine 2012." *International Energy Agency*. https://www.iea.org/publications/freepublications/publication/Ukraine2012_free.pdf.

"Vanco Exploration Company: CEO and Executives - Bloomberg," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=206872176>.

Valiyev, Aliksandr, "Like Being A Slave': Workers On Russia's Bridge To Crimea Report Abuse, Deceit," *Radio Free Europe/Radio Liberty*, August 7, 2016, <https://www.rferl.org/a/russia-crimea-kerch-bridge-workers-abuse-unpaid/27906011.html>.

Vasilyeva, Natalya. "Free vacations for Russian employees: destination Crimea," *CTV News*, June 16, 2014, <https://www.ctvnews.ca/business/free-vacations-for-russian-employees-destination-crimea-1.1870771>.

Verbitsky, Anton. "'We Are No Longer Children: How the Relatives of Officials Manage Investment Funds,'" *Forbes Russia online*, Last modified February 2, 2015, <http://www.forbes.ru/finansy/jgroki/279131-my-uzhe-ne-deti-kak-rodstvenniki-chinovnikov-upravlyayut-investfondami?page=0.1>.

Vikhrov, Natalie, "Fugitive ex-defense minister continues to battle EBRD," March 24, 2017, <https://www.kyivpost.com/business/fugitive-ex-defense-minister-continues-battle-ebrd-bank-says.html>

Weiss, Michael. "Married to the Ukrainian Mob." *Foreign Policy*, March 19, 2014. <http://foreignpolicy.com/2014/03/19/married-to-the-ukrainian-mob/>

Williams, Ben, "Israeli investors arrive in Crimea to assess venues for future investment projects," *ACM Outpost*, 28 October 2016, <https://benwilliamslibrary.com/blog/?p=5340>.

Wilk, Andrzej, "A significant pay increase in the Russian Army," February 2, 2012, <https://www.osw.waw.pl/en/publikacje/analyses/2012-02-01/a-significant-pay-increase-russian-army>.

World Bank. "Q&A: World Bank Assistance to Ukraine: Qimiao Fan, World Bank Country Director for Belarus, Moldova, and Ukraine, talks about the World Bank Group's support to Ukraine," *World Bank Speeches & Transcripts*. August 25, 2015, <http://www.worldbank.org/en/news/speech/2015/08/25/world-bank-assistance-to-ukraine>.

Yaffa, Joshua, "Putin's Shadow Cabinet and the Bridge to Crimea," *The New Yorker*, May 29, 2017, <https://www.newyorker.com/magazine/2017/05/29/putins-shadow-cabinet-and-the-bridge-to-crimea>.

"XE: Convert RUB/USD. Russia Ruble to United States Dollar," XE.com, <http://www.xe.com/currencyconverter/convert/?Amount=614000000&From=RUB&To=USD>.

"XE Currency Converter: Convert EUR to USD." <https://www.xe.com/currencyconverter/convert/?Amount=125%2C000%2C000&From=EUR&To=USD>.

"XE Currency Converter: Convert RUB to USD." XE.com, <https://www.xe.com/currencyconverter/convert/?Amount=13%2C980%2C000%2C000&From=RUB&To=USD>.

"XE Currency Converter: Convert RUB to USD." XE.com, <https://www.xe.com/currencyconverter/convert/?Amount=31%2C200%2C000%2C000&From=RUB&To=USD>.

Xinhua Net. "Two new companies registered in China-Belarus industrial park" January 10, 2017, http://www.xinhuanet.com/english/2018-01/10/c_136883711.htm.

Yee, Karina, "Case 17-10500-KJC Docket #0220," June 8, 2017, <http://www.kccllc.net/aquion/document/1710500170608000000000005>.

"Zaritsky Vladimir Nikolaevich," *rusprofile*, <http://www.rusprofile.ru/person/zarickiy-vn-773117131396>.

Zhuravlev, Evgeny and Elena Nizovaya. "Controversial Russian Bankers Target Crimea," *OCCRP*, June 3, 2015, <https://www.occrp.org/en/investigations/4001-controversial-russian-bankers-target-crimea>.

Zygar, Mikhail. *All the Kremlin's Men*. New York: Public Affairs, 2016.

"АО "КРЫМТЭЦ"- генерация электрической и тепловой энергии." КРЫМТЭЦ, <http://krimtec.com/>.

"Бизнесмен Мороцкий Андрей Николаевич: предприниматель и учредитель, генеральный директор Мороцкий Андрей Николаевич (ИНН 540213760679)." <http://www.rusprofile.ru/person/morockiy-an-540213760679..>

FW: Final Paper Draft

From: [REDACTED] (b)(6)

To: [REDACTED] (b)(6)

Date: Mon, 30 Apr 2018 13:41:29 -0400

Please take a look as you have time (start with second attachment). There's some interesting stuff in here.

Duplicative of content in Bates No. 2018-06-192: 001723



FW: Final Paper Draft

From:

(b)(6)

To:

(b)(6)

Date: Wed, 02 May 2018 09:49:03 -0400

These are the papers I just mentioned. The second attachment is the first paper and the first attachment is the appendix.

Duplicative of content in Bates No. 2018-06-192: 001723



Light Afternoon Reading

From: (b)(6)
To: (b)(6)
Date: Mon, 21 May 2018 17:21:49 -0400
Attachments: Russian Oligarchs AU SIS Paper--Appendix.pdf (20.96 MB); Russian Oligarchs AU SIS Paper--Treasury.pdf (3.3 MB)

Light afternoon reading – (b)(6) and I are also making our way through the report, (b)(5)
[REDACTED]

It's an interesting read as well.

(b)(6)
Sanctions Investigator
Office of Foreign Assets Control

(b)(6)

RE: Summer intern

From: (b)(6)
To: (b)(6)
Date: Tue, 05 Jun 2018 14:42:32 -0400
Attachments: Russian Oligarchs AU SIS Paper--Appendix.pdf (20.96 MB); Russian Oligarchs AU SIS Paper--Treasury.pdf (3.3 MB)

Hi (b)(6)

Congrats on having computer access at last! Here's a soft copy of the report on oligarch investment in Crimea, as well as the appendix to the report, which should be helpful in identifying the entities managing various investment projects.

From: (b)(6)
Sent: Tuesday, June 05, 2018 1:13 PM
To: (b)(6)
Subject: Summer intern

Our summer intern (b)(6) (cc'ed here), is on board and has computer access! Please stop by the 4th floor file room to say hello to him, and keep him in mind for projects and to attend unclassified meetings.

(b)(6)

(b)(6)

BLACK SEA BILLIONS



RUSSIAN OLIGARCHS, MOSCOW MONEY, AND THE QUEST TO DEVELOP CRIMEA

Intelligence Analysis Practicum, American University, Spring 2018



CONTRIBUTING AUTHORS:

David Buchanan, Carlton Gorham, Eric Graffy, Madeline Hoskins,
Emily Kitchens, Jordan LaCrosse, David Ly, David Mignogna,
Agnes Sagina, Sarah Sarinana, Tim Schutt, J.P. Sullivan,
Alex Tessler, Travis Walker

Intelligence Analysis Practicum, American University, Spring 2018

Table of Contents

Executive Summary	3
Methodology	3
Intelligence Gaps.....	4
Introduction and Economic Overview	5
Crimea’s Poor Economic Climate	5
Graph 1: Crimea’s 2016 Gross Regional Product.....	7
Table 1: Comparative Economic Indicators.....	7
Construction	11
The Kerch Strait Bridge.....	12
Stroygazmontazh [Стройгазмонтаж] (SGM Group).....	12
Olga Plaksina, Mikhail Abyzov, and the Sevastopol Highway.....	12
Chart 1: Companies Related to Olga Paksina and Mikhail Abyzov.....	18
The Pearl Hotel and Spa Resort (Zhemchuzhina/ Жемчужина)	19
Changing Patterns of Tourism in Crimea	21
Simferopol International Airport (Симферополь Интернационал Аэропорт)	22
Chart 2: Companies Affiliated with Simferopol International Airport.....	26
Energy	27
Krimtec (КРЫМТЭЦ).....	28
Chart 3: Krimtec Energy Connections.....	29
Novye Proekty (Новые Проекты)	30
Chart 4: Novye Proekty and the Anton Dornostup Connection.....	30
Real Estate	31
Pavel Lebedev (Павло Лебедев)	31
Parangon (Парангон).....	32
Chart 5: Parangon Financials and Connections to Offshore Holdings	34
Map 2: Parangon Assets and Offshore Links	35
Crimean Assets	37
Crimean Heavy Industry	39
Implications	43
Recommendations and Conclusion	45
Bibliography	51

BLACK SEA BILLIONS:

Russian Oligarchs, Moscow Money,
and the Quest to Develop Crimea

Executive Summary

This report argues that Russian oligarchs exploit the influx of investment in Crimea for financial and political benefits by using opaque financial infrastructures to obscure the financial record of their actions. These opaque financial infrastructures could allow Russian oligarchs and state institutions the ability to circumvent U.S. sanctions and gain foreign market influence by obscuring the source of their capital. Absent access to this infrastructure, oligarchs are unlikely to continue doing business in Crimea due to its unattractive economic environment. The research covered in this report focuses on changes in behavior of Russian oligarchs after the 2014 annexation of Crimea and examines how they benefit from their activities in the region.

Methodology

This report was created by American University graduate students at the School of International Service. The research for this report focuses on the changes in behavior by Russian oligarchs after the 2014 annexation of Crimea and examines how they benefit from their activities in the region. This report defines a Russian oligarch as an individual connected not only to wealth, but also to power. While there is no universal standard for what constitutes status as an oligarch, it is common to categorize an oligarch as being worth over a billion dollars.¹ This analysis is somewhat broader in scope, and will focus on both those individuals with and without significant

¹Igor Bosilkovski, "Treasury Department's Russia Oligarchs List Is Copied From Forbes," *Forbes*, 30 January 2018, <https://www.forbes.com/sites/igorbosilkovski/2018/01/30/treasury-departments-russias-oligarchs-list-is-copied-from-forbes/#45bb407d6825>.

individual-reported wealth. The decision to include individuals with less reported wealth was made to account for those oligarchs who have hidden their assets to avoid detection and exploit the current global financial system. This report also sought to identify the different categories of individuals within an oligarchy system such as oligarchs with familial connections or middle men and gatekeepers that shield access to oligarchs. To understand the scale and extent of potential illicit financial flows in and out of the Crimean peninsula, authors selected case studies from four different industries that experienced a large influx of investment after the 2014 annexation: construction, energy, real estate, and heavy industry.

The information gathered for this report was developed from open-source documents including government contracts, business records, reports by international and non-governmental organizations, news media, and interviews with subject-matter experts. The business records were critical in determining the vehicles oligarchs use to make money as well as the extent to which they went to hide their connections. Investigators leveraged the identifying numbers of the Russian Federal Tax Service—Tax ID Number (TIN/ИИИ) and/or Russian State Register Number (OGRN/ОГРН)—to track and verify official entities across multiple research platforms, when they were available, ensuring consistency when names may have differed. Hundreds of pages of relevant documents are available in a supplementary appendix. Materials not available in English were translated from Russian to English via native speakers or online Google translation services.

Map 1: Map of Projects Investigated in this Report

Selection of Sites Researched



The location of key Crimean development projects outlined in this report can be seen above.

The opaque financial structure of oligarchical business empires—and the nature of any illicit financial or political benefits oligarchs might receive—are intentionally hidden from public view. Many of the benefits attached to their projects are handled or discussed in private and will not be accessible via open-source research. The benefits are also not always clear; the involvement of an oligarch in Crimea may for instance result in an undetermined favor from Moscow in the future; alternatively, Crimean investment may be a way for an oligarch to “repay” the Russian state for a past benefit. The secret nature of these deals requires some assumed assessment made possible by tracking connections through mutual relationships with registrars/registration companies in Russia and Cyprus. While it is known that these companies hold shareholder records for other companies, it is not entirely clear why some companies choose to use their services, and what additional benefits they may provide.

I. Introduction and Economic Overview

Russian oligarchs exploit the influx of investment in Crimea for financial and political benefits by using shell and offshore holding companies to obscure the financial record of their actions. Oligarchs often use offshore holding companies to circumvent sanctions and strengthen Russian influence in foreign markets. This report begins with a general overview of the Crimean economy; subsequently, prominent government projects in the construction, tourism, energy, real estate, and heavy industry sectors will be discussed. Following these case studies are a series of concluding recommendations aimed at curtailing some of the common patterns of oligarch behavior uncovered in this report.

Crimea’s Poor Economic Climate

The Crimean peninsula is not an attractive location for investment, partially due to U.S. sanctions. Despite this fact, Crimea is experiencing an influx of billions of dollars in investment from Russian oligarchs and companies. Prior to annexation, Crimea’s economy was weak, but it has deteriorated further since annexation occurred. Before 2014, Crimea’s main economic activities centered around tourism, agriculture, and industrial production. Reliable economic data for post-annexation Crimea is difficult to find due to Russia’s lack of transparency and reporting. What economic data is available for Crimea is often biased, incorrect, and/or manipulated. The statistics and figures provided in this section come from a variety of sources with varying degrees of reliability and as such should not be treated as gospel. No official statistics were provided by either the Russian, Crimean, or Ukrainian governments. According to the World Bank website, “the Ukrainian Statistic Committee excludes Crimea from official statistics and has also adjusted historical data accordingly.”²

² World Bank, “Q&A: World Bank Assistance to Ukraine: Qimiao Fan, World Bank Country Director for Belarus, Moldova, and Ukraine, talks about the World Bank Group’s support to Ukraine,” *World Bank Speeches & Transcripts*, 25 August 2015, <http://www.worldbank.org/en/news/speech/2015/08/25/world-bank-assistance-to-ukraine>.

Graph 1 on the page below illustrates Crimea's 2016 Gross Regional Product, pulled from the Federal State Statistics Service for the Republic of Crimea and the City of Sevastopol. All numbers were converted to current U.S. Dollars. Table 1 provides a comparative snapshot of Crimea's economy a year before and after its annexation, showing shifts in key economic measures for Crimea.³ Following the annexation, several countries including the U.S., Canada, and Australia, imposed sanctions against Russia, which impacted all aspects of the Russian and Crimean economy.^{4 5} The EU and Japan have also imposed sanctions against Russia.^{6 7} In general, the sanctions prohibit the sale, supply, transfer, or export of goods and technology to Russia, prohibitions which extend to Crimea as well. Additionally, the sanctions imposed on Russia likely halted and prevented foreign direct investment (FDI) into the peninsula. According to RT, the English language Russian state-supported news agency, half of Crimea's FDI came from Europe and Russia—at approximately 25% each before the annexation.⁸

One of Crimea's major industries is tourism. When sanctions were imposed, the flow of visitors to the area became severely restricted, and the tourism industry suffered a significant blow. Crimea's tourism industry is divided into two components: health resorts (i.e. sanatoriums) and small resorts and rental properties. Before the annexation, Crimea received approximately 6 million visitors annually; in 2014, this number decreased to 3.8 million, and declined further to 1.5 million in 2015.⁹ Today, only organized tour groups from Russia who have received special vouchers patronize the health resort component of the tourism sector.¹⁰ The small resort/rental property component previously relied heavily on independent tourists. Prior to 2014, the peninsula was a popular summer destination for Ukrainians, who made up 67.4% of Crimea's annual tourists.¹¹ Since then, the number of Ukrainian visitors has dwindled, and Western companies have stopped organizing tours to Crimea.¹² A major barrier discouraging tourists is the difficulty of obtaining access to the area. In addition to complicated official travel issues (visas, passports, immigration,

³ Table 1 shows Crimea's economic status based on different sources with varying degrees of credibility.

⁴ Government of Canada, "Special Economic Measures (Ukraine) Regulations," Justice Laws Website, <http://laws-lois.justice.gc.ca/eng/regulations/SOR-2014-60/page-1.html>

⁵ Australian Government, "Australia and Sanctions," Australian Government, <http://dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.aspx>; "Australia Imposes Sanctions on Russians After Annexation of Crimea from Ukraine," ABC News, 19 March 2014, <http://www.abc.net.au/news/2014-03-19/australia-sanctions-russia-ukraine/5331826>.

⁶ European Union, "Declaration by the High Representative on Behalf of the European Union on the Alignment of Certain Third Countries with the Council Decision 2014/145/CFSP Concerning Restrictive Measures in Respect of Actions Undermining or Threatening the Territorial Integrity, Sovereignty and Independence of Ukraine," European Union, 11 April 2014, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/cfsp/142174.pdf; Andrew Rettman, "EU Sanctions Add to Putin's Crimea Headache," EU Observer, 18 December 2014, <https://euobserver.com/foreign/12698>.

⁷ "Japan Imposes Sanctions Against Russia over Crimea Independence," Fox News World, 18 March 2014, <http://www.foxnews.com/world/2014/03/18/japan-imposes-sanctions-against-russia-over-crimea-independence.html>.

⁸ "Crimea's Economy In Number and Pictures," RT, 18 March 2014, <https://www.rt.com/business/crimea-economy-referendum-results-102/>.

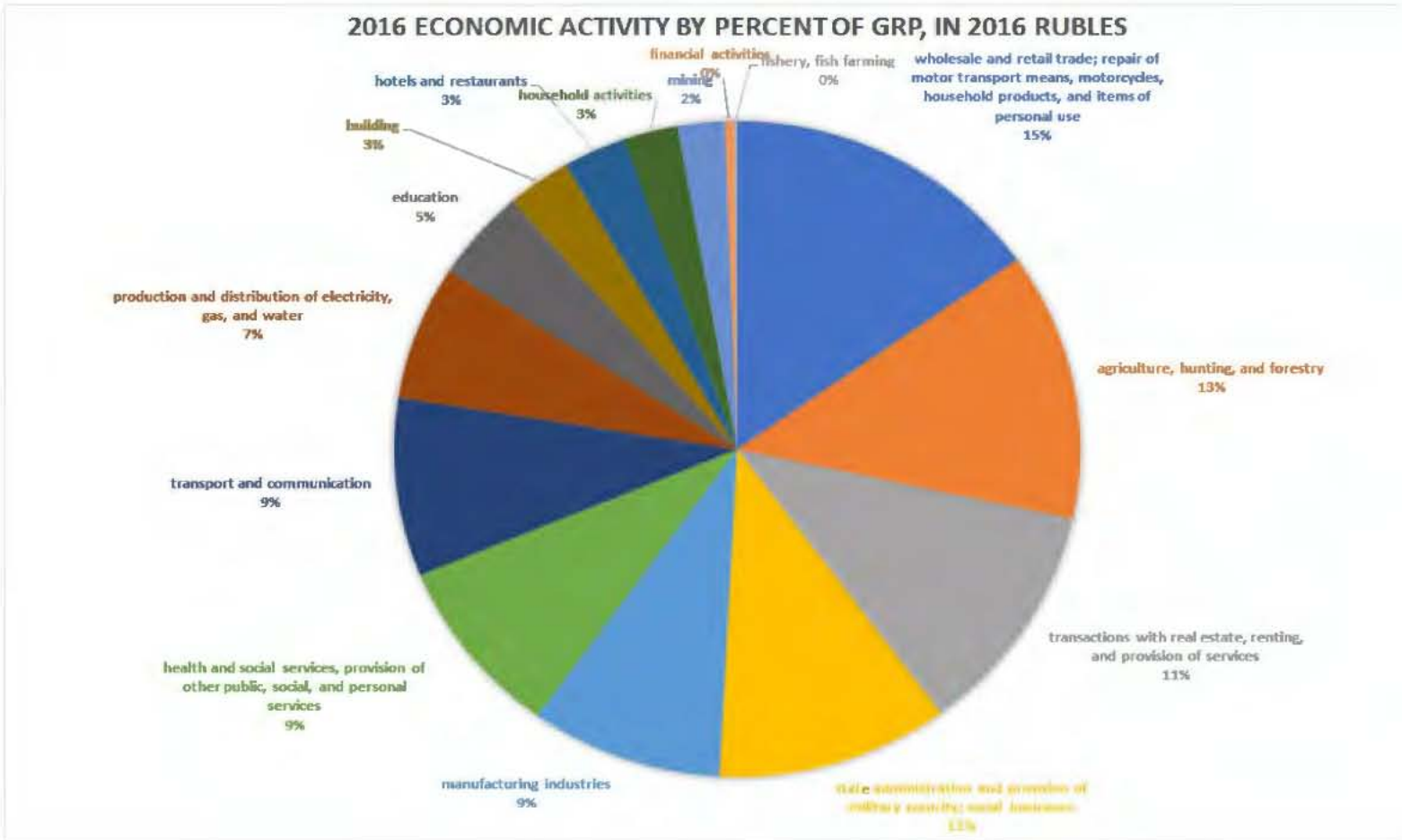
⁹ Sheril Retson, "Crimea is Becoming a Russian Money Pit," World Policy, 24 October 2016, <https://worldpolicy.org/2016/10/24/crimea-is-becoming-a-russian-money-pit/>.

¹⁰ Olena Makarenko, "Crimea's Economy. When Russia's Words and Figures Don't Meet," Euromaidan Press, 17 May 2016, <http://euromaidanpress.com/2016/05/17/crimeas-economy-when-russias-words-and-figures-dont-meet/>.

¹¹ *Ibid.*

¹² Sheril Retson, "Crimea is Becoming a Russian Money Pit," World Policy, 24 October 2016, <https://worldpolicy.org/2016/10/24/crimea-is-becoming-a-russian-money-pit/>.

Graph 1: Crimea's 2016 Gross Regional Product (GRP)



Source: Federal State Statistics Service for the Republic of Crimea and the City of Sevastopol¹³

¹³ Federal State Statistics Service for the Republic of Crimea and the City of Sevastopol, "ВАЛОВОЙ РЕГИОНАЛЬНЫЙ ПРОДУКТ РЕСПУБЛИКИ КРЫМ ПО ВИДАМ ЭКОНОМИЧЕСКОЙ ДЕЯТЕЛЬНОСТИ," <http://crimea.gks.ru/wps/wcm/connect/rosstat ts/crimea/ru/>, (See Appendix A).

etc.), visitors can currently only enter Crimea through Russia via plane or ferry. Previously, tourists were able to travel to Crimea easily via bus and train transportation from Ukraine, but these connections were closed shortly after the annexation.

Crimea's agricultural sector bolstered its economy when it was still part of Ukraine, but it was not a major part of Ukraine's overall agricultural yield. Crimea additionally accounted for 30.3% of Ukraine's wool production, 23.7% of its grape yield, and 5.7% of its berry and fruit crops.¹⁴ The peninsula received most of its food products from mainland Ukraine before the annexation. Now it relies on support from Russia to fulfill its food demands. Before the annexation, Western oil and gas companies drilled Crimea's onshore and offshore natural gas fields. After sanctions were imposed, the natural gas business was restricted to Russian companies only.¹⁵

Table 1: Available Comparative Economic Indicators

Available Indicators	
2013	2015
Export of goods and services	
\$905 mn	\$79.3 mn
\$849.30 mn	\$73.50 mn
Import of goods and services	
\$1,100 mn	\$100 mn
\$976.70 mn	\$93.30 mn
Unemployment	
1.80%	9.50%
5.40%	6.30%
Amount of tourists	
6 mn	1.5 mn
Not Listed	2.5 mn (2014)

Key Sources:¹⁶

Ankasam, Turkish Source	Euromaidan Press, Pro-Ukrainian Source
-------------------------	--

The above table compares key economic indicators in 2013—the last full year of stable Ukrainian control—with 2015, the first full year of stable Russian control.

¹⁴ Olena Makarenko, "Crimea's Economy. When Russia's Words and Figures Don't Meet," Euromaidan Press, 17 May 2016, <http://euromaidanpress.com/2016/05/17/crimeas-economy-when-russias-words-and-figures-dont-meet/>.

¹⁵ The energy section contains further information on this industry.

¹⁶ Riana Teifukova, "The Economic Effect of the Crimean Annexation," Ankasam Ankara Center for Crisis and Policy Studies, 5 May 2017, https://ankasam.org/en/economic-effect-crimean-annexation/#_edn1;

Olena Makarenko, "Crimea's Economy. When Russia's Words and Figures Don't Meet," Euromaidan Press, 17 May 2016, <http://euromaidanpress.com/2016/05/17/crimeas-economy-when-russias-words-and-figures-dont-meet/>.

To help alleviate the economic situation in Crimea, Russia invests heavily in the peninsula's infrastructure. The Russian government repaired roads, modernized hospitals, and improved schools. The most expensive and ambitious state-funded project is the ongoing construction of the US\$4.5 billion Kerch Strait Bridge, planned to span some eighteen kilometers.¹⁷ Moscow hopes the bridge will reopen Crimea to tourism and alleviate export/import transportation problems. Russia has also subsidized an increase in wages and pensions aimed at stimulating the economy, but this effort was short-lived because the prices of goods rose as well.¹⁸ According to Riana Teifukova, an economist and writer for the Anakarka Center for Crisis and Policy Studies, "the increase in price of food products and the depreciation of the ruble quickly affected the consumer opportunities of the Crimean population."¹⁹ Inflation is an ongoing issue in the region.

Crimea is not an obviously attractive environment in which to invest, yet the Russian government has persistently tried to prove otherwise. During a live call-in show, Russian President Vladimir Putin claimed that "Russia has climbed out of recession despite the continuing Western sanctions" and insisted "that the [Western] measures have only made the country stronger."²³ Yet based on available information, Crimea is more economically isolated now than it was before the annexation.

The Annexation of Crimea^{20 21 22}

On February 21, 2014 the formation of a new government caused Ukraine's pro-Russian president Viktor Yanukovich to flee to Russia. On February 23, pro-Russian protesters rallied against the new Ukrainian government in Crimea. On the 27, pro-Russian armed men seized government buildings in Crimea, and unmarked uniformed forces (likely Russian Special Forces) began taking key locations throughout Crimea.

On March 1, 2014, Russian President Vladimir Putin received approval from the upper house of Russia's parliament for a military invasion—it officially began on March 2, 2014, when Russian troops flooded into Crimea. On March 16, a sham referendum was held, with reportedly 95% of Crimean voters supporting annexation. The next day, the United States and Europe froze assets and placed visa bans on those individuals involved with the annexation. On March 18, Putin officially signed a treaty annexing Crimea into the Russian Federation.

¹⁷ Dmitry Sudakov, "Billions and billions for Crimea: Where will they go?," 31 August 2017, http://www.pravdareport.com/russia/economics/31-08-2017/138557-crimea_billions-0/.

¹⁸ Wea Fischer and Jadwiga Rogoza, "Crimea, One Year After the Annexation: The End of the Honeymoon?" OSW, <https://www.osw.waw.pl/en/publikacje/analyses/2015-03-25/crimea-one-year-after-annexation-end-honeymoon>.

¹⁹ Riana Teifukova, "The Economic Effect of the Crimean Annexation," Ankasam Ankara Center for Crisis and Policy Studies, 5 May 2017, https://ankasam.org/en/economic-effect-crimean-annexation/#_edn1.

²⁰ "Timeline: Ukraine's political crisis." Aljazeera. 20 September 2014, <https://www.aljazeera.com/news/europe/2014/03/timeline-ukraine-political-crisis-201431143722854652.html>.

²¹ David Ignatius, "David Ignatius: Russia's military delivers a striking lesson in Crimea," 2014, https://www.washingtonpost.com/opinions/david-ignatius-russias-military-delivers-a-striking-lesson-in-crimea/2014/03/18/c1273044-aed7-11e3-9627-c65021d6d572_story.html?noredirect=on&utm_term=.6d8d66749ca3.

²² "Timeline: Ukraine's political crisis." Aljazeera. 20 September 2014, <https://www.aljazeera.com/news/europe/2014/03/timeline-ukraine-political-crisis-201431143722854652.html>.

²³ Associated Press, "Putin: Sanctions Made Russia Stronger," Politico, 15 June 2017, <https://www.politico.com/story/2017/06/15/putin-sanctions-made-russia-stronger-239578>; Jonah Shepp, "Putin Says Economic Sanctions Are Making Russia Stronger - He's Not Totally Wrong," Politico, 20 June, 2017, <http://nymag.com/daily/intelligencer/2017/06/putin-says-sanctions-are-helping-russia-he-might-be-right.html>.

Many banks have chosen to involve themselves in projects intended to prop up Crimea, despite the poor investment climate. The funds for these projects come primarily from Russian-owned and/or controlled banks. Some of these banks and financial institutions have opened or remained open in Crimea even after the imposition of U.S. sanctions. Financial institutions that have not opened physical offices in Crimea are there supporting government-sponsored projects by acting as financial vehicles through which money is transferred between the companies involved or by providing loans. These financial institutions are a key element making it possible for Russian oligarchs to develop Crimea.

Prior to the 2014 invasion and occupation, there were numerous Ukrainian and international banks operating within the Autonomous Republic of Crimea. A few of the prominent banks in the region included JCB Pivdennyi (Пивденный), JSC Kredobank (Кредобанк), Oshchadbank (Ощадбанк), and Privatbank (Приватбанк), which had 337 branches throughout Crimea.²⁴ ²⁵ After the annexation of Crimea by the Russian Federation, the Ukrainian currency was banned and the financial market surrounding the country collapsed.²⁶ In response to the Russian takeover, Kiev ordered all Ukrainian banks to leave the area, resulting in the closure of 41 banks.²⁷

After the occupation, Ukraine and most international businesses either withdrew from Crimea or were forced out, leaving behind vast assets and property. Russia was quick to seize the assets and property in order to transform them into Russian businesses and among these were Russian banks.²⁸ Although several Russian banks have opened, there are only a few that facilitate economic growth and investment in the area. The three main banks supporting Russian investments in Crimea are Sberbank (Сбербанк), Bank Rossiya (Банк Россия), and Russian National Commercial Bank [(Российский Национальный Коммерческий Банк), alternatively RNCB (РНКБ)]. These three banks are intermediaries through which financial transactions are made, including the distribution of loans to fund projects that will prop up Crimea.

²⁴ Evgeny Zhuravlev and Elena Nizovaya, "Controversial Russian Bankers Target Crimea," OCCRP, 3 June 2015, <https://www.occrp.org/en/investigations/4001-controversial-russian-bankers-target-crimea>.

²⁵ "Company Detail: Russian National Commercial Bank PJSC," EIRIS Foundation, <http://www.businessinoccupiedlands.org/search/?search=235&company=262&mode=organization>.

²⁶ Richard Galpin, "Russians Count the Cost a Year After Crimea Annexation," BBC News, 20 March 2015, <http://www.bbc.com/news/world-europe-31962156>.

²⁷ Andrew Foxall, "Guest post: How Did Russia's RNCB Avoid Ukraine-Related Sanctions for So Long?" Financial Times, 18 March 2015, <https://www.ft.com/content/5d3e5ef4-9c80-3ee3-8768-67b72771e563>; Steve Stecklow, Elizabeth Piper, Oleksandr Akymenko, "Special Report: Crimean Savers Ask: Where's Our Money?" Reuters, 20 November 2014, <https://www.reuters.com/article/us-ukraine-crisis-banks-specialreport/special-report-crimean-savers-ask-wheres-our-money-idUSKCN0J40FJ20141120?irpc=932>.

²⁸ "Laughing All the Way to the Bank," The Economist, 20 November 2014, <https://www.economist.com/news/europe/21633949-russias-seizure-ukrainian-banks-crimea-still-wreaking-havoc-locals-finances-laughing-all>.

II. Construction

Certain Russian oligarchs are benefiting financially from construction projects that support the Russian Federation's strategic development plan in Crimea. Since the annexation in 2014, the Russian Federation has made development in Crimea a national priority and has implemented robust construction initiatives geared towards tourism, engineering, transportation, and social infrastructure development.²⁹ There are currently numerous high-value construction projects in Crimea from which Russian oligarchs could potentially derive political and financial benefits. Some of these projects were featured at the Yalta International Economic Forum (YIEF), an annual conference sponsored by the Government of the Republic of Crimea and the Yalta International Economic Forum Fund. The YIEF brings together high-level Russian officials, international businesspeople, and also economists and representatives of large business entities to discuss economic development in Crimea and showcase investment opportunities.³⁰ The projects featured at YIEF received publicity and official promotion from government officials and channels commending the companies who were awarded the contracts.^{31,32}

Moscow sought to portray the development of Crimea as a priority at the highest levels of the Kremlin. President Putin personally signed welcome letters to the Yalta Forum attendees, and has more than once addressed the conference by video, which was perhaps a significant political inducement to investment among oligarchs whose fortunes may be dependent on Putin's good graces.³³ The event is a good indicator of the Kremlin's official growth strategy in Crimea and serves as a venue for showcasing all the investments and developments planned for the Republic. Investigative journalist, Misha Friedman, who has written extensively on the Russian State's action stated: "...[the] Kerch Strait Bridge [sic], new Simferopol Airport and other infrastructure projects are only happening because Russia annexed Crimea from Ukraine."³⁴

The construction industry plays a large role in the overall economic development of Crimea, and this report seeks to identify the opaque financial infrastructures used in financing these construction projects, through which Russian oligarchs may benefit financially or politically. Since the economic development of Crimea is a continuous effort, and many of these projects are ongoing, the upcoming 2018 YIEF conference should provide a valuable indicator of future plans for Crimea.

²⁹ "Strategy for Socio-Economic Development of the Republic of Crimea," Investment Portal of the Republic of Crimea, 2015, [Invest-in-crimea.ru/en/основной-концепт/strategy-socio-economic-development-republic-crimea](http://invest-in-crimea.ru/en/основной-концепт/strategy-socio-economic-development-republic-crimea).

³⁰ "About the Forum," Yalta International Economic Forum Foundation, forumyalta.com/pages/about/5/.

³¹ "Sergei Ivanov attended 3rd Yalta International Economic Forum," President of Russia: Events, April 21, 2017, <http://en.kremlin.ru/events/administration/54358>;

³² Sergei Fedichev. "Abkhazia's Economy Minister Agdur Ardzinba (Right) at a panel session titled 'Crimea: Strategy 2030' as part of the 2017 Yalta International Economic Forum, at the Myria Resort Hotel." Getty Images. <https://www.gettyimages.it/detail/fotografie-di-cronaca/abkhazias-economy-minister-adgur-ardzinba-at-a-fotografie-di-cronaca/670699652#/abkhazias-economy-minister-adgur-ardzinba-at-a-panel-session-titled-picture-id670699652>.

³³ "Greetings to 3rd Yalta International Economic Forum," President of Russia: Events, 20 April 2017, <http://en.kremlin.ru/events/president/news/54352>

³⁴ Michael (Misha) Friedman, email message to author, 10 April 2018.

This year's forum took place between April 19 to 22 with an estimated 3,000 attendees from more than 60 countries.³⁵

The Kerch Strait Bridge

Stroygazmontazh (Стройгазмонтаж) won the largest government contract in Crimea in 2015: the right to construct the Kerch Strait bridge (also known as the Crimean Bridge).³⁶ This contract is a massive infrastructure project designed to connect the Crimean and Taman peninsulas by road. It is planned to be approximately 19 kilometers long, spanning

over 7 kilometers of water.³⁷ The bridge will consist of two parallel structures, both a highway and a railway, with an anticipated traffic capacity of up to 40 thousand vehicles and 47 train pairs per day.³⁸ The construction of the bridge is ongoing, with completion currently estimated for 2019.³⁹

Successfully completing the Kerch bridge will be a significant engineering feat, requiring sophisticated construction capacity. According to the Moscow Times, two of Putin's closest associates—Gennady Timchenko and Arkady Rotenberg—owned companies with adequate resources and capital required to construct the bridge.⁴⁰ Due to the complicated nature of the project, Timchenko declined to participate in the bridge construction project; as a result, Rotenberg took on the US\$4.5 billion endeavor.⁴¹ According to a professor of economics and director of the Moscow-based Center for Post-Industrial Studies, Vladislav Inozemtsev, the Chinese would have been able to construct the bridge at a much lower price.⁴² For comparison purposes, China has



³⁵ "Over 3,000 Participants from 60 States to Attend Yalta Int'l Economic Forum," Sputnik News, <https://sputniknews.com/russia/201803131062493982-yalta-crimea-economic-forum/>.

³⁶ Federal Treasury. Unified Information Systems in the Field of Procurement, <http://zakupki.gov.ru>.

³⁷ "The Crimean Bridge (transport crossing over the Kerch Strait)," Stroygazmontazh, www.oocsgm.com/company/structure/.

³⁸ "The Crimean Bridge (transport crossing over the Kerch Strait)," Stroygazmontazh, www.oocsgm.com/company/structure/.

³⁹ "The Crimean Bridge (transport crossing over the Kerch Strait)," Stroygazmontazh, www.oocsgm.com/company/structure/.

⁴⁰ Daria Litvinova, "Why Kerch May Prove a Bridge Too Far for Russia," *The Moscow Times*, 17 June 2016, <https://themoscowtimes.com/articles/why-kerch-may-prove-a-bridge-too-far-for-russia-53309>.

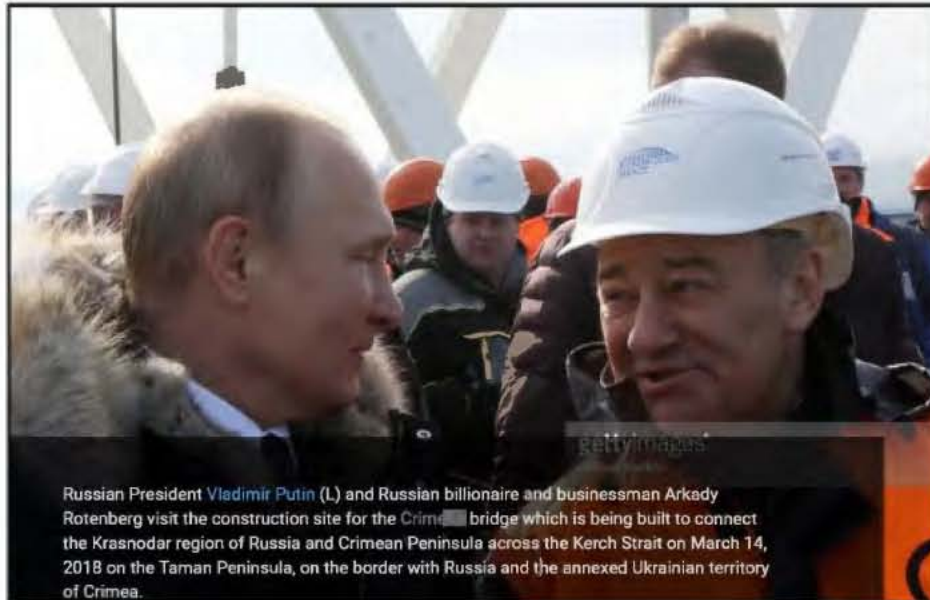
⁴¹ Halya Coynash, "Russia's Crimea Bridge Could Collapse Anytime," *The Atlantic Council*, 10 January 2017, <http://www.atlanticcouncil.org/blogs/ukrainelert/russia-s-crimea-bridge-could-collapse-anytime?tmpl=component&print=1>.

⁴² Alexander Panin, "Kerch Bridge To Crimea May Become Russia's Link To The East," *The Moscow Times*, 5 May 2014, <https://themoscowtimes.com/articles/kerch-bridge-to-crimea-may-become-russias-link-to-the-east-35058>

recently completed the four lane Beipanjiang Bridge—the world’s highest bridge, spanning 1.34 kilometers 565 meters above a valley gorge. According to the International Business Times, the bridge cost about US\$140 million to build. If a 19 km (the same length as the Kerch Strait Bridge) version of the Beipanjiang Bridge was built, it would cost roughly US\$1.96 billion, which is much

less than the cost of the US\$4.5 billion Kerch Bridge.⁴³

Moreover, Georgy Rosnovsky, the creator of two Ukrainian Kerch Strait bridge designs, believes that the bridge could collapse. Risk factors associated with the project include its planned construction over a seabed comprised largely of silt, the risk of earthquakes, seasonal ice floes, and concerns that the bridge’s height will impede boat traffic; however, the project continues to be a priority for Putin.^{44 45} A 2016 NPR



Russian President Vladimir Putin (L) and Russian billionaire and businessman Arkady Rotenberg visit the construction site for the Crimean bridge which is being built to connect the Krasnodar region of Russia and Crimean Peninsula across the Kerch Strait on March 14, 2018 on the Taman Peninsula, on the border with Russia and the annexed Ukrainian territory of Crimea.

report states that Putin allocated more funds for the bridge even in the midst of a Russian financial crisis.⁴⁶ Putin has made multiple appearances with Arkady Rotenberg at the Kerch Bridge construction site, and threatened to “hang [construction] managers” if the Kerch Bridge was not completed in 2018, a year earlier than its actual 2019 completion estimate.^{47 48 49}

⁴³ Alexandra Suarez, “Largest Construction Projects In The World: China Opens New Beipanjiang Bridge To Much Fanfare,” International Business Times, 29 December 2016, <http://www.ibtimes.com/largest-construction-projects-world-china-opens-new-beipanjiang-bridge-much-fanfare-2466977>.

⁴⁴ Halya Coynash, “Russia’s Crimea Bridge Could Collapse Anytime,” The Atlantic Council, 10 January 2017.

<http://www.atlanticcouncil.org/blogs/ukrainealert/russia-s-crimea-bridge-could-collapse-anytime?tmpl=component&print=1>.

⁴⁵ Neil MacFarquhar and Ivan Nechepurenko, “Putin’s Bridge to Crimea May Carry More Symbolism Than Traffic,” The New York Times, 11 November 2017, <https://nyti.ms/2hrHNy0>.

⁴⁶ Corey Flintoff, “Russia’s Crimea Bridge Project Beset By Engineering Worries And Labor Woes,” NPR, 16 August 2016.

<https://www.npr.org/sections/parallels/2016/08/16/490245830/russias-crimea-bridge-project-beset-by-engineering-worries-and-labor-woes>.

⁴⁷ Mikhail Svetlov, “Russian President Vladimir Putin Visits The Crimean Bridge,” Getty Images, 14 March 2018

https://www.gettyimages.com/event/russian-president-vladimir-putin-visits-the-crimean-bridge-775141283?rgwc=1&esource=AFF_GI_IR_Skimbit%20Ltd.10078&asid=Skimbit%20Ltd.&cid=GI#russian-president-vladimir-putin-and-russian-billionaire-and-arkady-picture-id931982854

⁴⁸ Mikhail Svetlov, “Kerch Bridge Construction,” Getty Images, 18 March 2016 <https://www.gettyimages.com/detail/news-photo/russian-president-vladimir-putin-and-businessman-arkady-news-photo/516339324#/russian-president-vladimir-putin-and-businessman-arkady-rotebreg-by-picture-id516339324>.

⁴⁹ Alikhsandr Valiyev, “‘Like Being A Slave’: Workers On Russia’s Bridge To Crimea Report Abuse, Deceit,” Radio Free Europe/Radio Liberty, 7 August 2016, <https://www.rferl.org/a/russia-crimea-kerch-bridge-workers-abuse-unpaid/27906011.html>.

The bridge project has caused controversy in the region because the Russian Transport Ministry has had to close down the Kerch Strait for several days to construct pieces of the bridge, and there are publicized plans to do so again.⁵⁰ This adversely affects Ukraine's economy by halting water transport in the strait and forcing massive lines of cargo vessels to a standstill.⁵¹ The Kerch Strait bridge is undoubtedly intended to ease the current isolation of Crimea, bolster the tourism industry as well as commercial shipping, and reduce economies of scale for the Crimean market. The project is a key milestone in the overall efforts to prop up Crimea's economy. Putin's emphasis on the completion of the bridge and its potential impact on Crimea's economy imply that this project is of great importance to Russia's strategy for developing Crimea.

Stroygazmontazh [Стройгазмонтаж] (SGM Group)

The Russian Federation's Ministry of Transport awarded Stroygazmontazh status "as the only contractor responsible for designing and building the transport crossing over the Kerch Strait."⁵² Stroygazmontazh⁵³ (SGM Group) is one of the largest construction and engineering firms in Russia, with major involvement in the oil and gas industry.⁵⁴ Stroygazmontazh is 100% owned by Arkady Rotenberg (Аркадий Ротенберг) and is managed by Chief Executive Officer Sergey Garaev.⁵⁵

The Kerch Strait works procurement will be performed by the Taman Federal Highway Administration of the Federal Road Agency. In addition to SGM, Arkady Rotenberg also owns the majority share of SMP bank.⁵⁶ Mosoblbank Moscow (Мособлбанк), a subsidiary of SMP Bank, was the vehicle through which money was transferred on SGM's side of the contract between SGM and the Taman Federal Highway Administration of the Federal Road Agency.⁵⁷ Mosoblbank is included in the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC)'s Specifically Designated Nationals and Blocked Persons (SDN) list. Effectively, Mr. Rotenberg is using his own bank to fund his own project with money received directly from the Russian state. Such a high degree of control over these financial transactions provides opportunities to minimize oversight and maximize privacy and protection—or perhaps to quietly pocket money. The bulk of Arkady's income "derives from state contracts, mostly to build thousands of miles of roads and natural-gas

⁵⁰ Veronika Melkozerova, "Russia's Illegal Crimean Bridge Construction Will Cost Ukraine," Kyiv Post, 31 August, 2017, <https://www.kyivpost.com/ukraine-politics/russias-illegal-crimean-bridge-construction-will-cost-ukraine-video.html>.

⁵¹ Ibid.

⁵² "Regarding Choosing a Sole Contractor for Design and Construction of the Transport Crossing over the Kerch Strait," Stroygazmontazh, <http://www.oosgm.com/>.

⁵³ Subsidiaries of SGM Group include SGM-Most, JSC Lengazspetsstroy, JSC Krasnodargazstroy, JSC Volgogaz, OJSC Volgogradneftemash, OOO SSK Gazregion, (see Appendix A).

⁵⁴ "SGM Group of Companies," Stroygazmontazh, www.oosgm.com/company/structure/.

⁵⁵ Rusprofile entry "OOO 'Stroygazmontazh', LLC 'SGM,'" <https://www.rusprofile.ru/id/133458>.

⁵⁶ "Putin's friend Arkady Rotenberg reportedly owns \$60m-worth yacht," Crime Russia, 20 Feb 2018, <https://en.crimerrussia.com/oligarchs/putin-s-friend-arkady-rotenberg-owns-60m-worth-yacht/>.

⁵⁷ "Addendum No. 9 to the State Contract of February 17, 2015 No 2," SGM Contract Translation, 24 Dec 2015; "Supplementary Agreement No.3 to the State Contract No.2 of 17 February 2015," SGM Contract Translation, 30 June 2015. (See Appendix B).

pipelines and other infrastructure projects.”⁵⁸ Although the bridge itself is not a money-making investment in the long term (it is not planned to be a toll road), it is highly likely that Arkady has taken on the Kerch Strait bridge project with the intent to profit immediately from state contracts, and it is also possible he means to perform a personal favor to Putin after other companies declined to take on the project.⁵⁹ By using his own bank, he has less external oversight from regulatory entities when receiving the income from this project and the corresponding state contracts.

The Ministry of Transport is also using two other Russian banks—Sberbank and Southern Main Branch of the Central Bank of the Russian Federation (Bank of Russia, Банк России)—as a vehicle for transferring money from the Ministry of Construction to Stroygazmontazh. Sberbank has branches in several countries, but it refuses to open a branch in Crimea out of fear that it will incur additional sanctions.⁶⁰ Herman Gref (Герман Греф), the bank’s President, has argued that the bank has already suffered from sanctions and opening a branch in Crimea would only cripple the bank’s activities further.⁶¹ Gref has close ties to President Putin due to his time spent as the Economy Minister and personal economic advisor. Although the bank refuses to open a branch in Crimea, it has been involved in the financial transactions for both the Kerch Strait bridge and the addition of a terminal at Simferopol airport.

Both Rotenberg and Gref have well-known ties to Putin. However, SGM and Sberbank are not the only companies involved in the Kerch Strait project with connections to the Kremlin. Elvira Nabiullina (Эльвира Набиуллина) is the Governor of the Bank of Russia, the main bank of which Southern Main Bank of the Central Bank of the Russian Federation is a subsidiary. The Southern Main Bank of the Central Bank of the Russian Federation is also a vehicle through which money is transferred from the Ministry of Construction to Stroygazmontazh. Nabiullina served as the Minister of Economic Development in 2008 and was the Aide to the President of the Russian Federation from 2012-2013.⁶²

Glavgosexpertiza (Главгосэкспертиза) is a non-profit organization that exercises the powers of the Ministry of Transport by executing works through surveys and appraisals and also engineering survey results.⁶³ Glavgosexpertiza was used for documenting the works and services that were assigned to SGM.⁶⁴ The organization is run by Igor Manylov, a former Russian State Secretary and Deputy Minister of Economic Development. This company was put under U.S. sanctions in 2016 for their involvement in the Kerch Bridge.⁶⁵ Interestingly, this non-profit takes on

⁵⁸ Joshua Yaffa, “Putin’s Shadow Cabinet and the Bridge to Crimea,” *The New Yorker*, 29 May 2017, <https://www.newyorker.com/magazine/2017/05/29/putins-shadow-cabinet-and-the-bridge-to-crimea>.

⁵⁹ Ibid.

⁶⁰ Andrei Skvarsky, “Sberbank to stay out of Crimea, CEO reiterates,” *Emerging Markets*, 13 June 2017, <http://emergingmarkets.me/sberbank-stay-crimea-ceo-reiterates/>.

⁶¹ Ibid.

⁶² “Board of Directors of the Central Bank of the Russian Federation,” *The Central Bank of the Russian Federation*, <https://www.cbr.ru/Eng/today/?PrId=dir>.

⁶³ “Mission and Values,” *Glavgosexpertiza of Russia*, <https://gge.ru/about/#menu-block1>.

⁶⁴ “For the Development of Working Documentation,” *Contract translation*, 11 August 2014. (See Appendix B).

⁶⁵ “United Sanctions Widen Sanctions Russia Against,” *Russian News Agency*, 20 Feb 2016, <http://tass.com/world/921040>.

work that is normally done by the Ministry of Construction. Despite concerns that the bridge is not a viable construction project, Glavgosexpertiza approved the plans to start construction.⁶⁶

In sum, Mosoblbank Moscow, Sberbank, and the Southern Main Bank Branch of the Russian Federation are all involved in the construction of the Crimean Bridge over the Kerch Strait. The involvement of Mosoblbank Moscow proves that Rotenberg is using his own bank for his own project, likely providing him the authority to make money off of the contract without going through external channels. The involvement of the Southern Main Bank Branch of the Russian Federation proves that the Kremlin is involved in the financing of the Kerch Strait bridge. The Russian Federation is investing in Crimea and the Russian oligarchs leading the projects are using their own businesses with the intent to achieve financial gain from government contracts.

Olga Plaksina, Mikhail Abyzov, and the Sevastopol Highway

As part of the Federal Target Program "Social and Economic Development of the Republic of Crimea and Sevastopol until 2020," Sibavtoban (Сибавтобан) was awarded an 18-month contract valued at 6.14 billion rubles (US\$107,131,237) to build a 9.1 km long four-lane high-speed highway to help alleviate traffic on urban Simferopol's infrastructure network. According to Russian corporate information website Rusprofile.ru, Sibavtoban is the only profitable business in which its owner is involved.^{67 68 69} It is unclear if he is benefiting financially from this project and where the allocated funds are going. The target for completion of this project is August of 2018. It was in August of 2016 that President Putin noted the unsatisfactory state of infrastructure in Crimea.⁷⁰

Without financial or political incentives present, few developers would choose to take part in the Simferopol highway project for fear of facing sanctions. Sibavtoban appears to have connections to SDNs Olga Plaksina (Ольга Плаксина) and Mikhail Abyzov (Михаил Анатольевич АБЫЗОВ). Plaksina and Abyzov are on the executive boards for companies in Cyprus and the British Virgin Islands with Costas Hadjicosti (Κώστας Χατζηκωστή) and Charalambos Angelides (Χαράλαμπος Αγγελίδης). Little is known about these two men except that they have multiple business dealings across Cyprus, the U.S., and the British Virgin Islands. According to work history information obtained from LinkedIn, both Plaksina and Hadjicosti worked for PwC (formerly PricewaterhouseCoopers) from 1994-2002. Hadjicosti and Angelides have been working together at Abacus LTD since 2008.^{71 72 73}

⁶⁶ "Railway approaches to Kerch Strait bridge obtain state expert approval," Railway Pro Communication Platform, 26 Jan 2017, <https://www.railwaypro.com/wp/railway-approaches-to-kerch-strait-bridge-obtain-state-expert-approval/>.

⁶⁷ Oksana Pavlova, "«Сибавтобан» до Крыма," Kommersant, 2 March 2017, <https://www.kommersant.ru/doc/3230179>.

⁶⁸ "XE: Convert RUB/USD. Russia Ruble to United States Dollar." <http://www.xe.com/currencyconverter/convert/?Amount=6140000000&From=RUB&To=USD>.

⁶⁹ "Бизнесмен Морозкий Андрей Николаевич: предприниматель и учредитель, генеральный директор Морозкий Андрей Николаевич (ИНН 540213760679)," <http://www.rusprofile.ru/person/morockiy-an-540213760679>.

⁷⁰ Oksana Pavlova, "«Сибавтобан» до Крыма." Kommersant, 2 March 2017 <https://www.kommersant.ru/doc/3230179>.

⁷¹ Costas Hadjicosti, LinkedIn, <https://www.linkedin.com/in/costas-hadjicosti-49b91b29/>.

⁷² Olga Plaksina, LinkedIn, <https://www.linkedin.com/in/olga-plaksina-735149/>.

It is possible that SDNs could be using these two individuals as facilitators for offshore business. Bloomberg company profiles, Aquion Chapter 11 filings, and U.S. Securities and Exchange Commission (SEC) filings reveal that Hadjicosti, Angelides, Plaksina, and Abyzov are on the executive boards of multiple companies located in the U.S., Cyprus, and the British Virgin Islands. SEC share transfers and company acquisition/merger documents indicate that Hadjicosti and Angelides acquired shares of companies in the energy, pharmaceuticals, and export sectors.^{74 75 76 77}
78 79 80 81

U.S. businesses where Hadjicosti and Angelides have held beneficial ownership were eventually acquired by other businesses that became companies such as Houston-based Lukoil International Upstream West, Inc. (an American Lukoil Subsidiary owned by a Lukoil holding company in the Netherlands) and Chicago-based Cosmos Holdings. It is possible that this pattern of investment and acquisitions could be exploited to circumvent sanctions when dealing with business partners in Europe, Africa, and Southeast Asia.^{82 83 84} Unfortunately, the dates of transactions on SEC documents for these two companies pre-date sanctions imposed after the Russian annexation of Crimea. The website of Lukoil International Upstream West Inc, however, provides post-annexation evidence of Lukoil acquiring less than 50% ownership of overseas oil drilling companies in places such as Africa and Mexico after the imposition of U.S. sanctions.

⁷³ Charalambos Angelides, LinkedIn, <https://www.linkedin.com/in/charalambosa/>.

⁷⁴ "PanAtlantic Energy Group: CEO and Executives - Bloomberg," Bloomberg, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=206871875>.

⁷⁵ "Vanco Exploration Company: CEO and Executives - Bloomberg," Bloomberg, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=206872176>.

⁷⁶ "Greenbase LTD.: CEO and Executives - Bloomberg," Bloomberg, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=237618622>.

⁷⁷ "Prime Estate Co., LTD.: CEO and Executives - Bloomberg," Bloomberg, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=267123628>.

⁷⁸ Karina Yee, "Case 17-10500-KJC Docket #0220," 8 June 2017, <http://www.kcedlc.net/aquion/document/171050017060800000000005>.

⁷⁹ "Alion SEC Form D: Notice of Exempt Offering of Securities," SEC EDGAR Database, 11 January 2011, https://www.sec.gov/Archives/edgar/data/1509945/000150994511000001/xslFormDX01/primary_doc.xml.

⁸⁰ "EX-10.1 2 pmlt_ex101.htm SHARE EXCHANGE AGREEMENT," SEC EDGAR Database, 22 April 2013, https://www.sec.gov/Archives/edgar/data/1474167/000147793213001992/pmlt_ex101.htm.

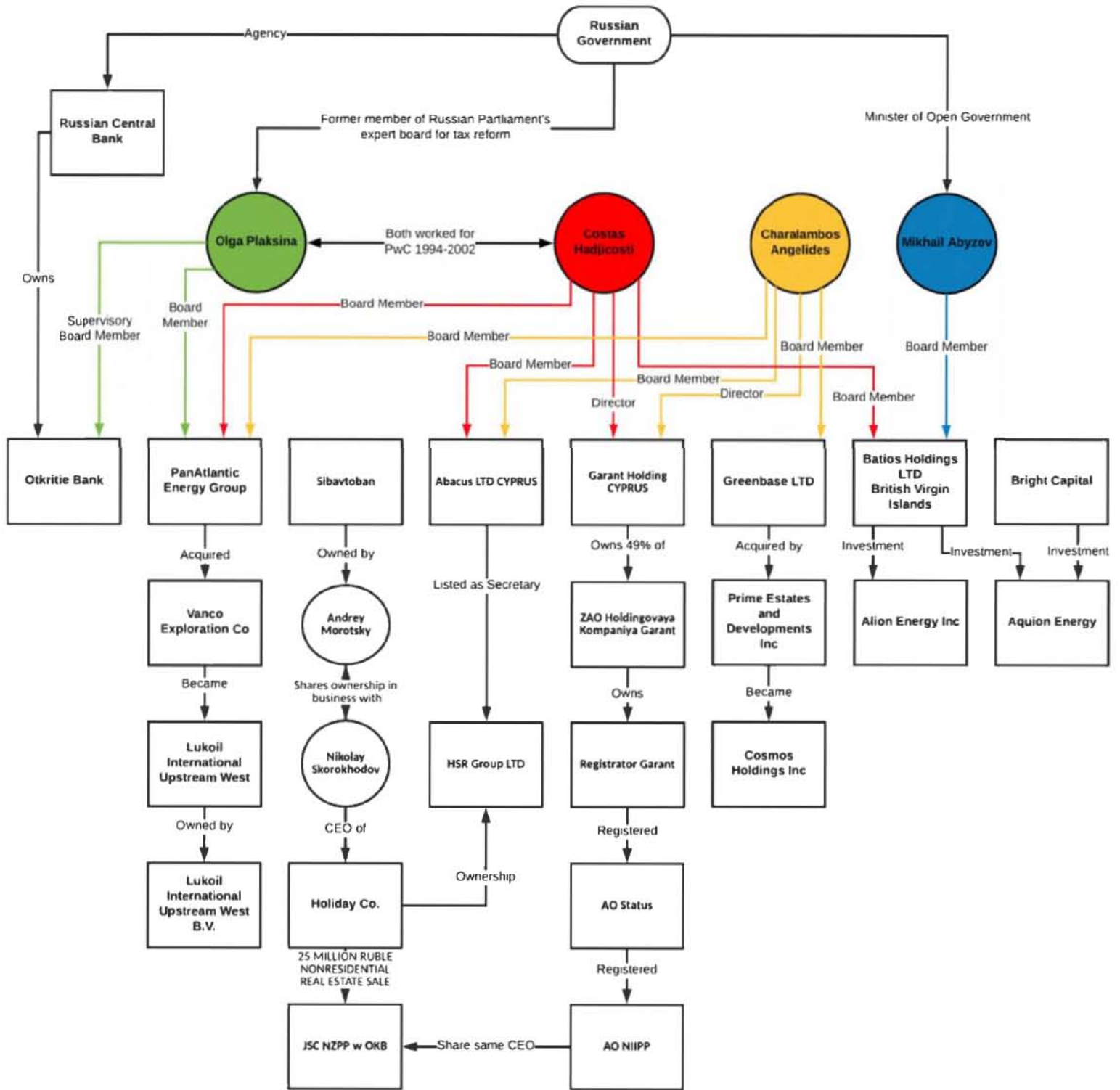
⁸¹ "EDGAR Search Results," SEC EDGAR Database, <https://www.sec.gov/cgi-bin/browse-edgar?company=prime+estates&owner=exclude&action=getcompany>.

⁸² "Lukoil- History," LUKOIL International Upstream West Inc., <http://upstreamwest.lukoil.com/en/About/History>.

⁸³ "Cosmos Holdings Inc. | International Holding Company." Cosmos Holdings Inc, <http://www.cosmosholdingsinc.com/>.

⁸⁴ See Advisen Documents 1 and 2 in the Appendix. Advisen LTD provided company profile information for Netherlands non-profit company Lukoil International Upstream Holding B.V. (DUNS #:403069565).

Chart 1: Companies Related to Olga Plaksina and Mikhail Abyzov



A complex web of companies extends from figures linked to the Sevastopol Highway project.



The Pearl Hotel and Spa Resort (Zhemchuzhina / Жемчужина)

Approximately eight months following Russia's annexation of Crimea, the Management Company Infrastructural Projects (MCIP) LLC (OOO)—also known as UKIP⁸⁵—registered in Simferopol City in the Republic of Crimea, on November 25, 2014.⁸⁶ MCIP is constructing the hotel and spa resort project known as Zhemchuzhina (or Pearl) on the southern tip of the Crimean peninsula near the famous Swallow's Nest Castle.⁸⁷ The founder and owner of MCIP is **Vladimir Zaritsky (Владимир Зарицкий)**, the former Commander-in-Chief of the Missile Forces and Artillery in Russia from 2001 to 2008.⁸⁸ Zaritsky's Pearl hotel and spa resort will reportedly cost approximately US\$29 million.⁸⁹ This is a slightly smaller project in size than the comparable Mriya Resort & Spa built in Yalta, which Sberbank funded in 2014 for US\$300 million.⁹⁰ The price difference has caused some to doubt the Pearl project's estimates.⁹¹ While the Pearl is smaller than the Mriya Resort & Spa and costs less to construct, it is still a significant investment that requires substantial funding from a recently registered company, owned by a former high-ranking military officer who has not earned enough personal wealth while in the military to account for the funding for this project. Zaritsky is taking advantage of these construction opportunities in Crimea with unknown funding sources, which could indicate that he is using this opportunity to launder his own previously unclaimed income.

⁸⁵ "Luxurious 5-star hotel to be built in Yalta by Missile Forces and Artillery ex-head's company," Crime Russia, 22 January 2018, <https://en.crimerrussia.com/gromkie-dela/luxurious-5-star-hotel-to-be-built-in-yalta-by-missile-forces-and-artillery-ex-head-s-company/>.

⁸⁶ "LLC 'UKIP'," rusprofile, <http://www.rusprofile.ru/id/7526393>.

⁸⁷ "Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea," Crime Russia, 31 January 2018. <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea/>.

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ Ibid.

It is unclear where the funding of the Pearl will be coming from, given that both MCIP and their contributing funding sources will be spending nearly all of their assets. The Russian Federal State Statistics Service shows MCIP total assets as currently totaling a mere US\$3,519.⁹² Zaritsky's company has reached out to an additional investor from a private Russia-based bank, Taata (designated an SDN).⁹³ ⁹⁴ ⁹⁵ MCIP's approximate US\$26.1 million contribution to the project is reportedly much less than its likely real cost of about US\$145.5 million, based upon a comparison with the Mriya resort built in 2014.⁹⁶ This would necessitate Taata's investment into the project being just slightly less than the bank's total assets—US\$162.9 million as of February 1, 2018, according to Bank.ru.⁹⁷ In other words, for Taata to fully fund the project, which far exceeds MCIP's assets, it would need to invest nearly all of its own assets. With both MCIP and Taata potentially investing more than they can afford, it seems likely the funding is coming from another hidden source, possibly Zaritsky's personal wealth.

Open-source reporting shows that Vladimir Zaritsky is a very aggressive investor in the new Crimean Republic. Zaritsky is the founder or co-founder of six OOs.⁹⁸ Before the Pearl, he attempted to acquire the Bilbek International Airport reconstruction project in Sevastopol in 2016 through his affiliate company, Integral Company, but the deal was not executed.⁹⁹ There were questions regarding how or where Zaritsky obtained his wealth.¹⁰⁰ While Zaritsky had an extensive military career in the Russian armed forces, Russian general officers are not paid a significant amount. Even when accounting for the Russian military pay increase in 2011, Zaritsky would only have made slightly more than US\$229,000 between 2001 and 2008.¹⁰¹¹⁰² Hypothetically, if Zaritsky were paid for his whole military career at the level of a Colonel-General (1968-2008), the highest rank he attained, he would have only earned approximately US\$1.3 million.¹⁰³ Zaritsky's project is expensive and seems to exceed a realistic investment for the parties involved.

However, open-source reports suggest that Zaritsky might be using this project as a means for money laundering of unreported profits he made while serving as Commander-in-Chief of the

⁹² "Limited Company 'MANAGEMENT COMPANY INFRASTRUCTURAL PROJECTS' Accounting (financial reporting)," rusprofile, <http://www.rusprofile.ru/accounting?ogrn=1149102091654>.

⁹³ "Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea," Crime Russia, 31 January 2018, <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea/>.

⁹⁴ "Taata Bank ZAO," Bloomberg, <https://www.bloomberg.com/profiles/companies/1260221D:RU-taatta-bank-zao>.

⁹⁵ "Treasury Designates Individuals and Entities Involved in the Ongoing Conflict in Ukraine," Department of Treasury, 20 June 2017, <https://www.treasury.gov/press-center/press-releases/Pages/sm0114.aspx>.

⁹⁶ "Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea," Crime Russia, 31 January 2018, <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea/>.

⁹⁷ "Bank 'Taatta' replaces the head and key owner," bankru, 10 October 2017, <http://www.banki.ru/news/lenta/?id=10051459>.

⁹⁸ "Zaritsky Vladimir Nikolaevich," rusprofile, <http://www.rusprofile.ru/person/zarickiy-vn-773117131396>.

⁹⁹ Ibid.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² Andrzej Wilk, "A significant pay increase in the Russian Army," 2 February 2012, <https://www.osw.waw.pl/en/publikacje/analyses/2012-02-01/a-significant-pay-increase-russian-army>.

¹⁰³ "Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea," Crime Russia, 31 January 2018, <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea/>.

Missile Forces and Artillery in Russia.¹⁰⁴ Zaritsky is reportedly a very wealthy man, his means far exceeding the personal wealth of Lieutenant General Mikhail Matveetsky, his successor.¹⁰⁵

Pursuing a vehicle to launder his unclaimed income is one potential motive for Zaritsky's investments in the Crimean Peninsula. He may also have a genuinely positive outlook regarding the profitability of tourism in the new republic. The Pearl resort will attempt to exploit its location on the Black Sea via beach amenities and recreational facilities to attract tourism.¹⁰⁶ Given that Crimea's economy has been traditionally dominated by tourism, the Pearl could potentially be a healthy investment for Zaritsky, MCIP, and Taata bank.¹⁰⁷ Zaritsky's investment behavior in the Crimean Peninsula—behavior he began almost as soon as the region was annexed—could greatly benefit this Russian oligarch in the long term. However, it is difficult to estimate whether the tourism sector in Crimea will strengthen in the coming years, and the fact that Zaritsky invested in Crimea just as the country was experiencing an economic decline seems to indicate that he invested in the region for other reasons. Our analysis posits that the Pearl has given Zaritsky the ability to launder his wealth under the guise of making a financial investment into the newly annexed region's construction market.

Changing Patterns of Tourism in Crimea

In response to the downturn of Ukrainian and European visitors to Crimea, the Russian government has established a travel subsidy and public relations program to bring more Russians to the peninsula.¹⁰⁸ More bodies in Crimean resorts may well incentivize further investment by Russian businesspeople.

With train and ground transportation unavailable until the Kerch Strait Bridge is completed, Russia currently relies on both air travel and ferries to transport passengers across the Kerch Strait for tourism. With the assistance of Aeroflot and its CEO Vitaly Saveliev—as well as a multitude of other Russian airlines—Russia has offered subsidized flights from various regional and national airports in Russia to help bring Russians to Crimea. Discounts run as high as fifty percent.¹⁰⁹ The Russian government launched this subsidy program in spring of 2014. Moscow allocated 680 million rubles (over US\$11.8 million) from the state budget for this purpose, and more recently

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

¹⁰⁶ Ibid.

¹⁰⁷ Misha Friedman, "The High Price of Putin's Takeover of Crimea," 31 March 2017, <https://www.bloomberg.com/news/features/2017-03-31/crimea-pays-a-high-price-three-years-after-russian-takeover>.

¹⁰⁸ Nataliya Vasilyeva, "Free vacations for Russian employees: destination Crimea," CTV News, 16 June 2014, <https://www.ctvnews.ca/business/free-vacations-for-russian-employees-destination-crimea-1.1870771>.

¹⁰⁹ "Crimea: 2014 Tourist Season Heading for the Rocks," Eurasianet, 11 April 2014, <https://eurasianet.org/s/crimea-2014-tourist-season-heading-for-the-rocks>.

offered 475 million rubles (US\$8.3 million) in 2017.¹¹⁰ This leap in passenger traffic comes amid a Kremlin-backed public relations campaign aimed at “[returning] Crimea to its native harbor.”¹¹¹

Larger corporations in Russia have also assisted with bringing Russians to the peninsula. Aeroflot, Russia’s largest airline (in which the Kremlin has a 51% stake) developed low-cost shuttle airlines such as the now-defunct Dobrolyet to assist in bringing Russians to Crimea.¹¹² Alrosa Airlines, a lower-cost shuttle to Crimea, provides scheduled and charter flights to and from Simferopol. Alrosa Airlines is owned by Alrosa Public Joint Stock Company (Алроса PJSC). Alrosa PJSC is a diamond company that operates out of Mirny, Russia, and is currently run by Vladimir Putin’s finance minister, Anton Siluanov.

At the end of 2015, Simferopol Airport was Russia’s fifth-busiest airport, up from ninth place in the previous year. It served over 5 million passengers, 79.9% more than in 2014. The 2016 traffic was forecast at 5.5 million passengers. Russia is expecting around 6 million tourists to visit Crimea in 2018. Though numbers had ticked downward from 2015 to 2017, the opening of the new terminal in mid-2018, plus consistent pushes from the Russian government, have led to a renewed increase in arrivals at Simferopol Airport.¹¹³ These spikes can likely be attributed to the Russian Government providing subsidies to Russians looking to spend their holidays in a warm water location. With these numbers, Russia has to a significant degree replenished the decrease in tourism that followed the initial annexation of Crimea.

Simferopol International Airport (Симферополь Интернационал Аэропорт)

Russian oligarchs Sergey Matviyenko (Сергей Матвиенко), Yuri Kovalchuk (Юрий Ковальчук), and Oleg Zhestkov (Олег Жестков) have been using the construction of a new terminal at the Simferopol International Airport as a vehicle to generate revenue. Oligarchs like Matviyenko are able to benefit financially from the contracts attached to this project due to the region’s opaque financial structure and tolerance for corrupt business deals. While corruption existed in Crimea before the 2014 annexation, the recent push from Russia to develop Crimea and increase tourism in the region has created new possibilities for oligarchs to benefit from construction projects.

The Simferopol International Airport is located in south-central Crimea and is the main international and domestic airport in the region. During the 2014 annexation, the Russian Federation seized the airport and transferred it to the newly-formed Autonomous Republic of Crimea before it was subsequently privatized. The improvements to the airport are part of Russia’s

¹¹⁰ Polina Montag-Girmes, “Russia to spend \$8.5 million for 2017 Crimea subsidy program,” Air Transportation World, 6 April 2017, <http://atwonline.com/government-affairs/russia-spend-85-million-2017-crimea-subsidy-program>.

¹¹¹ Steven Lee Myers and Ellen Barry, “Putin Reclaims Crimea for Russia and Bitterly Denounces the West,” New York Times online, 18 March 2014, <https://www.nytimes.com/2014/03/19/world/europe/ukraine.html>.

¹¹² “Aeroflot subsidiary grounded by European sanctions,” Financial Times online, <https://www.ft.com/content/f2bbcb6c-1b31-11e4-a633-00144feabdc0>.

¹¹³ Andrey Bystrov, “Simferopol airport back on positive growth path,” Russian Aviation Insider online, 12 March 2018, <http://www.rusaviainsider.com/simferopol-airport-back-positive-growth-path/>.

Strategy for Socio-Economic Development of the Republic of Crimea and were promoted at the YIEF as a project designed to increase and manage tourism.

In April 2016 the Crimean government made an investment agreement with Russian company Simferopol International Airport OOO (Симферополь Интернационал Аэропорт ООО), selling 51% of the airport. International Airport Simferopol OOO officially acquired the entire property with approval from the Russian Federal Anti-monopoly Service in June 2016.¹¹⁴ While there are legitimate benefits to improving an airport, Russian oligarch Sergey Matviyenko and others are benefiting financially from the contract. Matviyenko has taken numerous steps to obscure the financial record of these benefits.

Sergey Matviyenko (Сергей Матвиенко):



Acquiring Contracts Through Nepotism

It is likely that Sergey Matviyenko was unfairly awarded the bid for development of the Simferopol Airport through his mother's connection to the Russian government. **Sergey's mother, Valentina Matviyenko (Валентина Матвиенко)**, has been unfairly granting her son contracts for development in Russia since she was Governor of Saint Petersburg between 2003 and 2011. Since Valentina Matviyenko was promoted to Chairwoman of the Federation Council in 2011, she has been expanding the size of contracts she has been able to grant her son, including at least one contract in the newly-annexed Crimea.

Valentina Matviyenko, the third-highest-ranked official in the Russian Federation, has **already been sanctioned by the U.S. government**. However, her son Sergey Matviyenko continues to evade international criminal prosecution due to the extensive effort he puts into obscuring his connection to the bids obtained by his mother and thus any personal wrongdoing.



Valentina Matviyenko &
Vladimir Putin



Sergey Matviyenko &
Valentina Matviyenko

¹¹⁴ "A motion was agreed on the completion of a transaction (actions) falling under control of economic concentration," Legal acts, Federal Antimonopoly Service, 24 June 2016, <http://solutions.fas.gov.ru/ca/upravlenie-regulirovaniya-transporta/ar-42144-16>.

The construction of the new wing of the Simferopol International Airport is estimated to cost US\$522 million dollars. The money invested in the project comes from a combination of state loans and private investment. It was discovered at the 2016 YIEF that the Crimean government selected Sergey Matviyenko to win the Simferopol International Airport OOO contract. However, no bid was made public, preventing any competition for the contract. Simferopol International Airport OOO secured funding through its parent company Accord-Invest OOO (Аккорд Инвест ООО) to begin development. Through multiple shell companies, Accord Invest is linked to Matviyenko. The connection begins with the Airport and ends with Empire JSC (Империя ЗАО). Simferopol International Airport OOO is funded by Accord Invest. Accord invest is owned by Accord Holding (Аккорд Холдинг ООО). Accord Holding is owned by Accord Capital (Аккорд Капитал ООО). Accord Capital is funded by BMA Invest (Б.М.А. - Инвест). BMA Invest is funded by Syndicated Investments OOO (Синдицированные Инвестиции ООО), and Syndicated Investments acquired Empire ZAO (Империя ЗАО), which Sergey Matviyenko founded. 

The connection to Matviyenko is clouded and obscured even more by a string of other investors. Similar to the financial transactions for the Crimean Bridge over the Kerch Strait, Sberbank is a vehicle used to move money for many of the contracts awarded for the construction of the new terminal in the Simferopol Airport.¹¹⁵ The involvement of Glavgosexpertiza, which was also used in the Crimean Bridge over the Kerch Strait, further proves the Russian Federation is involved in propping Crimea up through the construction of the new terminal since Glavgosexpertiza is conducting work in place of the Ministry of Construction.

There is also evidence RNCB is involved with financing the new terminal. RNCB is the largest Russian bank operating in Crimea. Originally a subsidiary of VTB Bank, RNCB is owned by the Federal Agency for State Property Management, but its official documentation shows Alexey Alexeevich Shcherbakov as the President.^{116 117} The Chairman of the Board of Directors of the Bank is Ruslan Arefiev. RNCB was added to the U.S. sanctions list in early 2015.¹¹⁸

RNCB has pledged a 13.98 billion ruble (US\$223.9 million) loan to the construction of the new terminal, but there are no loan documents or contracts available to the public to prove this.^{119 120} However, RNCB did release a statement in support of this loan:

“Within the framework of the syndicated loan agreement, [we] opened a credit line for LLC International Airport Simferopol with a total limit of 13.98 billion rubles(US\$223.9 million). The funds will be provided for 15.5 years for the construction of a new passenger terminal with an area

¹¹⁵ “Treaty Number 0059D-16/GGE-10471/10/SG/R0016: For the execution/implementation of work, or a performance evaluation,” Simferopol Contract, 27 Jan 2016. (See Appendix B).

¹¹⁶ “How did Russia’s RNCB Avoid Ukraine-related Sanctions For So Long?” Financial Times, 8 March 2015, <https://www.ft.com/content/5d3e5ef4-9c80-3ee3-8768-67b72771e563>.

¹¹⁷ “Single State Register of Legal Entities: Russian National Commercial Bank,” RNCB Registry, 14 March 2013, rusprofile.ru.

¹¹⁸ “Ukraine Related Designations,” U.S. Department of Treasury, 11 March 2015, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20150311.aspx>.

¹¹⁹ “Company Overview of Simferopol International Airport,” Bloomberg, 31 March 2018, <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=110000492>

¹²⁰ “XE Currency Converter: Convert RUB to USD.” XE.com, <https://www.xe.com/currencyconverter/convert/?Amount=13%2C980%2C000%2C000&From=RUB&To=USD>

of 78 thousand square meters. The planned capacity of the terminal is at least 6.5 million passengers per year.”¹²¹

RNCB’s involvement further indicates the Kremlin’s involvement. This bank is owned by the government and is providing a large loan to help finance the terminal, so essentially the Kremlin is financing the terminal.

Bank Rossiya, which is under U.S. sanctions, is also involved in this project. Bank Rossiya is owned by the U.S.-sanctioned oligarch Yuri Kovalchuk, who has a personal stake of 40% in Simferopol Airport.¹²² Kovalchuk is also a partner in Accord-Invest, which is the parent company of Simferopol Airport, OOO. Bank Rossiya is used by many Russian officials for their personal banking, and Kovalchuk is known to be one of Putin’s personal economic advisors.¹²³ Dmitry Lebedev is the Chairman of the Board of Directors of Bank Rossiya.¹²⁴ Lebedev and Kovalchuk also work together with Center for Strategic Research “North-West” (“CSRNW”) in which Lebedev is the Director and Kovalchuk is the Chairman of the Board of Directors.¹²⁵ Kovalchuk’s investment, through the Kremlin-funded Center for Strategic Research North-West, shows the Kremlin’s willingness to use a firm dedicated to investment to enrich Putin’s allies. CSR charades as a think-tank looking at investment in the North-West region of Russia, but has direct ties to Kovalchuk and Dmitri Lebedev, both of whom are labelled by OFAC as SDNs.

In sum, Bank Rossiya executives are tied directly to the Center for Strategic Research “North-West,” which is connected to Akkord, which is subsequently linked to the construction of the new terminal at Simferopol Airport. Sberbank, RNCB, and Bank Rossiya are all involved in the construction of the new terminal at Simferopol airport. Sberbank is mostly used as a vehicle for transferring money, whereas RNCB is directly providing loans, which are tied to the Kremlin. Bank Rossiya is involved through Kovalchuk’s involvement in the airport. The use of these financial institutions proves that the Kremlin is involved in providing financing to projects in Crimea—with the likelihood that the oligarch at hand, Kovalchuk, will benefit.

The chart below shows how Sergey Matvienko has gone to great lengths to obscure his connection to the Simferopol International Airport and created a web of companies in which he can obscure his personal financial gains.

¹²¹ “RNSB Bank will provide financing to LLC “International Airport” Simferopol,” Russian National Commercial Bank, 25 August 2016, <http://www.rncb.ru/news/2345/>.

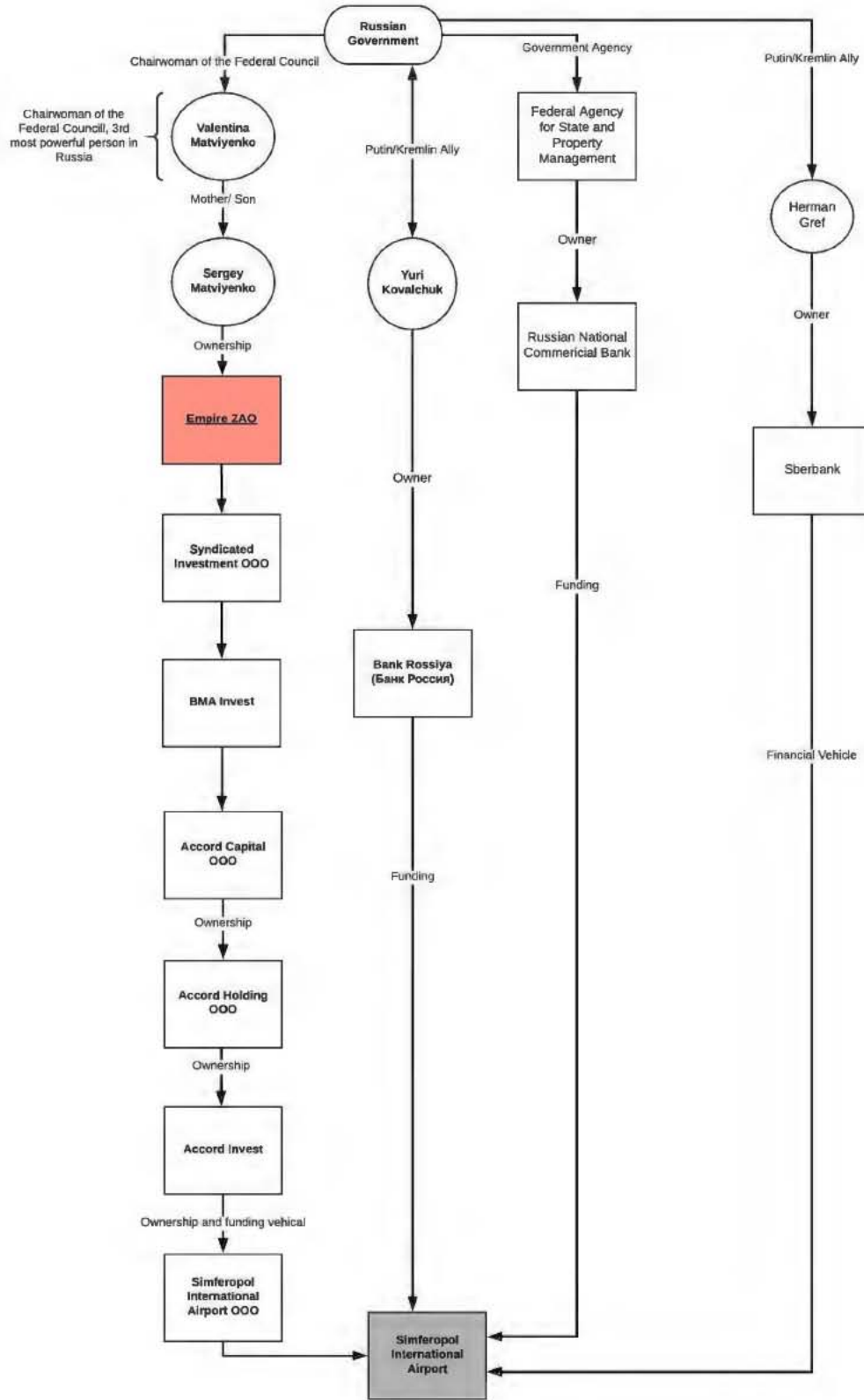
¹²² “Company Overview of Simferopol International Airport,” Bloomberg, 31 March 2018, <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=110000492>.

¹²³ Simon Bowers. “Bank Rossiya. Kremlin’s favoured bank. to be “frozen out the dollar.” The Guardian, 20 March 2014, <https://www.theguardian.com/world/2014/mar/20/crimea-crisis-kremlin-bank-frozen-out-dollar>.

¹²⁴ “Board of Directors,” Bank Rossiya, <http://www.abr.ru/about/corp/corporativ/>.

¹²⁵ “Center for Strategic Research ‘North-West’ (CSR ‘North-West’),” NIRA’s World Directory of Think Tanks, <http://www.nira.or.jp/past/ice/nwdtt/2005/DAT/1267.html>.

Chart 2: Companies Affiliated with Simferopol International Airport



III. Energy

Due to Western sanctions and pressure, Russian oligarchs are likely masking their involvement in the Crimean energy sector through the use of shell companies and a web of offshore companies, bank accounts, and international lawyers. Specifically, energy companies are seeking to gain from Russia's encroachment on the oil and natural gas deposits on the Crimean shelf because the Black Sea reserves are estimated to contain anywhere from four to thirteen trillion cubic meters of natural gas.¹²⁶ Crimea suffers from a shortage of power and requires a stable supply to develop its other sectors. As Russia seeks to legitimize Crimea, energy production will be a top priority. Due to U.S. and European sanctions, large Russian energy companies are either avoiding or are masking their involvement in Crimea. Therefore, most of the companies found to have connections to Crimea are either small, or relatively unknown.

Prior to its annexation, the Crimean peninsula relied heavily on Ukraine to supply it with electricity. Despite the presence of oil and gas fields located along the Black Sea shelf, much of the potential remained untapped, and power was routed into Crimea from plants in the interior of Ukraine. Chornomorneftegaz (Чорноморнафтогаз), a subsidiary of state energy company Ukrenergo (Укренерго), operated much of the energy infrastructure on the peninsula. As a net energy importer, Crimea relied on greater Ukraine for about 70% of its power—pylons and cables supplied approximately 650 megawatts of electricity.¹²⁷

Despite Ukraine having oil and natural gas production capabilities, much of the country's energy came from abroad. According to the U.S. Energy Information Administration (EIA), as much as 40% of the total Ukrainian energy supply came from natural gas.^{128 129} Russia, the largest supplier by volume, accounted for three-fifths of Ukraine's total energy supply.¹³⁰ Russia repeatedly demonstrated willingness to raise their prices as a tool of political leverage. Before the annexation, the Ukrainian government started a project to develop its domestic energy production capacity, with an eventual goal of energy independence from Russia by 2020. The Yanukovich government succeeded in reducing dependence on Russian gas from a peak of forty-five billion cubic meters in 2011 to twenty-eight billion cubic meters in 2013. Crimea's role in this development program was to serve as a site of new natural gas exploitation because the Black Sea reserves are expected to contain anywhere from four to thirteen trillion cubic meters of natural gas. After an open bidding process, contracts were ultimately awarded to Exxon-Mobil and Dutch Royal Shell in August 2012 for leading exploration and development of the deepwater Skifska gas fields near Crimea. Exxon-Mobil and Royal Dutch Shell outbid several other companies including one of Russia's largest oil companies - Lukoil. The fields were expected to produce as much as four billion cubic meters of gas annually.

After the annexation of Crimea, power supplies from Ukraine's interior were severed, and foreign energy development ended. Russia has nationalized all energy resources and companies in

¹²⁶ NATO, "The Energy Dimensions of Russia's Annexation of Crimea," NATO Review, <https://www.nato.int/docu/review/2014/NATO-Energy-security-running-on-empty/Ukraine-energy-independence-gas-dependence-on-Russia/EN/index.htm>.

¹²⁷ Anna Shamanska, "Explainer: Why Ukraine Supplies Electricity To Crimea, And Why It Stopped," RadioFreeEurope/RadioLiberty, 25 November 2015, <https://www.rferl.org/a/ukraine-crimea-power-supply-electricity-explainer/27384812.html>.

¹²⁸ "Eastern Europe, Caucasus, and Central Asia." International Energy Agency, 2015, https://www.iea.org/publications/freepublications/publication/IDR_EasternEuropeCaucasus_2015.pdf.

¹²⁹ "Ukraine 2012." International Energy Agency, 2012, https://www.iea.org/publications/freepublications/publication/Ukraine2012_free.pdf.

¹³⁰ Ibid

Crimea and expanded its Exclusive Economic Zone claim in accordance with new Crimean territorial borders. After Russian paratroopers secured Chornomorneftegaz's oil drilling platforms, the company broke away from Ukraine and was nationalized by Gazprom (Газпром).¹³¹ ¹³² Russia's largest oil companies, Gazprom (including Chornomorneftegaz), Gazprom Neft, Lukoil, Surgutneftegas, and Rosneft were quickly targeted by U.S. sanctions to hit the Russian economy and prevent them from exploring and developing the Crimean shelf.¹³³ However, these sanctions have not stopped all companies from initiating projects in Crimea.

Numerous sources have cited Joint Stock Company "Krimtec" (КРЫМТЭЦ), a Crimean power plant, and "Novye Proekty" [New Project] (НОВЫЕ ПРОЕКТЫ), a subsidiary of Russian oil and gas machinery company JSC Glavnefteservis (Главнефтесервис), as the beneficiaries of contracts and licenses from the Russian government. These companies were awarded official licenses and contracts by the Russian government to pursue the production of electricity, and the exploration and production of oil and gas on the Crimean shelf. According to Russian state newspaper, Kommersant, Russian Prime Minister Dmitry Medvedev issued a license for "Novye Proekty" in June 2016 timed to last 30 years.¹³⁴ Several companies, including the RNCB, have large contracts with JSC "Krimtec," highlighting the importance of Crimean energy production to the Russian regime.

Krimtec (КРЫМТЭЦ)

According to November 2017 open-source reporting, the Russian government awarded Krimtec the tender for a small power plant with a capacity of up to 120 megawatts in Simferopol. Refurbishment and expansion of this plant is expected to alleviate the electricity shortage until the two entirely new power plants are built elsewhere.¹³⁵

In 2015, Krimtec began submitting applications to receive approval for its investment programs. According to Krimtec's company website, the structure was in a "deplorable state" and the main financier, RNCB, has invested millions of rubles into the company to replace deteriorating equipment and ensure a reliable energy supply.¹³⁶ Contracts found on Krimtec's website and Zakupki.gov.ru confirm that Krimtec receives funding from several sources, including over US\$80,000 for "provisions of services for the opening of a non-revolving credit line for the purpose of financing the project 'Expansion of Saks Heating Networks' with the installation of a CCGT-120 MW" from RNCB.¹³⁷

¹³¹"Drilling Rigs of 'Chernomornaftogaz' Were Captured By The Russian 104th Regiment's Paratroopers," *InformNapalm.org*, 24 December 2015. <https://informnapalm.org/en/drilling-rigs-of-chernomornaftogaz-were-captured-by-the-russian-104th-regiment-s-paratroopers/>.

¹³²NATO, "The Energy Dimensions of Russia's Annexation of Crimea," *NATO Review*, <https://www.nato.int/docu/review/2014/NATO-Energy-security-running-on-empty/Ukraine-energy-independence-gas-dependence-on-Russia/EN/index.htm>.

¹³³U.S. Department of the Treasury, "Announcement of Expanded Treasury Sanctions within the Russian Financial Services, Energy and Defense or Related Materiel Sectors," <https://www.treasury.gov/press-center/press-releases/Pages/j12629.aspx>.

¹³⁴"Over the Shelf Stretches the Shelf of the 'New Projects'," *Kommersant.ru*, 5 March 2017, <https://www.kommersant.ru/doc/3235138>.

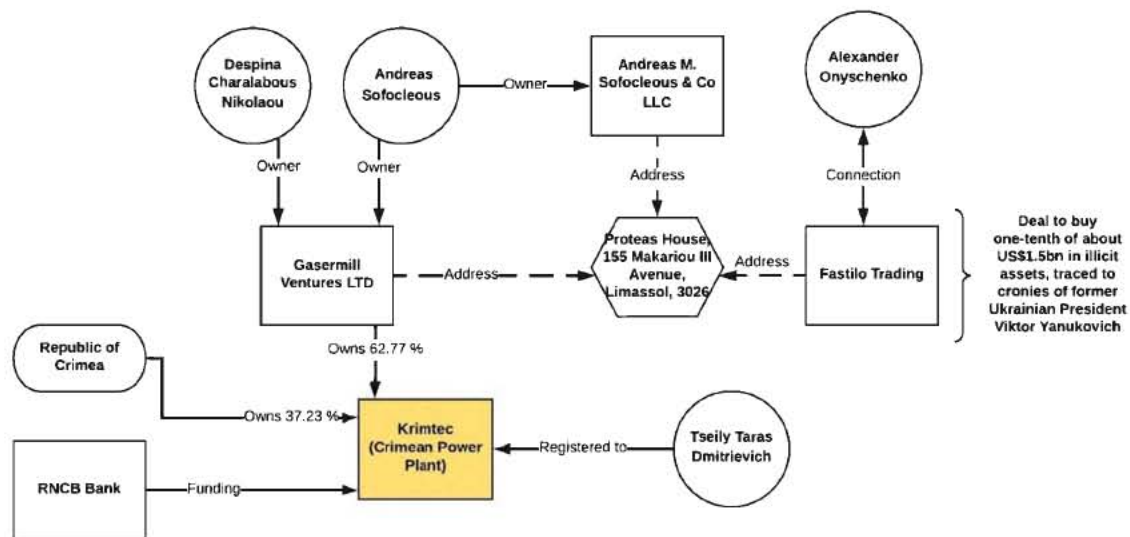
¹³⁵Anastasia Lyrchikova, "Russia Says Launch of Crimea Power Plant Delayed," *Reuters*, 9 November 2017, <https://www.reuters.com/article/us-ukraine-crisis-crimea-electricity/russia-says-launch-of-crimea-power-plant-delayed-idUSKBN1D91ZT>.

¹³⁶"АО "КРЫМТЭЦ" - генерация электрической и тепловой энергии." КРЫМТЭЦ, <http://krimtec.com/>.

¹³⁷Appendix B, Federal Treasury, Unified Information Systems in the Field of Procurement, <http://zakupki.gov.ru>.

In January 2015, Krimtec was registered to Tseily Taras Dmitrievich in the city of Simferopol in the Republic of Crimea.¹³⁸ According to rusprofile.ru, Gasermill Vencherz LTD is a shareholder and owns a controlling 62.77% of Krimtec. The Republic of Crimea owns the remainder of the company, with a 37.23% share. According to the Cypriot Ministry of Commerce, Industry, and Tourism, in 2008, Gasermill Ventures LTD was registered to Despina Charalabous Nikolaou (ΔΕΣΠΟΙΝΑ ΧΑΡΑΛΑΜΠΟΥΣ ΝΙΚΟΛΑΟΥ) and Andreas Sofocleous (ΑΝΔΡΕΑΣ ΣΟΦΟΚΛΕΟΥΣ) in Cyprus.¹³⁹ Sofocleous' law firm, Andreas M. Sofocleous & Co LLC, specializes in mergers and acquisitions, cross border transactions, joint ventures, and intellectual property licensing, as well as company formation and management and other business arrangements.¹⁴⁰ A considerable number of companies, including Gasermill Ventures LTD and Sofocleous' law firm, are registered to the same address—specifically, Proteas House, 155 Makariou III Avenue, Limassol, Cyprus, 3026. In addition to the companies listed above, Al Jazeera's investigative reporting has tied Alexander Onyschenko to Fastilo Trading, which is registered to the same Cypriot address. Al Jazeera reported, "Al Jazeera's Investigative Unit has obtained an unsigned document that puts Onyschenko and his Cyprus company, Fastilo Limited, at the heart of a deal to buy one-tenth of about US\$1.5 billion in illicit assets, traced to cronies of former Ukrainian President Viktor Yanukovich."¹⁴¹ **Russian oligarchs are likely using Gasermill Ventures LTD in Cyprus to mask their involvement in the Crimean energy sector by hiding true ownership as a way to skirt potential sanctions.** They are likely doing this in ways similar to Onyschenko's Fastilo Trading, but further investigation is needed to confirm.

Chart 3: Krimtec Energy Connections



¹³⁸ "АО "КРЫМТЭЦ" - генерация электрической и тепловой энергии." КРЫМТЭЦ, <http://krimtec.com/>.

¹³⁹ Department of Registrar of Companies and Official Receiver, <https://efiling.drcor.mcit.gov.cy/DrcorPublic/SearchResults.aspx?name=%&number=232696&searchtype=optStartMatch&index=1&name=%&sc=0>.

¹⁴⁰ "Andreas M. Sofocleous & Co LLC | Advocates - Legal Consultants," Andreas M. Sofocleous & Co LLC | Advocates - Legal Consultants, <http://www.sofocleous.com.cy/>.

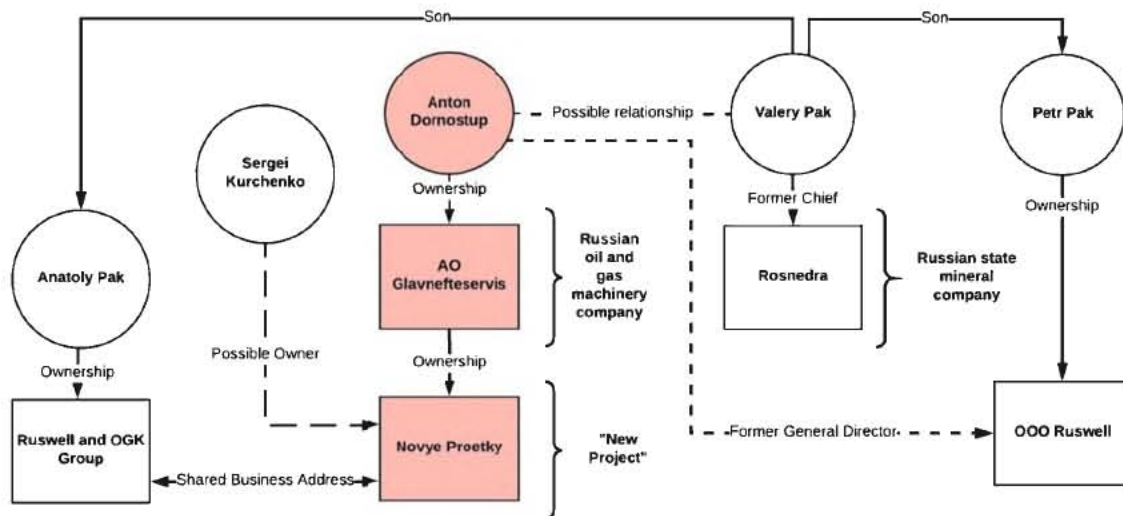
¹⁴¹ Will Jordan, "Illicit Deal Targets Assets Looted from Ukraine," *Ukraine | Al Jazeera*, January 07, 2018, <https://www.aljazeera.com/indepth/features/illicit-deal-targets-assets-looted-ukraine-171206141619973.html>.

Novye Proekty (НОВЫЕ ПРОЕКТЫ)

In March 2017, Kommersant reported that Novye Proekty ("New Projects") received a license for the exploration and production of oil and gas on the shelf of Crimea. The Glubokaya area of the Black Sea, is estimated to contain eight million tons of crude oil and 1.4 billion cubic meters of natural gas.

Novye Proekty is a subsidiary of AO Glavnefteservis (not to be confused with Glavsetservis), owned by businessman Anton Dornostup (АНТОН ДОРНОСТУП). According to several open-source reports, CEO Anton Dornostup has a close relationship with Valery Pak, but this remains unclear. Pak was previously chief of Russian state mineral company Rosnedra, former deputy minister for natural resources, and former head of multiple Russian oil companies. According to licenses found on egrul.nalog.ru, Novye Proekty shares a business address with the Ruswell and OGK Group, headed by Anatoly Pak, one of Valery Pak's sons; Dornostup was also General Director of Ruswell Ltd., a company owned by Petr Pak, another Pak son.

Chart 4: Novye Proekty and the Anton Dornostup Connection



The connection between Dornostup's company and the Russian state, through the Pak clan, is clear. Media reports claim the real owner of the Novye Proekty operation is Ukrainian oligarch Sergei Kurchenko, but the connection remains an intelligence gap.¹⁴²

Due to the significant financial investment and development currently ongoing in the Crimean energy sector, it is likely that Russian oligarchs are making a concerted effort to exploit this market for financial gain. The use of offshore shell companies and lawyers is clearly a mechanism designed to hide their presence and skirt current and future sanctions. Additional sources of intelligence are needed to determine exactly who is behind Krimtec and Novye Proekty.

¹⁴² "Over the Shelf Stretches the Shelf of the "New Projects," Kommersant.ru, 5 March 2017, <https://www.kommersant.ru/doc/3235138>.

IV. Real Estate

It is probable that the beneficial owners of Paragon—Lyudmila Lebedev Petrovna and her husband Pavel Lebedev—exploit offshore holding companies to obfuscate their investments in Crimean real estate and avoid being sanctioned by the U.S. The Paragon consortium of companies is one of the major real estate development companies on the Crimean Peninsula, operated by former Ukrainian Prime Minister Pavel Lebedev since at least 2012.¹⁴³ Pavel Lebedev may also be attempting to gather political support which he can use to benefit his real estate business. Some news reports noted that he had expressed interest in becoming governor of Sevastopol in 2016.¹⁴⁴ Currently Lebedev is the Vice President of the Russian Union of Industrialists and Entrepreneurs and Chairman of the Sevastopol coordination branch of the organization.¹⁴⁵

Pavel Lebedev (Павло Лебедєв)



L to R: Defense Minister Pavel Lebedev, Ukrainian President Viktor Yanukovich, Russian President Vladimir Putin, and the Russian Minister of Defense at the 2013 Navy Day Parade in Sevastopol.

Lebedev and his wife fled Ukraine in February 2014 alongside Former President Viktor Yanukovich.¹⁴⁶ Due to his involvement in the annexation and alleged sale of Ukrainian military information and supplies to Russia,¹⁴⁷ Ukrainian law enforcement issued a warrant for his arrest in 2016.¹⁴⁸ Locally, Lebedev heads the Crimean Council of Russian Union of Industrialists and Entrepreneurs, and is the Deputy Chairman of the Sevastopol branch of that organization.¹⁴⁹ Lebedev was scheduled to testify via video link from Russia in the treason case against Former Ukrainian President Viktor Yanukovich in late March 2018.¹⁵⁰ Reports have yet to confirm if Lebedev has testified at this time. Lebedev is also involved with the Crimean chemical company

¹⁴³ "New Defense Minister Lebedev Has 36.5 Million Income, Fleet of Expensive Cars and More than 50 Land Plots," 24 December 2012, https://en.censor.net.ua/photo_news/228223/new_defense_minister_lebedev_has_365_million_income_fleet_of_expensive_cars_and_more_than_50_land_plots

¹⁴⁴ "Former Minister of defense of Ukraine Lebedev wants to be "Governor" of the occupied Sevastopol" "Ukrop News 24" March 1, 2016. <https://ukropnews24.com/former-minister-of-defense-of-ukraine-lebedev-wants-to-be-governor-of-the-occupied-sevastopol/>

¹⁴⁵ "Pavel Lebedev Building in Sevastopol," Zagorodna, 3 January 2016, <https://www.zagorodna.com/en/articles/pavel-lebedev-building-in-sevastopol.html>.

¹⁴⁶ Natalie Vikhrov. "Fugitive ex-defense minister continues to battle EBRD," 24 March 2017, <https://www.kyivpost.com/business/fugitive-ex-defense-minister-continues-battle-ebrd-bank-says.html>.

¹⁴⁷ Taras Kuzio. "Who committed treason in Ukraine?" Ukrainian Policy, 1 March 2016, <http://ukrainianpolicy.com/who-committed-treason-in-ukraine/>.

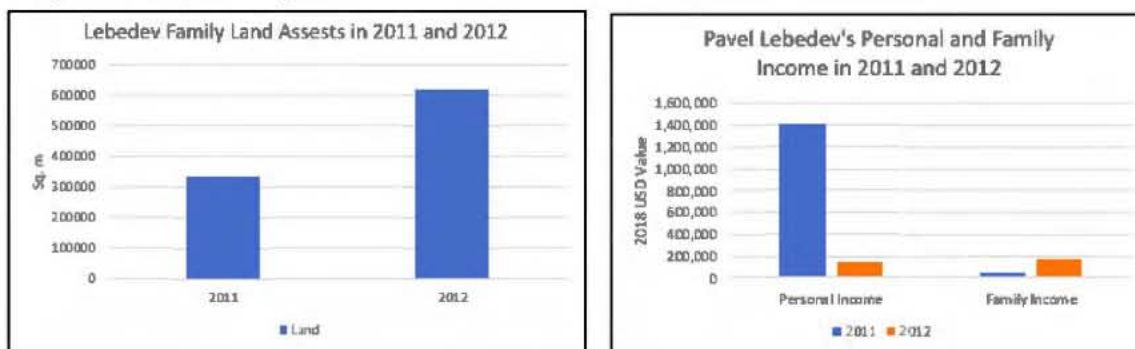
¹⁴⁸ Pavlo Lebedev, "Revoly", https://www.revolvy.com/main/index.php?s=Pavlo%20Lebedyev&item_type=topic.

¹⁴⁹ "Former Minister of defense of Ukraine Lebedev wants to be "Governor" of the occupied Sevastopol" "Ukrop News 24" March 1, 2016. <https://ukropnews24.com/former-minister-of-defense-of-ukraine-lebedev-wants-to-be-governor-of-the-occupied-sevastopol/>

¹⁵⁰ "Court agrees to question Azarov via video link in Yanukovich treason case," UkrInform, 21 March 2018, <https://www.ukrinform.net/rubric-politics/2426273-court-agrees-to-question-azarov-via-video-link-in-yanukovich-treason-case.html>.

Titan; Altius Development, which was involved in constructing the Olympic Village for the 2014 Olympic Games in Sochi; as well as several Oleg Deripaska-linked development firms.¹⁵¹

When declaring his personal and financial assets in 2011 and 2012 for his inauguration as Minister of Defense (figures below), Pavel Lebedev's personal income dropped from US\$1,400,793 (36,567,560 UAH) in 2011 to US\$140,458 (3,666,655 UAH) in 2012 (a tenfold decrease) while his family's income increased by 400%. On the same declarant paperwork, his household/family financial liabilities dropped from (1,067,214 UAH) in 2011 to (6,713 UAH) in 2012. His household land holdings doubled from 336,693 m² across 46 properties in 2011 to 620,861 m² across 57 properties, with an approximately equal increase in real estate holdings.¹⁵² This possibly reveals that Pavel Lebedev transferred some income generating assets to his wife between the 2011 and 2012 filings, and that he rapidly purchased over 300,000 m² of land to potentially divest his assets away from his political position.



Significant changes in apparent income and holdings can be discerned in the Lebedev family between 2011 and 2012.

Parangon (Парангон)

According to Parangon's homepage, Parangon.org, the company has been operating on the peninsula since 2006, and has a 40% market share on Sevastopol's construction and real estate market. Some of their current and completed projects include Aqua Evpatoria spa resort, LCD Olympia, LCD Cossack Bay, and numerous other apartment and luxury resorts on the peninsula. Additionally, they boast that they were one of the first companies to be registered and approved to construct and sell real estate in Crimea by the Russian Government post-2014 invasion. This fact is supported by the Russian State Register Number (OGRN/OГPH) registration dates for the various connected companies where the majority were registered between October 2014 and December 2015.

Parangon is headquartered at a solitary office building in Sevastopol, and the address served to connect many other companies to the group (many having office numbers in the 40s). These related companies were involved in a wide range of services such as car sales, customer loans, legal services, electrical installation, and more—though their website only advertises their

¹⁵¹Scott Stedman, "Exclusive: Oleg Deripaska's Right-Hand Man was Trump Tower Moscow Developer's Former CEO," Medium, 13 December 2017, <https://medium.com/@ScottMStedman/exclusive-oleg-deripaskas-right-hand-man-was-trump-tower-moscow-developer-s-former-ceo-75f36781eeff>.

¹⁵²Pavel Lebedev 2011-2012 Financial Filings, <https://pep.org.ua/en/person/9878>.

real estate business endeavors. Some news articles make note that several of Parangon's projects are built on similarly seized land.¹⁵³

Parangon executives—including its director Julia Smirnov Frantseva (Юлия Смирнов Францевна)—have made several appearances in early 2018 alongside Crimean and Russian government-linked entities. In April 2017 at the Yalta Economic Forum, Julia Frantseva, Sergey Aksyonov (Сергей Валерьевич Аксёнов, current Prime Minister of Crimea), and Andrei Filonov (Андрей Владимирович Филонов, Municipal leader for the city of Evpatoria) appeared at a public event where they signed a “Memorandum of Cooperation between the Council of Ministers of the Republic of Crimea and Parangon LLC.” The deal provided Parangon 6 billion rubles (US\$97,740,000), tax breaks, and labor to build Aqua Evpatoria: a 4 star hotel, spa complex, and waterfront property located in Evpatoria with its opening planned in Q4 2019.¹⁵⁴ This project was then awarded the “Best Architectural Project in Crimea” plaque in July 2017.¹⁵⁵ Based on 2018 Digital Globe imagery, construction at the site has not yet begun despite receiving the funds to do so in April 2017.

In February 2018, Sevastopol Governor Dmitry Ovsyannikov gave a public statement on the issue of the “Laspi Zakasnik” (Ласпи Закасник) zone. Zakasnik zones are roughly equal to national parks or nature preserves in the U.S. and require special approval to develop. The governor stated his belief that it was not necessary to increase the boundaries of the Laspi Zakasnik to prevent future development or construction, and additionally expressed support for the government's seizure of protected land for use in development and defense purposes. The article notes that the Crimean courts have sided with the government in approximately 1,060 of the 1,090 land seizure-related court proceedings.¹⁵⁶ Coincidentally, Parangon, which has posted a summary of this statement on the news section of the homepage, has built a dual-tower apartment complex, “Lapsi,” in that zakasnik, according to their homepage's property map.¹⁵⁷ 2018 AirBus Imagery on Google Maps confirms the two buildings' location. Parangon has also been criticized for illegally constructing real estate projects on other protected nature reserves such as Cape Fiolent and the Chersonese in Cossack Bay.¹⁵⁸

On February 2, 2018, Commercial Director of RGC Parangon Nikolai Galichkin participated in the “Mortgage in Sevastopol and Crimea.” The panel, organized by GC Most [sic] (or ‘Banks of Crimea and Sevastopol, Developers, Real Estate Agencies, and Construction Business’), also had unnamed representatives from GC Most, the Sevastopol Fund for Entrepreneurship Support, Bank Rossiya, RNCB, and AN “Multidom” [sic].¹⁵⁹ This shows that real estate in Crimea is likely a major focus for the economic development plan in Crimea.

¹⁵³ “Construction bacchanalia in the city of Russian glory,” Rambler, 4 July 2017, <https://news.rambler.ru/economics/37315860-stroitel'naya-vakhanaliya-v-gorode-russkoy-slavy/>.

¹⁵⁴ “RGC Parangon signed a Memorandum of Cooperation with the Council of Ministers of the Republic of Crimea and the Evpatoria Municipal District,” Parangon, 23 April 2017, <https://parangon.org/2017/04/23/rkg-parangon-podpisala-memorandum-o-vzaimodejstvii-s-sovetom-ministrov-respubliki-krym-i-evpatorijskim-munitsipalnym-okrugom/>.

¹⁵⁵ “The complex “Aqua Evpatoria” is recognized as the best architectural work of the Crimea,” Parangon, July 2017, <https://parangon.org/2017/07/06/akva-evpatoriya-priznan-luchshim-arhitekturnym-proizvedeniem-kryma/>.

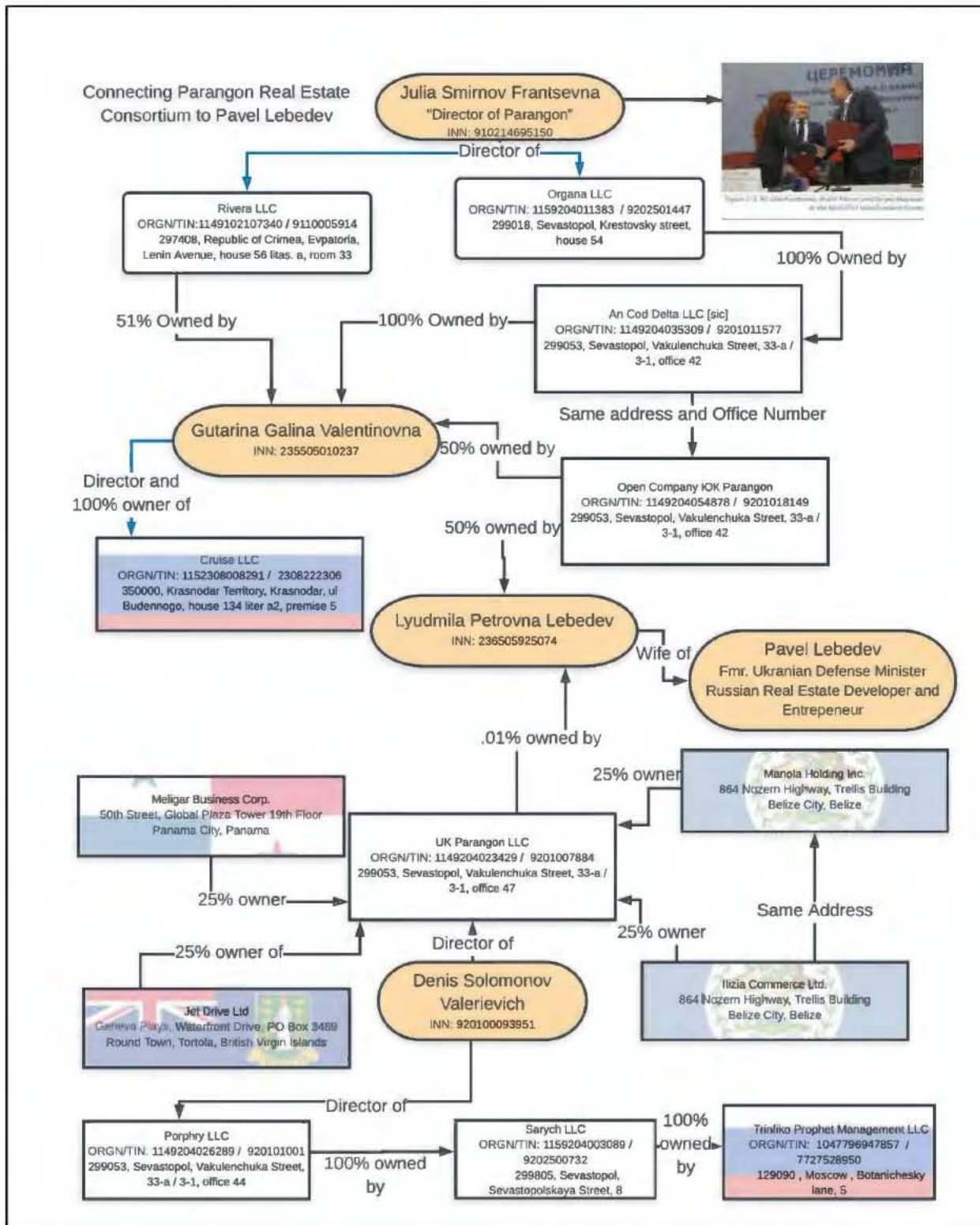
¹⁵⁶ “Ovsyannikov called to stop the “information HYIP” because of Laspi” Sevastopol News, 28 February 2018, <http://new-sebastopol.com/news/id/21724>.

¹⁵⁷ “In the course of the report before the election, the governor of Sevastopol, Dmitry Ovsyannikov, once again stressed that the issue of Laspi was closed, and the boundaries of the reserve were finally determined,” Parangon, 28 February 2018, <https://parangon.org/2018/03/15/v-hode-otcheta-pered-zaksobraniem-gubernator-sevastopolya-dmitrij-ovsyannikov-v-ocherednoj-raz-podcherknul-cto-vopros-po-laspi-zakryt-i-granitsy-zakaznika-opredeleny-okonchatelno/>.

¹⁵⁸ “Cape Fiolent in Crimea as unique landscape reserve is lost,” Crimean News Agency, 26 May 2017, <http://qha.com.ua/en/society/cape-fiolent-in-crimea-as-unique-landscape-reserve-is-lost/140800/>.

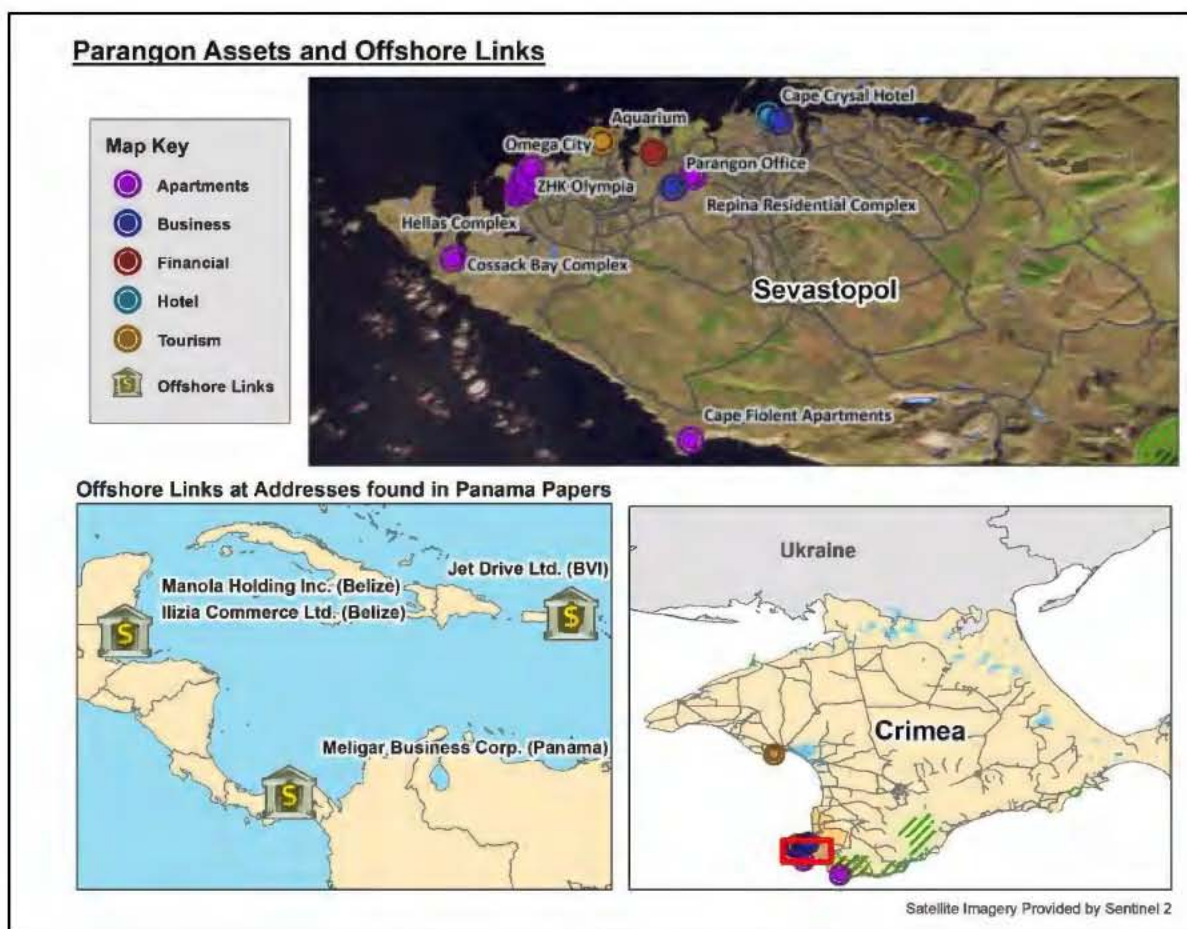
¹⁵⁹ “Mortgage in Sevastopol and Crimea,” Parangon, 6 February 2018, <https://parangon.org/2018/02/06/ipoteka-v-sevastopole-i-v-krymu/>.

Chart 5: Parangon Financials and Connections to Offshore Holdings



Using an array of open-source and Russian government business information found on rusprofile.ru, Parangon's 2017 Yalta Forum agreement (via Julia Frantseva) was connected to the Lebedevs, several offshore holding companies, and a Moscow-based property management firm.

Map 2: Paragon Assets and Offshore Links



Research uncovered four offshore links to the Paragon family of companies.

Of the four overseas connections found, two of them have the same address in Belize City: Ilizia Commerce LTD and Manola Holding Inc., which are located at an address that shows up in the Panama Papers.^{160 161} The Panama Papers show Ilizia Commerce is one of many shareholders of Corbet Group LTD, and other shareholders include two Uzbekistan citizens, a Panamanian-based company, a Belize oil company, and Cyprus-based Boroni Company LTD.¹⁶²

Jet Drive [sic] LTD's address was directly and indirectly related to hundreds of people and organizations through the Panama Papers, though translation of the exact English name of the company, the cost of pulling business records from the British Virgin Islands, and the amount of

¹⁶⁰ Rusprofile entry, "Ilizia Commerce Ltd," <http://www.rusprofile.ru/foreign/57417>.

¹⁶¹ Rusprofile entry, "Manola Holding Inc.," <http://www.rusprofile.ru/foreign/57418>.

¹⁶² Offshore Leaks database, "864 Northern Highway, Trellis Building, Belize City, Belize," <https://offshoreleaks.icij.org/nodes/14023228>.

connections with this address made further research difficult given the time and resource constraints of this project.¹⁶³

Meligar Business Corporation's registered address was linked to hundreds of people and companies via the Panama Papers database, though none shared the exact same office.^{164 165} When searched on Open Corporate's database, Meligar Business Corporation is owned by Cambra La Duke and Co, whose employees are involved with many companies.¹⁶⁶

Trinfiko Property Management OOO¹⁶⁷ is a Moscow-based company that was the supplier in 89 Russian government contracts for a combined value of US\$6,109,013, and is involved with "management of securities" services.¹⁶⁸ The address for Trinfiko OOO has 23 registered addresses associated with it on Rusprofile, and according to Google Street View imagery the address is a possible hotel or shopping center in downtown Moscow near several embassies. Trinfiko Property Management is owned by an assortment of companies and people with a wide array of ownership percentages including Cypriot-based Nibro Capital Management Ltd, which may warrant further investigation in order to map out the its network of affiliated persons and entities.^{169 170}

Considering the link to addresses in the Panama Papers, Russian government contractors, and Pavel Lebedev's increasing benefits and involvement in Crimean politics, Pavel Lebedev is likely exploiting legal contacts and employing economic obfuscation in order to increase his political and financial gain from his Crimean investments. His increasing political activities post-annexation, such as his position on the Russian Union of Industrialists and Entrepreneurs and his open remarks about eyeing a Sevastopol gubernatorial run, may indicate that he hopes to gain political benefits from his investment in Crimea.

Additionally, Lebedev is using the political clout gained through these methods to receive cheap or free land from the Crimean government for development, such as in the Lapis zakaznik and Cape Fiolent. As previously stated, Crimean courts have sided with the government in the vast majority of land-ownership legal cases. An alternate analysis is that Lebedev is not receiving any political benefit, but rather, is personally responsible for his political positions. This analysis is based on the fact that his political party, the minor left-wing Rodina party, only won a single Duma seat when compared to Putin's United Russia Party's 344 seats in the 2016 elections.¹⁷¹ It is unlikely that Putin would personally seek to elevate someone who does not belong to his own political party in a location as critical to Russia as Crimea.

¹⁶³ Offshore Leaks Database, "Waterfront Drive, PO Box 3469, BVI,"

<https://offshoreleaks.icij.org/search?cat=3&e=&q=WATERFRONT+DRIVE%2C+PO+Box+3469&utf8=%E2%9C%93>.

¹⁶⁴ Rusprofile entry, "Meligar Business Corp.," <http://www.rusprofile.ru/foreign/57317>.

¹⁶⁵ Offshore Leaks Database, "50th Street; Global Plaza Tower; 19th floor; Suite 19-H; Panama City; Republic of Panama," <https://offshoreleaks.icij.org/nodes/14018408>.

¹⁶⁶ Open Corporate Database Entry, "Meligar Business Corp.," <https://opencorporates.com/companies/pa/824754>.

¹⁶⁷ Bank of Russia Ordinance, 2 November 2017, <http://docplayer.ru/72762886-Soderzhanie-15-noyabrya-2017-1929.html>.

¹⁶⁸ Rusprofile Entry, "Trinfiko Property Management OOO," Trinfiko, <http://www.rusprofile.ru/id/1290626>.

¹⁶⁹ Rusprofile Entry, "Nibro Capital Management Ltd.," <http://www.rusprofile.ru/foreign/18615>.

¹⁷⁰ Rusprofile Entry, "CJSC Trinfiko Holdings," <http://www.rusprofile.ru/id/1209646>.

¹⁷¹ Ben Noble, "Putin just won a supermajority in the Duma. That matters," *Washington Post*, 1 October 2016, <https://www.washingtonpost.com/news/monkey-cage/wp/2016/10/01/putin-just-won-a-super-majority-in-the-duma-that-matters>.

V. *Crimean Assets*

The seizure and subsequent privatization of the Novy Svet winery through a suspicious auction suggests that Putin's closest cronies will receive Crimea's finest spoils.

According to the Ukrainian Ministry of Justice, over 4,000 assets were seized by the local Russian-backed Crimean government after the 2014 annexation.¹⁷² One of the most recognizable of these assets is the Novy Svet (Новый Свет) winery which was established in 1878 and served sparkling wine at the coronation of Czar Nicholas II in 1896. The winery was nationalized by Crimea and subsequently privatized in an auction held on December 22, 2017. The Crimean Ministry of Property and Land Relations (Министерство Имущественных И Земельных Отношений Республики Крым) auctioned the winery for 1.5 billion rubles (US\$26.4 million) to a company named Southern Project (Южный проект), according to the tender document published on the ministry's website.¹⁷³ Yet the Russian Federal Tax Service website says Southern Project itself was only registered as a Russian company on November 23, a month before the auction.¹⁷⁴ The company is registered as a real estate firm with Anna Yurevna Lastochkina (Анна Ласточкина) as CEO and founder. The registration document also names Bank Rossiya as a founder of Southern Project.

Bank Rossiya's chairman Yuri Kovalchuk is currently sanctioned, but Lastochkina is not. She is listed as the founder and/or CEO of four additional companies according to rusprofile and individual company registration documents.¹⁷⁵ She is the CEO and co-founder of OOO Lantana (Лантана), which is an accounting law firm registered in 2015.¹⁷⁶ The other co-founder is Dmitri Mansurov who is also the head of the legal division at Bank Rossiya, according to Bloomberg.¹⁷⁷ Lastochkina is the CEO and founder of another holding company called OOO Abros (Инвестиционная Компания Аброс). Abros was registered in 2004. It is the oldest of all Lastochkina's companies but is now a subsidiary of Lantana.¹⁷⁸ She is the CEO and founder of OOO Ice (Айс) as well, a performing arts company registered in 2014 and a subsidiary of Abros.¹⁷⁹ Lastly, she is the founder of NP Corporate Village, registered in 2012, but she is not the CEO.¹⁸⁰ All the companies she is affiliated with are based at different addresses in St. Petersburg, except NP Corporate Village, which is in Leningrad.

¹⁷² John-Thor Dahlburg and Laura Mills, "Crimea's New Russian Overlords Are Seizing Thousands Of Businesses," *Business Insider*, 2 December 2014, <https://www.businessinsider.com/crimeas-new-russian-overlords-are-seizing-thousands-of-businesses-2014-12>.

¹⁷³ "Information Results of the Privatization Transaction," Ministry of Property and Land Relations of the Republic of Crimea, 22 December 2017, (See Appendix B).

¹⁷⁴ *Ibid.*

¹⁷⁵ Rusprofile entry, "Lastochkina, Anna Yurievna," www.rusprofile.ru/person/lastochkina-ayu-782581053673.

¹⁷⁶ Single State Register of Legal Entities, "OOO Lantana," (See Appendix B).

¹⁷⁷ "Executive Profile: Mansurov, Dmitry Flerovich," Bloomberg, <https://www.bloomberg.com/research/stocks/private/person.asp?personId=329671403&privcapId=53837101>.

¹⁷⁸ Single State Register of Legal Entities, "OOO Abros," (See Appendix B).

¹⁷⁹ Single State Register of Legal Entities, "OOO Ice," (See Appendix B).

¹⁸⁰ Single State Register of Legal Entities, "OOO NP Corporate Village," (See Appendix B).

Her newest firm, Southern Project, was not the only bidder for the Novy Svet winery. Another company called Voom Vokh Invest (Вoom-Вох Инвест) is listed as a bidder on the tender document.¹⁸¹ They were registered as a counseling and commercial activities firm in 2016 on Federal Tax Service documents.¹⁸² They are a microenterprise with less than 15 employees and an authorized capital of 10,000,000 rubles (US\$174,700) according to Rusprofile.ru.¹⁸³ Rusprofile.ru lists 20 firms operating at the same address, in the very same room as Voom Vokh Invest.¹⁸⁴ However, CEO Dmitri Viktorovich Zaichenko (Дмитрий Викторович Зайченко) is not affiliated with any other firm. This suggests that Voom Vokh Invest is a shell company and the Novy Svet auction was a ruse to ensure Southern Project—and, subsequently, Yuri Kovalchuck—won the bid.

An article in the German wine trade magazine *Meinenger's Wine Business International* claims other European entities were interested in buying Novy Svet, but were not allowed to bid by the Crimea Ministry of Land and Property Relations who managed the auction.¹⁸⁵ The article also cites a statement from Crimean governor Sergei Aksenov (Сергей Аксёнов [Russian]/Сергій Аксьонов [Ukrainian]) that the government plans to privatize more wineries to profit from these auctions and raise additional tax revenue. *Meinenger's* claims that Novy Svet could be worth three times the price it was auctioned for and that Putin helped his friend Kovalchuk acquire the asset. This could serve many purposes for Putin: improving the Crimean fiscal situation, fostering economic development, and doing a favor for a trusted oligarch who is investing heavily in the region. This could also be a sign that oligarchs close to Putin will have exclusive access to the most valuable privatized Crimean assets at a discounted rate. *Meinenger's* cites the Russian Ministry of Agriculture as estimating that total wine assets in Crimea are worth US\$1.55 billion (88.5 billion rubles).

The fate of most of the other 4,000 assets could not be verified through Crimean government sources. However, credible organizations were able to track down several major assets that were seized in 2014. Massandra (Массандра) and Magarach (Магарач) are two other notable wineries in Crimea that have not yet been privatized.¹⁸⁶ The Ukrainian oil and gas company Chornomornaftogaz (Черноморнефтегаз) was brought under Gazprom's control shortly after annexation.¹⁸⁷ Former Ukrainian public assets such as local colleges and Crimean Railways (Крымская железная дорога) were also nationalized and reorganized. Several private assets like Yalta Film Studio (Ялтинская киностудия) and Krymavtotrans (Крымавтотранс), a

¹⁸¹ "Information Results of the Privatization Transaction," Ministry of Property and Land Relations of the Republic of Crimea, 22 December 2017, (See Appendix B).

¹⁸² Single State Register of Legal Entities, "OOOVoom Vokh Invest," (See Appendix B).

¹⁸³ Rusprofile entry, "OOO Voom-Vokh Invest." <http://www.rusprofile.ru/id/10601117#founders>.

¹⁸⁴ Rusprofile entry, "119415, Moscow, Leninsky Prospekt, 114, room XV - room 1,"

<http://www.rusprofile.ru/search?type=ul&query=119415%2C%20%D0%B3%D0%BE%D1%80%D0%BE%D0%B4%20%D0%9C%D0%BE%D1%81%D0%BA%D0%B2%D0%B0%2C%20%D0%9B%D0%B5%D0%BD%D0%B8%D0%BD%D1%81%D0%BA%D0%B8%D0%B9%20%D0%BF%D1%80%D0%BE%D1%81%D0%BF%D0%B5%D0%BA%D1%82%2C%20%D0%B4%D0%BE%D0%BC%20114%2C%20%D0%BF%D0%BE%D0%BC%D0%B5%D1%89%D0%B5%D0%BD%D0%B8%D0%B5%20XV%20-%20%D0%BA%D0%BE%D0%BC%D0%BD%D0%B0%D1%82%D0%B0%201>.

¹⁸⁵ Eugene Gerden, "Crimean Wineries to be Auctioned," *Meinenger's*, 16 February 2018, <https://www.meininger.de/en/wine-business-international/crimean-wineries-be-auctioned>.

¹⁸⁶ Andrey Sambos, "Imitating Chavez: A Year of Nationalization in Crimea," Carnegie Moscow Center, 19 March 2015, <http://carnegie.ru/commentary/59421>.

¹⁸⁷ *Ibid.*

transportation company, were also seized, but their owners received some compensation. This is most likely because they were Russian citizens, according to Carnegie Moscow's Andrey Sambros.¹⁸⁸ However, assets from Ukrainian oligarchs Aleksandr Leschinsky, Sergey Taruta, and Igor Kolomoisky were also seized in Crimea and subsequently nationalized.¹⁸⁹ Sambros and LA Times correspondent Mansur Mirovalev claims that Crimean Prime Minister Sergei Aksenov has received many seized assets himself.¹⁹⁰ Specific assets could not be verified, but public records on the Crimean government website show his personal wealth has increased by 1 million rubles since 2014 (over US\$16,000).^{191,192,193} His wife's income increased far more dramatically, from 2.9 million rubles (US\$48,000) to 32.8 million (US\$543,358) in the same time frame.¹⁹⁴ The Speaker of the Crimean Parliament Vladimir Konstantinov also substantially increased his income from 2.5 million rubles (US\$42,000) in 2014 to 84.5 million rubles (US\$1.4 million) in 2016.¹⁹⁵ Sambros argues that the large nationalization project in Crimea was an attempt by Crimean authorities to show Moscow that they could bring economic development to the region without being a drain on the Kremlin's resources. Many large assets like wineries may continue to be auctioned off to well-known oligarchs while others could remain in the hands of local Crimean authorities who seek to become oligarchs themselves.

VI. Crimean Heavy Industry

Unlike many of the Russian entities detailed throughout this analysis, Ukrainian oligarch Dmytro (Dmitry) Firtash (Дмитро Фірташ [Ukrainian]/ Дмүмпуї Фүрташ [Russian]) has been an instrumental center of gravity in Russia's encroachment into Crimea, as he owns chemical and metal related facilities in the disputed territory which almost certainly conduct business through opaque financial infrastructure. As co-owner of the Russian-Ukrainian gas intermediary RosUkrEnergo (РосУкрЭнерго, RUE), Firtash dealt with Russian gas moguls at Gazprom during the early 2000s and during the Yanukovich presidency, which almost certainly solidified his importance to Moscow since he and RUE facilitated cheap gas deals to Russia, cultivating a relationship from which all involved parties certainly benefited in the long run.^{196 197 198 199} In addition to his extensive dealings with Russian energy moguls, Firtash's ties to

¹⁸⁸ Ibid.

¹⁸⁹ Ibid.

¹⁹⁰ Mansur Mirovalev, "Crimean business owners caught up in pro-Russia officials' crackdown," Los Angeles Times, 12 January 2017, <http://www.latimes.com/world/europe/la-ig-crimea-yalta-2017-story.html>.

¹⁹¹ "Information on incomes, expenses, property and liabilities of property nature," Head of the Republic of Crimea, Chairman of the Council of Ministers of the Republic of Crimea Aksenova S.V. from January 1, 2014 to December 31, 2014 years, (See Appendix B).

¹⁹² "Information on incomes, expenses, property and liabilities of property nature," Head of the Republic of Crimea, Chairman of the Council of Ministers of the Republic of Crimea Aksenova S.V. from January 1, 2015 to December 31, 2015 years, (See Appendix B).

¹⁹³ "Information on incomes, expenses, property and liabilities of property nature," Head of the Republic of Crimea, Chairman of the Council of Ministers of the Republic of Crimea Aksenova S.V. from January 1, 2016 to December 31, 2016 years, (See Appendix B).

¹⁹⁴ Ibid.

¹⁹⁵ Serhiy Mokrushin and Sofia Fedeczko, "How Annexation Made Crimea's Self-Proclaimed Government Rich," Hromadske International, August 30, 2017, <https://en.hromadske.ua/posts/how-annexation-made-crimeas-self-proclaimed-government-rich>.

¹⁹⁶ Slawomir Matuszak, "How Ukrainian Oligarchs View Economic Integration with the EU and Russia," Osrodek Studiow Wschodnich (OSW - Center for Eastern Studies), <https://www.osw.waw.pl/en/publikacje/analyses/2011-09-14/how-ukrainian-oligarchs-view-economic-integration-eu-and-russia>.

¹⁹⁷ Hannah Levintova, AJ Vicens, and Ashley Dejean, "Hacker, Banker, Soldier, Spy: A Guide to the Key Players in the Trump-Russia Scandal," Mother Jones, <https://www.motherjones.com/politics/2017/06/russia-trump-putin-scandal-key-players-dossiers/>.

the Rotenberg brothers and notorious Russian mafia boss Semion (Semyon) Mogilevich (Семён Моги́левич) likely further solidified his importance to Putin and the Kremlin.^{200 201 202 203 204} Former Ukrainian PM Yulia Tymoshenko (Ю́лія Тимоше́нко) sought to disband RUE and even sued Firtash, alleging that Firtash, via RUE, was laundering money—though the case was eventually dismissed.²⁰⁵ According to numerous press releases on Firtash's Group DF (alternately, DF Group) holdings firm website and other media, the oligarch has faced additional legal scrutiny (e.g. embezzlement claims, possible connections to Russian organized crime) yet has come away practically unscathed.^{206 207 208} The exact reasons are unknown; though there may be a possibility of some Russian intervention, an alternative analysis could argue that the Ukrainian government does not want to vilify Firtash due to the philanthropic charitable works he has conducted, which benefit Ukrainians both in and outside of the country.^{209 210 211}

According to the Group DF website and numerous open sources, Firtash owns and/or manages multiple companies, which notably include the following Crimea-based heavy industry companies:

- Ukrainian Chemical Products (ЧАО Юкреїниан Кемікал Продактс) (УСР [ЮКП]; formerly known as, but often still referred to as Crimea Titan [Крым Титан]) in Armyansk, which primarily produces titanium dioxide, fertilizer, and other chemicals
- Crimean Sodium Works (ПАО Крымский Содовый Завод)—alternately, Krymsky Sodovy Zavod (KSZ, [КСЗ]), Crimean Soda Plant, Krym Soda, and PJSC SZ—which is Ukraine's primary soda ash production manufacturer.

¹⁹⁸ Rachel Maddow, "Pursuit of Shady Oligarch a Test of DoJ Integrity Under Trump," MSNBC, <https://www.msnbc.com/rachel-maddow/watch/pursuit-of-shady-oligarch-a-test-of-doj-integrity-under-trump-881324611851?playlist=associated>.

¹⁹⁹ Andrew E. Kramer, "Ukrainian Gas Broker Faces Scrutiny," *The New York Times* online, <https://www.nytimes.com/2014/04/21/business/international/ukrainian-gas-broker-faces-scrutiny.html>.

²⁰⁰ Roman Olcarchyk and James Shotter, "Austria Arrests Ukraine Oligarch Dmitry Firtash at US Request," *Financial Times*, <https://www.ft.com/content/77af8ed2-aab0-11e3-9fd6-00144feab7de>.

²⁰¹ Stephen Grey, Tom Bergin, Sevghil Musaieva and Roman Anin, "SPECIAL REPORT-Putin's Allies Channelled Billions to Ukraine Oligarch," Reuters, <https://www.reuters.com/article/russia-capitalism-gas-special-report-pix/special-report-putins-allies-channelled-billions-to-ukraine-oligarch-idUSL3N0TF40D20141126>.

²⁰² Marina Walker Guevara et al, "Who Uses the Offshore World," *International Consortium of Investigative Journalists*, <https://www.icij.org/investigations/offshore/who-uses-offshore-world/>.

²⁰³ Mikhail Zygar, *All the Kremlin's Men* (New York: PublicAffairs, 2016), 124-127.

²⁰⁴ Michael Weiss, "Married to the Ukrainian Mob," *Foreign Policy*, March 19, 2014, <http://foreignpolicy.com/2014/03/19/married-to-the-ukrainian-mob/>.

²⁰⁵ Mikhail Zygar, *All the Kremlin's Men* (New York: PublicAffairs, 2016), 167.

²⁰⁶ Andrew E. Kramer, "Ukrainian Gas Broker Faces Scrutiny," *The New York Times* online, <https://www.nytimes.com/2014/04/21/business/international/ukrainian-gas-broker-faces-scrutiny.html>.

²⁰⁷ "Group DF Statement Regarding the Information on the Prosecutor General's Office Website about Alleged Embezzlement of Funds and Tax Dodging by the Group DF Enterprises," News, Group DF Press Center, August 23, 2017, <https://groupdf.com/en/press-center/news/group-df-statement-regarding-the-information-on-the-prosecutor-generals-office-website-about-alleged-embezzlement-of-funds-by-the-group-df-enterprises-and-tax-dodging/>.

²⁰⁸ "There is No Second Lawsuit Against Dmitry Firtash – The Statement of Dmitry Firtash's Lawyers," News, Group DF Press Center, July 27, 2017, <https://groupdf.com/en/press-center/news/there-is-no-second-suit-against-dmitry-firtash-the-statement-of-dmitry-firtashs-lawyers/>.

²⁰⁹ Weiss, "Married."

²¹⁰ "Memorial to Victims of Holodomor was Opened in Washington," News, Group DF Press Center, November 9, 2015, <https://groupdf.com/en/press-center/news/memorial-to-victims-of-holodomor-was-opened-in-washington/>.

²¹¹ Janet McParland, "Controversy Puts Oligarch's Charity Contributions under the Microscope," *The Globe and Mail*, April 19, 2014, <https://www.theglobeandmail.com/report-on-business/international-business/european-business/controversy-puts-oligarchs-charity-contributions-under-the-microscope/article18068219/>.

UCP has been leased to Russia since 2014 and has likely been involved in unscrupulous activities: for example, the Ukrainian Center of Investigative Journalism discovered in mid-February 2018 that a Ukrainian-flagged tanker delivered ilmenite ore, almost certainly destined for UCP, from Turkey to the closed Kerch Port in Crimea, despite sanctions.^{212 213} In his book *Frontline Ukraine: Crisis in the Borderlands*, the University of Kent's Richard Sakwa outlines that Firtash's reluctance to re-register both UCP and Crimean Sodium Works as Russian and instead keep them listed as Ukrainian was a surreptitious tactic which benefitted not only Firtash, but Moscow as well:

The two plants contribute an astonishing 60 per cent to Crimea's GDP. They previously paid taxes to the Ukrainian authorities, but if they re-register as Russian enterprises they will automatically come in for European and American sanctions. At the same time, they will become vulnerable to being taken over by a major Russian player. Under Russian law an enterprise's accounts can be frozen and bankruptcy proceedings initiated if a certain amount of unpaid tax accumulates. This is one reason why Firtash preferred to maintain Ukrainian registration in the interim, and thus pay taxes to the Ukrainian government. The Crimean authorities appeared to have no plans to nationalise the plants, but instead sought to have them re-registered. In the words of one analysis: "This indicates Moscow's support for Firtash."²¹⁴

Additionally, based on a LinkedIn article on Crimea Titan, the plant seems to be experiencing some financial difficulties which include a dwindling staff and an August 2017 roof collapse. This latter incident necessitated the intervention of Russian bank VTB to assist the facility with its bank loan.²¹⁵ However, details of this transaction are unclear, mostly due to insufficient evidentiary source documentation.

The UK-based EIRIS Foundation, which researches and reports on ethical corporate and finance practices, has highlighted that Crimea Titan/UCP "is now an investment of Moscow-based private equity firm Titanium Investments" (ООО Титановые Инвестиции), which was established by Letan Investments Limited in Cyprus under Firtash's Group DF holdings.²¹⁶ Titanium Investments CEO Alexander Ayvazov (Александром Айвазовым) purportedly established the company along with Vladimir Kiriyyenko (Владимир Кириенко)—son of Russian First Deputy Chief of Staff of Putin's Presidential Executive Office, Sergei Kiriyyenko (Сергей Кириенко).^{217 218} According to October 2016 open-source information, Titanium Investments was allegedly affected by sanctions imposed by Ukraine on Russia.²¹⁹ In October 2017, the Ukrainian government

²¹² Interfax Ukraine, "Group DF Renames Crimea Titan," Interfax Ukraine, <http://en.interfax.com.ua/news/economic/257809.html>.

²¹³ UAWire, "Media: Despite Sanctions Ukrainian Cargo Ship Delivers Ore from Turkey to Crimea Then Safely Sails Back to Ukraine," UAWire, <https://www.uawire.org/media-ukrainian-cargo-ship-delivers-ore-from-turkey-to-crimea-and-sails-back-to-ukraine>.

²¹⁴ Richard Sakwa, *Frontline Ukraine: Crisis in the Borderlands* (London: I.B. Tauris, 2015), 111.

²¹⁵ Yuri Ivanov, "Russian TiO2 Market Trends," LinkedIn, <https://www.linkedin.com/pulse/russian-tio2-market-trends-yuri-ivanov>.

²¹⁶ EIRIS Foundation, "Company Detail: Titanium Investments LLC," EIRIS Foundation, <http://www.businessinoccupiedlands.org/search/?search=235&company=276&mode=organization>.

²¹⁷ Crime Russia, "Mystery Official. Kiriyyenko Family's Avenue to Wealth," Crime Russia, <https://en.crimerrussia.com/gover/mystery-official-kiriyyenko-family-s-avenue-to-wealth/>.

²¹⁸ Anton Verbitsky, "We Are No Longer Children: How the Relatives of Officials Manage Investment Funds," *Forbes Russia*, <http://www.forbes.ru/finansy/igroki/279131-my-uzhe-ne-deti-kak-rodstvenniki-chinovnikov-upravlyayut-investfondami?page=0.1>.

²¹⁹ *The Ukrainian Metal*, "Ukraine: Titanium Company Hit by Sanctions," *The Ukrainian Metal*, <https://metalukraine.com/2016/10/20/ukraine-titanium-company-hit-by-sanctions.html>.

similarly proposed sanctions against UCP based on national economic security concerns, though it was not easily possible to corroborate whether or not these sanctions were actually implemented.²²⁰ Furthermore, Titanium Investments also intends to finance the establishment of another titanium dioxide-related facility on the peninsula by 2020 with an estimated cost of approximately 31.2 billion rubles (US\$509,494,577.74).^{221 222} However, this information cannot be substantiated with any supporting documentation on the company's overall profit and loss margins. Though difficult to conclusively prove without primary source documents in hand, it is probable that Titanium Investments is a significant obfuscatory financial vehicle which allows Russia to continue illicit business practices within the Crimean heavy industry sector—and likely other sectors as well, especially considering its ties to Cypriot firm Letan Investments.

Firtash's connection to the Kiriyenkos is unclear, yet his links to Titanium Investments are a likely sign (in addition to his dealings with Gazprom) of collusion with the Putin-led government. Firtash is currently wanted for extradition to the U.S. for corruption and bribery in India and is currently in exile in Austria. His standing with Russia is not immediately transparent; however, his Crimean chemical and titanium plants continue to remain in operation, and—as of September 2015—at least one Russian billionaire with ties to Putin, Vasily Anisimov, purportedly provided 125 million Euros (US\$153,405,318.28) for Firtash's bail, suggesting his "Russian friends did not forsake him."²²³

Registrar companies can be used to obfuscate beneficial ownership of the securities of business entities in Crimea's industrial sector. In addition to the aforementioned Firtash-associated businesses, Factory Fiolent (АО Завод Фиолент) is held by registrar company Closed Joint Stock Company Siberian Registration Company (ЗАО Сибирская Регистрационная Компания), alternatively ZAO SRK.²²⁴ The chief executive officer and general director of ZAO SRK is Andrey Yurievich Alekhin [Андрей Юрьевич Алёхин] (or "Alyokhin") who founded the "Regional Branch of All-Russian Public Movement, "The Popular Front for Russia" (All-Russian People's Front, [Региональное Отделение Общероссийского Общественного Движения "Народный Фронт "За Россию" в Кемеровской области]), an organization which serves as a regional branch of Putin's political party in the Kemerovo Oblast.²²⁵ Alekhin is also the Chairman of the Regional Audit Commission of the Party in Kemerovo, with his own webpage section on the party website.²²⁶ Alekhin, in late November 2016, was photographed as an official attendee of the Party Action Forum held in Moscow.²²⁷ In an interview with local Russian media in May 2016, Alekhin said, "I think that the registrar is more important than the bank, because the bank has money, and we keep the assets that generate money, which they then bring to the bank."²²⁸ Alekhin claims that as of

²²⁰ The Ukrainian Metal, "Ukraine: Military Prosecutors Propose to Halt Foreign Economic Operations of Crimean Titanium," The Ukrainian Metal, <https://metalukraine.com/2017/04/10/ukraine-military-prosecutors-propose-to-halt-foreign-economic-operations-of-crimean-titanium.html>.

²²¹ The Ukrainian Metal, "Ukraine: Titanium Investments to Construct New Shop," The Ukrainian Metal, <https://metalukraine.com/2017/12/15/ukraine-titanium-investments-to-construct-new-shop.html>.

²²² Yuri Ivanov, "Russian TiO2 Market Trends," LinkedIn, <https://www.linkedin.com/pulse/russian-tio2-market-trends-yuri-ivanov>.

²²³ DW, "Vienna Court to Decide on Ukrainian Oligarch's Extradition to the US," DW, <http://www.dw.com/en/vienna-court-to-decide-on-ukrainian-oligarchs-extradition-to-the-us/a-18419173>.

²²⁴ "JSC Plant Fiolent," Zachestnyi Biznes, https://zachestnybiznes.ru/company/ul/1149102099640_9102048745_AO-ZAVOD-FIOLENT.

²²⁵ "Businessman Alekhin Andrey Yuryevich," Rusprofile, <http://www.rusprofile.ru/person/alekhin-ayu-421811169349>.

²²⁶ "Alekhin Andrey Yuirevich," ONF.RU, <http://onf.ru/alehin-andrey-yurevich/>.

²²⁷ "OK.RU Profile: Andrey Alekhin Photos," https://ok.ru/profile/28446484726/album/58457393302?st_aid=Undefined_Albums_OverPhoto.

²²⁸ "Andrey Alyokhin: The Registrar Is More Important Than the Bank," AgroSib: Siberian Reporter, No. 28, 2016, pp.36. http://sibreporter.info/sites/default/files/sr_74.pdf.

December 2015, ZAO SRK has fifteen joint-stock companies in Crimea for which it is the registrar, “among them are practically all large enterprises of the Crimea [Republic]: in particular, the public joint-stock company Crimean Sodium Works, numbering fifteen thousand shareholders, one of the leading instrument-making enterprises operating within the framework of the Russian defense order, the Fiolent Plant and others.”²²⁹ Factory Fiolent has been on the list of entities sanctioned by Ukraine; Mr. Alekhin, despite his business and political affiliations, is not.²³⁰ Reflecting Rosstat data as of late December 2016, the owners of Factory Fiolent are not declared. Whoever they are, they maintain a 100% share, worth approximately US\$12 million.²³¹ If it is true that Alekhin’s Siberian Registration Company also is the registrar for Crimean Sodium Works’ securities, Alekhin is directly affiliated with Dmytro Firtash and Firtash’s business network. It is possible that Firtash may have further connections to Putin, or at least his political party, through Alekhin.

VII. Implications

Economic development in Crimea has been a major priority for the Russian government since its annexation in 2014. President Putin himself held public meetings with Crimean leaders every year to discuss the region’s development, according to archived press releases from the Kremlin.^{232 233 234} He also campaigned there in March 2018 on the weekend of the presidential election, which was rescheduled to honor the anniversary of annexation.²³⁵ Crimea is generally not an attractive investment opportunity under U.S. sanctions—to combat this reality, the Duma passed a bill in 2014 creating a free economic zone designed to spur investment.²³⁶ This report has shown that oligarchs are generally profiting from Russian government contracts to invest in Crimea. However, it remains likely that some investment from oligarchs is also done to gain political favor with Putin. As the Helsinki Commission states, “Putin’s regime entrusts cronies to carry out various tasks, domestically and internationally... cronies sometimes must execute strategic projects that might not make commercial sense.”²³⁷ These political and financial incentives appear to be the driving force for oligarchs’ investment in Crimea, which would not have taken place without the Russian state’s current agenda.

How sustainable is Russian investment in Crimea? Oligarchs are investing in the region largely because of Russian government-created incentives to do so rather than long-term profitability of individual projects. Yet the Russian federal budget cannot sustain this level of investment indefinitely in the face of a sluggish economy, severe sanctions and a projected regional

²²⁹ Elena Tanazhko, “Experience Lasting Two Decades,” *Journal of the Board of Directors Siberia*, No. 11 (122), Dec. 2015. <http://sovetdirectorov.info/5613027/8908881/8944164/8944498/>.

²³⁰ “New Sanctions Table,” Avellum, 2 June 2017, http://avellum.com/Content/CmsFile/en/files_LA%20-%20New%20Sanctions%20-%20Table%20-%20ENG.pdf.

²³¹ “JSC ‘Plant’ Fiolent,” ListOrg.com, <https://www.list-org.com/company/8196877>.

²³² Kremlin Events, “Meeting on socioeconomic development in Crimea and Sevastopol,” 18 March 2015, <http://en.kremlin.ru/events/president/news/47877>.

²³³ Kremlin Events, “Meeting with senior officials of the Republic of Crimea and Sevastopol,” 19 August 2016, <http://en.kremlin.ru/events/president/news/52731>.

²³⁴ Kremlin Events, “Trip to Crimea and Sevastopol,” 20 August 2017, <http://en.kremlin.ru/events/president/trips/55391>.

²³⁵ Danila Gelperovich and Taras Burnos, “Putin Votes Cast From Crimea May Come at High Diplomatic Cost,” 17 March 2018, <https://www.voanews.com/a/putin-crimea-election/4303079.html>.

²³⁶ Russian Duma Legislative Support System, “Bill No. 639992-6,” 11 October 2014, <http://sozd.parlament.gov.ru/bill/639992-6>.

²³⁷ Helsinki Commission Report In Brief, “Corruption in Russia: An Overview,” 23 October 2017.

development cost already projected to reach US\$82 billion (over 5 trillion rubles).²³⁸ Crimea is largely dependent on Russia for food and electricity as well. If Crimea is to become a viable region, it must become more self-sustainable by revitalizing its tourism industry, re-establishing foreign direct investment flows, and continuing the development of natural gas fields. U.S. sanctions will likely hinder development since Crimea depends on external customers and suppliers for these industries. The region must attract tourists and investors, as well as buyers for their energy and agricultural products. Neither Crimea itself nor Russia can provide for all of Crimea's needs. Crimea requires access to the outside world to reverse its status as a burden on Russia's budget.²³⁹

There is evidence of foreign investment in Crimea from countries such as Turkey, China, India, Israel, and others. Russia and Ukraine have already pledged their support to China's Belt and Road Initiative (China's project to secure access to energy sources via multiple sea routes) by signing MOUs with China.²⁴⁰ China has already spent US\$5 billion for the development of the China-Belarus industrial park.²⁴¹ This site facilitates collaboration with European companies and Chinese State-Owned Enterprises.²⁴² Additionally, Indian seafood business mogul and consul-general for Iceland in Mumbai—Gul Kripalani—has signed an India-Crimea Partnership agreement on behalf of a group that represented 5 businesses.²⁴³ His Pijikay Group has an annual revenue of about US\$190 million.²⁴⁴ India has not officially joined the U.S. in enforcing sanctions against Russia over the annexation of Crimea. According to the Stockholm International Peace Research Institute (SIPRI), "Russia accounted for 62 per cent of India's arms imports in 2013–17, making it India's second largest arms supplier."²⁴⁵

Despite the steep economic challenges in Crimea, few expect Russia to jettison the new province. The annexation was largely popular domestically in both Crimea and Russia. Putin appears strong on the international stage by protecting historically Russian territory and ethnic groups. Crimea has important historical and strategic significance for Russia. Catherine the Great originally seized the peninsula from the Ottoman Empire in 1783 and held it until 1954 when Khrushchev ceded it to Ukraine. It is well known to Russians for scenic beaches and viticulture. Crimea gives Russia access to warm water ports in the Black Sea and Mediterranean with the naval base in Sevastopol. Putin likely feared losing this access to a future pro-Western government in Kiev in 2014 after President Yanukovich fled. Therefore, the domestic and strategic benefits of annexation mean Putin will likely be willing to endure whatever pain the international community can impose on Russia. Yet as the Helsinki Commission suggests, Russia may not retreat from Crimea

²³⁸ Agata Wierzbowska, Arkadiusz Sarna and Tadeusz A. Olszanski, "The Consequences of the Annexation of Crimea," The Centre for Eastern Studies, 19 March 2014, <https://www.osw.waw.pl/en/publikacje/analyses/2014-03-19/consequences-annexation-crimea>.

²³⁹ "Crimea's Annexation Two Years On," The Economist Intelligence Unit, 5 May 2016, <http://country.eiu.com/article.aspx?articleid=694194053>.

²⁴⁰ Ben Williams, "Israeli investors arrive in Crimea to assess venues for future investment projects," ACM Outpost, 28 October 2016, <https://benwilliamslibrary.com/blog/?p=5340>

²⁴¹ "Chinese Spending Lures Countries to Its Belt and Road Initiative," Bloomberg News online, 10 May 2017, <https://www.bloomberg.com/graphics/2017-china-belt-and-road-initiative/>.

²⁴² "Two new companies registered in China-Belarus industrial park," Xinhua Net online, 10 January 2017, http://www.xinhuanet.com/english/2018-01/10/c_136883711.htm.

²⁴³ "Indian entrepreneur loses out in controversy over Crimean leader in Putin's team," The Times of India, 26 December 2014, <https://m.timesofindia.com/nri/other-news/Indian-entrepreneur-loses-out-in-controversy-over-Crimean-leader-in-Putins-team/articleshow/45645431.cms>

²⁴⁴ Douglas Busvinc, "U.S. 'troubled' that Crimean leader in India with Putin," Reuters, 11 December 2014, <https://www.reuters.com/article/us-india-russia-crimea/u-s-troubled-that-crimean-leader-in-india-with-putin-idUSKBN0JP1AM20141211>

²⁴⁵ "Asia and the Middle East lead rising trend in arms imports, US exports grow significantly, says SIPRI," News and Events, SIPRI, 12 March 2018, <https://www.sipri.org/news/press-release/2018/asia-and-middle-east-lead-rising-trend-arms-imports-us-exports-grow-significantly-says-sipri>.

but the costs of investing there due to sanctions could become so high that the development project falls far short of expectations and Crimea continues to be a burden for the country.²⁴⁶ Individual oligarchs may be discouraged from investing there in the future as well. Perhaps most importantly, the more Russia suffers in Crimea, the more hesitant it may become to seek further territorial gains at the expense of its neighbors.

VIII. Conclusion / Recommendations

As evidenced by the investment patterns of wealthy Russian business people who maintain close ties to Putin and the Kremlin, U.S. sanctions are driving oligarchs to obfuscate their involvement with business deals by using family members, friends, middlemen, and (offshore) holding companies. Typically, wealthy business people would want to publicize being awarded large government projects and would do little to hide their sources of wealth. The research in this paper indicates that wealthy business people who have proximity to President Putin are obscuring the financial benefits received through these projects, since they are likely receiving more financial profit than they would like to publicly report. If large development projects executed by close allies of President Putin for the Sochi Olympics are any indicator of the level of financial benefits that could be gained in Crimea, Putin's allies could benefit greatly.²⁴⁷

The success of development in Crimea hinges on oligarchic investment in large government projects. Measures that impede the ability of oligarchs to profit from development in Crimea would be most effective in ensuring that the Crimean development project becomes an increasingly expensive and unsustainable undertaking for the Russian government. This would not only make oligarchs more hesitant to invest in Crimea through government contracts, but it would also prevent the proceeds of these contracts from being moved to offshore holding/shell companies. Once these funds reach offshore holding/shell companies, oligarchs could gain the ability to circumvent sanctions and continue their activities to support the Kremlin and gain influence abroad.

Inhibiting Russian oligarchs does not need to transcend U.S. borders. In addition to sanctions, measures taken domestically in the U.S. may prevent Russian wrongdoing and limit Russian influence. In the U.S. and other democratic states, transparency is an important tool in combating crimes like money laundering. U.S. legislation that installs stricter regulations for shell companies would not only support domestic law enforcement activities, but would also have the benefit of exposing Russian operations taking place in the U.S. This measure could be further developed by making more information regarding beneficial shareholders of shell companies available to the public or government agencies. In this process, it is possible Russian citizens and Crimean nationals could learn more about the business transactions of Kremlin supported oligarchs as well.

Therefore, this paper proposes four potential recommendations designed to impede the ability of Russian oligarchs to work as de facto agents for the Kremlin:

²⁴⁶ Helsinki Commission Report In Brief, "Corruption in Russia: An Overview," 23 October 2017

²⁴⁷ Halya Coynash, "Russia's Crimea Bridge Could Collapse Anytime," *The Atlantic Council*, <http://www.atlanticcouncil.org/blogs/ukrainealert/russia-s-crimea-bridge-could-collapse-anytime?tmpl=component&print=1>.

Recommendation 1:

Sanction All Individuals Associated with the Development of Crimea.

Expand sanctions to include the family members, middle-men, and shell companies used by Russian oligarchs. The goal is to seriously impede or halt progress on development in Crimea by sanctioning individuals and entities that are involved with development projects in Crimea.

Through our research, we have discovered the following mechanisms that oligarchs use to transfer money and obfuscate the involvement in certain projects and companies:

1. Government economic and development forums like the Yalta International Economic Forum that publicize large government projects and solicit bids for contractors.
2. Familial relationships with SDNs and their associates:
 - a. Former Ukrainian Prime Minister Pavel Lebedev and his wife Lyudmila Petrovna Lebedev.
 - b. Chairwoman of the Federation Council Valentina Matviyenko and son Sergey Matviyenko.
3. Middle-men and shell companies that help obfuscate sanctioned oligarchs' involvement:
 - a. Costas Hadjicosti
 - b. Charalambos Angelides
 - c. Anna Yurevna Lastochkina
 - d. Ukrainian Chemical Products (UCP)
 - e. Crimean Sodium Works
 - f. Andrey Yurievich Alekhin
 - g. Factory Fiolent

The Federal Target Program "Social and Economic Development of the Republic of Crimea and Sevastopol until 2020" is promoted through multiple avenues such as the Yalta Forum which draw in investors from different countries.²⁴⁸ Individuals and entities could be dissuaded from operating in Crimea by U.S. sanctions. An example for this type of government promotion can be seen in RNCB and Bank Rossiya's role as forum sponsors.²⁴⁹ These banks have operated as intermediaries for investment in Crimea by the Russian state for the sake of propping up the region's economy. Essentially, the Yalta Forum and similar events are just another means to this end. The U.S. can sanction any economic entity that involves itself through events like the Forum in Crimea. This type of action has already been established as a means for deterrent under Executive Order 13660.²⁵⁰ This should not only include investment taken at the direction of the Russian State, but also any investment that directly or indirectly supports the Kremlin's goal in the region. Countries have already begun to ignore sanctions imposed by not only the U.S., but also the

²⁴⁸ Oksana Pavlova, "«Сибавтобан» до Крыма," *Kommersant*, 2 March 2017, <https://www.kommersant.ru/doc/3230179>.

²⁴⁹ "Partners," Yalta Forum, <http://forumyalta.com/pages/partners/1/>

²⁵⁰ Office of Foreign Assets Control, "Ukraine/Russia Related Sanctions Program," updated 16 June 2018, <https://www.treasury.gov/resource-center/sanctions/Programs/Documents/ukraine.pdf>.

European Union. This allows the Russian State to continue promoting their interests.²⁵¹ The goal for these sanctions is to deter any action that could further legitimize the Russian State's annexation of Crimea.

If sanctions were expanded to include the facilitators of SDNs, the development of Crimea could be slowed by making it more difficult for oligarchs to provide the investment needed to fund large development projects. This would erode the Kremlin's ability to legitimize the annexation of Crimea if the pace of its development becomes seriously impeded. While this could be effective in the short-run, oligarchs and the Russian government will find others way avenues to continue their activities that could include using other people/entities to facilitate their transactions or moving money through physical or other untraceable means.

Recommendation 2:

Expand Resources and Capabilities of U.S. Anti-Money Laundering (AML) Programs

Domestically, the resources and capabilities of U.S. Anti-Money Laundering (AML) programs should be expanded. In a 2011 World Bank forensic study of grand corruption cases, anonymous companies incorporated in the U.S. were used in more grand corruption cases than those in any other country.²⁵² As of 2013, The Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) employed only 350 people, but receives an average of 55,000 Suspicious Activity Reports (SARs) daily.²⁵³ Currently, its limited workforce can inspect only reports of suspicious activity and lack the ability to actively investigate suspicious activity outside of SARs. We need our financial corruption entities to have the ability to not only report but also investigate these cases.

Additionally, AML reporting responsibilities are not required by all of the professional services that act as gatekeepers to the U.S. financial system. Obligations for conducting due diligence on potential customers, monitoring their actions for money laundering activities, and reporting suspicious activities to law enforcement are not currently required of lawyers, formation agents, investment advisors, and the real estate industry. Congress should pass legislation to require all industry professionals in the U.S. financial system to comply with AML programs as well as address new challenges posed by cryptocurrency. FinCen's budget, personnel, and capabilities to investigate should be greatly expanded. A new Russian kleptocracy investigative unit should also be created under FinCen's purview.²⁵⁴

This would greatly increase the U.S.' ability to enforce AML programs and hopefully prevent large amounts of money laundering from occurring in the United States without knowledge by government authorities. Unfortunately, if this program is successfully implemented, Russian oligarchs may find other jurisdictions to facilitate their business activities where the U.S. may not have the ability to easily track their financial activities. Prior to implementing such a program, more

²⁵¹ "Italian Firms Doing Business in Crimea Despite EU Sanctions- Lawmaker," Sputnik News, 14 October 2016, <https://sputniknews.com/business/201610141046347203-business-crimea-italy-sanctions/>.

²⁵² Ibid

²⁵³ Ibid

²⁵⁴ Ibid

research is required to identify the new jurisdictions where Russian oligarchs may began to move their assets. The United States should consider working with these jurisdictions to build an international AML investigative and enforcement organization prior to the implementation of an enhanced domestic program.

Recommendation 3:

U.S. Public Relations Campaign on Russian Corruption

The U.S. government should launch a campaign to publicly highlight businesses that enable illicit transactions in order to expose Russian corruption and deter foreign direct investment (FDI) in Crimea. Departments of State and Treasury should publicize the wealth and assets of oligarchs to increase awareness amongst Russian citizens and the rest of the world. This can be done through an annual anti-kleptocracy report such as that suggested by the Hudson Institute that would detail the total assets controlled by the Russian government and connected oligarchs.²⁵⁵ The State Department already issues a similar set of public analyses through its annual Human Rights Reports. The goal of this action would be to expose illicit transactions and deter any potential FDI in Crimea. In other words, publicizing that the U.S. is aware of the illicit transactions occurring in relation to Crimea and that action is being taken against individuals and entities involved would deter other foreign parties from investing in the region for fear of being sanctioned by the U.S. Ultimately, the Crimean economy would need to be sustained indefinitely by these Russian oligarchs if external investors could be deterred by U.S. sanctions.

Another potential benefit of this campaign would be to increase awareness of Russian corruption amongst Russian citizens. Putin's high approval ratings may be at risk if Russian citizens discovered credible and irrefutable information regarding the magnitude of political and financial benefits afforded to oligarchs by the Kremlin for simply investing in Crimea. The juxtaposition of Russian oligarchs making large sums of money through numerous government sponsored develop projects in Crimea while government investment in other regions of Russia has been lacking could sow the seeds of discord amongst Russian citizenry. Additionally, this could also provide a suitable environment to request an interagency process for relevant U.S. government entities to cultivate personal relationships with disenchanting Russian citizens, oligarchs, their relatives, and other key players to discover more information regarding opaque financial infrastructures not yet uncovered through the research presented in this paper. These initiatives could be fortified by incentivizing Russians who have assets stolen by the Russian government or oligarchs to come forward, as well as facilitating asylum claims by whistleblowers who expose Russian corruption that threatens U.S. interests. Providing adequate protection to whistleblowers should also be a priority given the recent incident involving Russian ex-spy Skripal.

The risks associated with implementing this recommendation involve the potential adverse effects on Crimea's economy. Citizens living in Crimea will be directly affected if Crimea's economy is worsened by the U.S. deterring FDI. Also, exposing this corruption to the Russian population

²⁵⁵ Ben Judah & Nate Sibley, "Countering Russian Kleptocracy," Hudson Institute, April 2018, <https://s3.amazonaws.com/media.hudson.org/files/publications/CounteringRussianKleptocracy.pdf>.

could provoke a response from the Kremlin to initiate a retaliatory propaganda campaign against the U.S. or its allies.

Recommendation 4:

Enforce Transparency of Shell Companies in the U.S.

The U.S. should enforce transparency of shell companies that originate or operate in the U.S. “The United States currently mass-produces the legal entities which Russian kleptocrats and other criminals use to circumvent law enforcement: anonymous shell companies.”²⁵⁶ ²⁵⁷ As highlighted in this report, Russian oligarchs that are investing in Crimea are using offshore holding and shell companies to obfuscate their involvement with certain companies and projects. According to the *Countering Russian Kleptocracy* report published by the Hudson Institute, the United States produces about “10 times more shell companies than the world’s next 41 tax havens combined” and Russian kleptocrats are exploiting deficiencies in the the current U.S. AML system.²⁵⁸ Sanctions and Russia-focused recommendations are essential, but until we fix our problem back home, Russian oligarchs will continue to exploit deficiencies in the the current U.S. AML system.

To enforce transparency of these shell companies, Congress should create a federal registry that lists beneficial ownership for all companies in the U.S. and foreign companies/individuals who own assets in the U.S. This would require the shareholdings of U.S. companies to be posted and frequently updated on the federal business registry for law enforcement and possibly the public. Additionally, the U.S. government should force its most opaque jurisdictions like Delaware, Wyoming, Idaho, and Nevada to be more transparent, potentially by threatening to withhold federal funds for infrastructure, education, health care, etc. The U.S. approach could consider modeling their federal business registry after “the United Kingdom’s 2016 Persons of Significant Control Register, which includes information about individuals who own or control companies including their name, month and year of birth, and details of their shareholdings in the companies.”²⁵⁹

The primary benefit associated with this registry would be to prohibit Russian oligarchs from utilizing opaque financial infrastructures to obscure their investments. Shell companies and their owners would be exposed and held accountable for publicizing their financial transactions. The Department of the Treasury’s FinCEN should be given the necessary funds and powers to establish a dedicated inspection unit for formation agents to ensure effective compliance. Those who disregard them or deliberately provide misleading information about the beneficial ownership of a company or trust should be subject to civil or criminal penalties.

²⁵⁶ Ben Judah & Nate Sibley, “Countering Russian Kleptocracy,” Hudson Institute, April 2018,

<https://s3.amazonaws.com/media.hudson.org/files/publications/CounteringRussianKleptocracy.pdf>.

²⁵⁷ Liz Confalone, “Forming an Anonymous Company Can Be Easier Than Getting a Library Card”, The New York Times, 7 April 2016, <https://www.nytimes.com/roomfordebate/2016/04/07/cracking-shell-company-secrecy/forming-an-anonymous-company-can-be-easier-than-getting-a-library-card>.

²⁵⁸ Ben Judah and Nate Sibley, “Countering Russian Kleptocracy,” Hudson Institute, April 2018,

<https://s3.amazonaws.com/media.hudson.org/files/publications/CounteringRussianKleptocracy.pdf>.

²⁵⁹ Shima Baradaran Baughman, “U.S. Shell Companies Are Just as Common as Panamanian Ones.” New Republic, 12, April 2016

<https://newrepublic.com/article/132600/us-shell-companies-just-common-panamanian-ones>.

An important drawback of this recommendation is the need for a substantial amount of resources to enforce transparency amongst large numbers of shell companies that exist and will be created as time goes on.

In Conclusion

Since World War II, the rules-based liberal international order and the fall of the Soviet Union have kept a general peace in Europe. Despots such as Slobodan Milosevic in Serbia have been properly punished by international institutions and their actions made non-repeatable or at the very least non-profitable. However, Russia in the Putin era has infringed upon multiple locations along its borders and continues to threaten to push the envelope even further. Starting with its incursion into Georgia's South Ossetia region in 2008, followed by the annexation of Crimea in 2014 and its influence campaigns against several elections in 2016 and 2017, Russia has consistently tested limits to determine how far the West will allow them to go. Their usual excuse is that they are protecting ethnic Russians, but our research has shown that in Crimea, it has been anything but. For Russia, ownership of Crimea is an opportunity to expand influence and generate money for its power players. From the U.S. perspective, there are multiple countries in the Balkans and Baltics with ethnic Russian populations that may fear they are next in line. NATO members such as Estonia may wonder whether Article 5 will be successfully invoked if a minor incursion occurs in an ethnic Russian area of the country. For the U.S., maintaining defensive, economic, and overall soft power in the region is imperative to ensure the region remains stable and independent. Russia's incursion into Crimea, along with any other further aggression, should be addressed by making the incursion as economically painful as possible. For a recent example, Oleg Deripaska—who has benefitted greatly from Russia's annexation of Crimea—has found his assets frozen and his travel restricted as his companies suffer. The U.S. must continue this pressure campaign to uphold norms, to make illegal annexations punishable through financial repercussions, and to ensure the sovereignty of populations.

Bibliography

"A motion was agreed on the completion of a transaction [actions] falling under control of economic concentration," *Legal acts, Federal Antimonopoly Service*, June 24, 2016, <http://solutions.fas.gov.ru/ca/upravlenie-regulirovaniya-transporta/ar-42144-16>.

"About the Forum," *Yalta International Economic Forum Foundation*, forumyalta.com/pages/about/5/.

"Addendum No. 9 to the State Contract of February 17, 2015 No 2," *SGM Contract Translation*, December 24, 2015.

"Aeroflot subsidiary grounded by European sanctions," *Financial Times*, <https://www.ft.com/content/f2bbcb6c-1b31-11e4-a633-00144feabdc0>.

"Alekhin Andrey Yuirevich." *ONF.RU*, <http://onf.ru/alehin-andrey-yurevich/>.

"Alion SEC Form D: Notice of Exempt Offering of Securities," *SEC EDGAR Database*, January 11, 2011, https://www.sec.gov/Archives/edgar/data/1509945/000150994511000001/xslFormDX01/primary_doc.xml.

"Andreas M. Sofocleous & Co LLC | Advocates - Legal Consultants," *Andreas M. Sofocleous & Co LLC | Advocates - Legal Consultants*, <http://www.sofocleous.com.cy/>.

"Andrey Alyokhin: The Registrar Is More Important Than the Bank" *AgroSib: Siberian Reporter*, 2016, http://sibreporter.info/sites/default/files/sr_74.pdf.

Angelides, Charalambos, *LinkedIn*, <https://www.linkedin.com/in/charalambosa/>.

Associated Press. "Putin: Sanctions Made Russia Stronger," *Politico*, June 15, 2017, <https://www.politico.com/story/2017/06/15/putin-sanctions-made-russia-stronger-239578>.

"Australia Imposes Sanctions on Russians After Annexation of Crimea from Ukraine," *ABC News*, March 19, 2014, <http://www.abc.net.au/news/2014-03-19/australia-sanctions-russia-ukraine/5331826>.

Australian Government. "Australia and Sanctions," *Australian Government*, <http://dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.aspx>.

Bank of Russia Ordinance document, November 2, 2017, <http://docplayer.ru/72762886-Soderzhanie-15-noyabrya-2017-1929.html>.

"Bank 'Taatta' replaces the head and key owner," *bank.ru*, October 10, 2017, <http://www.banki.ru/news/lenta/?id=10051459>.

Baradaran Baughman, Shima, "U.S. Shell Companies Are Just as Common as Panamanian Ones." *New Republic*, April 12, 2016 <https://newrepublic.com/article/132600/us-shell-companies-just-common-panamanian-ones>

Bloomberg News. "Chinese Spending Lures Countries to Its Belt and Road Initiative." May 10, 2017. <https://www.bloomberg.com/graphics/2017-china-belt-and-road-initiative/>.

"Board of Directors." *Bank Rossiya*. <http://www.abr.ru/about/corp/corporativ/>.

"Board of Directors of the Central Bank of the Russian Federation," *The Central Bank of the Russian Federation*, <https://www.cbr.ru/Eng/today/?PrId=dir>.

Bosilkovski, Igor, "Treasury Department's Russia Oligarchs List Is Copied From Forbes," *Forbes*, January 30, 2018, <https://www.forbes.com/sites/igorbosilkovski/2018/01/30/treasury-departments-russias-oligarchs-list-is-copied-from-forbes/#45bb407d6825>

Bowers, Simon, "Bank Rossiya, Kremlin's favoured bank, to be "frozen out the dollar," *The Guardian*, March 20, 2014, <https://www.theguardian.com/world/2014/mar/20/crimea-crisis-kremlin-bank-frozen-out-dollar>.

Burnos, Taras And Gelperovich, Danila, "Putin Votes Cast From Crimea May Come at High Diplomatic Cost," March 17, 2018, <https://www.voanews.com/a/putin-crimea-election/4303079.html>.

"Businessman Alekhin Andrey Yuryevich," *Rusprofile*, <http://www.rusprofile.ru/person/alekhin-ayu-421811169349>.

Busvine, Douglas, "U.S. 'troubled' that Crimean leader in India with Putin," *Reuters*, December 11, 2014, <https://www.reuters.com/article/us-india-russia-crimea/u-s-troubled-that-crimean-leader-in-india-with-putin-idUSKBN0JP1AM20141211>

Bystrov, Andrey. "Simferopol airport back on positive growth path," *Russian Aviation Insider online*, March 12, 2018. <http://www.rusaviainsider.com/simferopol-airport-back-positive-growth-path/>.

"Cape Fiolent in Crimea as unique landscape reserve is lost," *Crimean News Agency*, May 26, 2017, <http://qha.com.ua/en/society/cape-fiolent-in-crimea-as-unique-landscape-reserve-is-lost/140800/>.

"Center for Strategic Research 'North-West' (CSR 'North-West')," *NIRA's World Directory of Think Tanks*, <http://www.nira.or.jp/past/ice/nwdtt/2005/DAT/1267.html>.

"Company Detail: Russian National Commercial Bank PJSC," *EIRIS Foundation*, <http://www.businessinoccupiedlands.org/search/?search=235&company=262&mode=organization>.

"Company Overview of Simferopol International Airport," *Bloomberg*, March 31, 2018, <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=110000492>.

Confalone, Liz, "Forming an Anonymous Company Can Be Easier Than Getting a Library Card," *The New York Times*, April 7, 2016, <https://www.nytimes.com/roomfordebate/2016/04/07/cracking-shell-company-secrecy/forming-an-anonymous-company-can-be-easier-than-getting-a-library-card>

"Construction bacchanalia in the city of Russian glory," *Rambler*, July 4, 2017, <https://news.rambler.ru/economics/37315860-stroitel'naya-vakhanaliya-v-gorode-russkoy-slavy/>.

"Cosmos Holdings Inc. | International Holding Company," *Cosmos Holdings Inc.*, <http://www.cosmosholdingsinc.com/>.

"Court agrees to question Azarov via video link in Yanukovich treason case," *Ukrinform*, March 21, 2018, <https://www.ukrinform.net/rubric-politics/2426273-court-agrees-to-question-azarov-via-video-link-in-yanukovich-treason-case.html>

Coynash, Halya, "Russia's Crimea Bridge Could Collapse Anytime," *The Atlantic Council*, January 10, 2017. <http://www.atlanticcouncil.org/blogs/ukrainealert/russia-s-crimea-bridge-could-collapse-anytime?tmpl=component&print=1>.

"Crimea: 2014 Tourist Season Heading for the Rocks," *Eurasianet*, April 11, 2014, <https://eurasianet.org/s/crimea-2014-tourist-season-heading-for-the-rocks>.

"Crimean Profile," *BBC*, 17 January 2018, <http://www.bbc.com/news/world-europe-18287223>.

"Crimea's Annexation Two Years On," *The Economist Intelligence Unit*, May 5, 2016, <http://country.eiu.com/article.aspx?articleid=69419405>.

"Crimea's Economy In Number and Pictures," *RT*, March 18, 2014, <https://www.rt.com/business/crimea-economy-referendum-results-102/>.

"Company Detail: Titanium Investments LLC," *EIRIS Foundation online*, <http://www.businessinoccupiedlands.org/search/?search=235&company=276&mode=organization>.

Dahlburg, John-Thor and Laura Mills, "Crimea's New Russian Overlords Are Seizing Thousands Of Businesses," *Business Insider*, December 2, 2014, <https://www.businessinsider.com/crimeas-new-russian-overlords-are-seizing-thousands-of-businesses-2014-12>.

Department of Registrar of Companies and Official Receiver, <https://efiling.drcor.mcit.gov.cy/DrcorPublic/SearchResults.aspx?name=%&number=232696&searchtype=optStartMatch&index=1&name=%&sc=0>.

"Drilling Rigs of 'Chernomornaftogaz' Were Captured By The Russian 104th Regiment's Paratroopers," *InformNapalm.org*, December 24, 2015, <https://informnapalm.org/en/drilling-rigs-of-chernomornaftogaz-were-captured-by-the-russian-104th-regiment-s-paratroopers/>.

"Eastern Europe, Caucasus, and Central Asia." *International Energy Agency*, https://www.iea.org/publications/freepublications/publication/IDR_EasternEuropeCaucasus_2015.pdf

"EDGAR Search Results," *SEC EDGAR Database*, <https://www.sec.gov/cgi-bin/browse-edgar?company=prime+estates&owner=exclude&action=getcompany>.

European Union. "Declaration by the High Representative on Behalf of the European Union on the Alignment of Certain Third Countries with the Council Decision 2014/145/CFSP Concerning Restrictive Measures in Respect of Actions Undermining or Threatening the Territorial Integrity, Sovereignty and Independence of Ukraine," *European Union*, April 11, 2014, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/cfsp/142174.pdf.

"EX-10.1.2 pmlt_ex101.htm SHARE EXCHANGE AGREEMENT," *SEC EDGAR Database*, April 22, 2013, https://www.sec.gov/Archives/edgar/data/1474167/000147793213001992/pmlt_ex101.htm.

"Executive Profile: Mansurov, Dmitry Flerovich," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/person.asp?personId=329671403&privcapId=53837101>.

Fedeczko, Sofia and Mokrushin, Serhiy, "How Annexation Made Crimea's Self-Proclaimed Government Rich," *Hromadske International* August 30, 2017, <https://en.hromadske.ua/posts/how-annexation-made-crimeas-self-proclaimed-government-rich>.

Fedeichev, Sergei, "Abkhazia's Economy Minister Agdur Ardzindba (Right) at a panel session titled 'Crimea: Strategy 2030' as part of the 2017 Yalta International Economic Forum, at the Myria Resort Hotel." *Getty Images*. <https://www.gettyimages.it/detail/fotografie-di-cronaca/abkhazias-economy-minister-agdur-ardzinba-at-a-fotografie-di-cronaca/670699652#/abkhazias-economy-minister-agdur-ardzinba-at-a-panel-session-titled-picture-id670699652>.

Federal State Statistics Service for the Republic of Crimea and the City of Sevastopol. "ВАЛОВОЙ РЕГИОНАЛЬНЫЙ ПРОДУКТ РЕСПУБЛИКИ КРЫМ ПО ВИДАМ ЭКОНОМИЧЕСКОЙ ДЕЯТЕЛЬНОСТИ," http://crimea.gks.ru/wps/wcm/connect/rosstat_ts/crimea/ru/, See Appendix.

Federal Treasury, Unified Information Systems in the Field of Procurement, <http://zakupki.gov.ru>.

Fischer, Wea and Jadwiga Rogoza. "Crimea, One Year After the Annexation: The End of the Honeymoon?" *OSW*, March 25, 2015, <https://www.osw.waw.pl/en/publikacje/analyses/2015-03-25/crimea-one-year-after-annexation-end-honeymoon>.

Flintoff, Corey, "Russia's Crimea Bridge Project Baset By Engineering Worries And Labor Woes," *NPR*, August 16, 2016, <https://www.npr.org/sections/parallels/2016/08/16/490245830/russias-crimea-bridge-project-beset-by-engineering-worries-and-labor-woes>.

"For the Development of Working Documentation," *Contract translation*, August 11, 2014.

Foxall, Andrew. "Guest post: How Did Russia's RNCB Avoid Ukraine-Related Sanctions for So Long?" *Financial Times*, 18 March 2015, <https://www.ft.com/content/5d3e5ef4-9c80-3ee3-8768-67b72771e563>.

Friedman, Misha, "The High Price of Putin's Takeover of Crimea," March 31, 2017, <https://www.bloomberg.com/news/features/2017-03-31/crimea-pays-a-high-price-three-years-after-russian-takeover>.

Galpin, Richard. "Russians Count the Cost a Year After Crimea Annexation," *BBC News*, March 20, 2015, <http://www.bbc.com/news/world-europe-31962156>.

Gerden, Eugene, "Crimean Wineries to be Auctioned," *Meininger's*, February 16, 2018, <https://www.meininger.de/en/wine-business-international/crimean-wineries-be-auctioned>.

Government of Canada. "Special Economic Measures (Ukraine) Regulations," *Justice Laws Website*, <http://laws-lois.justice.gc.ca/eng/regulations/SOR-2014-60/page-1.html>.

"Greenbase LTD.: CEO and Executives - Bloomberg," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=237618622>.

"Greetings to 3rd Yalta International Economic Forum," *President of Russia: Events*, April 20, 2017, <http://en.kremlin.ru/events/president/news/54352>.

Grey, Stephen, Tom Bergin, Sevgil Musaieva, and Roman Anin. "SPECIAL REPORT-Putin's Allies Channelled Billions to Ukraine Oligarch," *Reuters online*, 26 November 2014, <https://www.reuters.com/article/russia-capitalism-gas-special-report-pix/special-report-putins-allies-channelled-billions-to-ukraine-oligarch-idU5L3N0TF4QD20141126>.

Group DF Press Center. "Group DF Statement Regarding the Information on the Prosecutor General's Office Website about Alleged Embezzlement of Funds and Tax Dodging by the Group DF Enterprises." News. August 23, 2017. <https://groupdf.com/en/press-center/news/group-df-statement-regarding-the-information-on-the-prosecutor-generals-office-website-about-alleged-embezzlement-of-funds-by-the-group-df-enterprises-and-tax-dodging/>.

Group DF Press Center. "Memorial to Victims of Holodomor was Opened in Washington." News. November 9, 2015. <https://groupdf.com/en/press-center/news/memorial-to-victims-of-holodomor-was-opened-in-washington/>.

Group DF Press Center. "There is No Second Lawsuit Against Dmitry Firtash – The Statement of Dmitry Firtash’s Lawyers." News. July 27, 2017. <https://groupdf.com/en/press-center/news/there-is-no-second-suit-against-dmitry-firtash-the-statement-of-dmitry-firtashs-lawyers/>.

"Group DF Renames Crimea Titan," *Interfax Ukraine online*, March 30, 2015, <http://en.interfax.com.ua/news/economic/257809.html>.

Guevara, Marina Walker, Nicky Hager, Mar Cabra, Gerard Ryle, and Emily Menkes, "Who Uses the Offshore World," *International Consortium of Investigative Journalists*, April 4, 2013, <https://www.icij.org/investigations/offshore/who-uses-offshore-world/>.

Helsinki Commission Report In Brief, "Corruption in Russia: An Overview," October 23, 2017.

Hadjicosti, Costas, *LinkedIn*, <https://www.linkedin.com/in/costas-hadjicosti-49b91b29/>.

"How did Russia’s RNCB Avoid Ukraine-related Sanctions For So Long?" *Financial Times*, March 8, 2015, <https://www.ft.com/content/5d3e5ef4-9c80-3ee3-8768-67b72771e563>.

"Indian entrepreneur loses out in controversy over Crimean leader in Putin’s team," *The Times of India*, December 26, 2014, <https://m.timesofindia.com/nri/other-news/Indian-entrepreneur-loses-out-in-controversy-over-Crimean-leader-in-Putins-team/articleshow/45645431.cms>

"In the course of the report before the election, the governor of Sevastopol, Dmitry Ovsyannikov, once again stressed that the issue of Laspi was closed, and the boundaries of the reserve were finally determined," *Parangon*, February 28, 2018, <https://parangon.org/2018/03/15/v-hode-otcheta-pere-d-zaksobraniem-gubernator-sevastopolya-dmitrij-ovsyannikov-v-ocherednoj-raz-podcheknul-cto-vopros-po-laspi-zakryt-i-granitsy-zakaznika-opredeleny-okonchatelno/>.

Ivanov, Yuri. "Russian TiO2 Market Trends," *LinkedIn*, <https://www.linkedin.com/pulse/russian-tio2-market-trends-yuri-ivanov>.

"Japan Imposes Sanctions Against Russia over Crimea Independence," *Fox News World*, March 18, 2014, <http://www.foxnews.com/world/2014/03/18/japan-imposes-sanctions-against-russia-over-crimea-independence.html>.

Jordan, Will, "Illicit Deal Targets Assets Looted from Ukraine," *Ukraine | Al Jazeera*, January 7, 2018, <https://www.aljazeera.com/indepth/features/illicit-deal-targets-assets-looted-ukraine-171206141619973.html>.

"JSC 'Plant' Fiolent," *ListOrg.com*, <https://www.list-org.com/company/8196877>.

"JSC Plant Fiolent," *Zachestnyi Biznes*, https://zachestnybiznes.ru/company/ui/1149102099640_9102048745_AO-ZAVOD-FIOLENT.

Judah, Ben and Nate Sibley, "Countering Russian Kleptocracy," *Hudson Institute*, April 2018, <https://s3.amazonaws.com/media.hudson.org/files/publications/CounteringRussianKleptocracy.pdf>.

Kramer, Andrew E., "Ukrainian Gas Broker Faces Scrutiny," *New York Times online*, April 21, 2014, <https://www.nytimes.com/2014/04/21/business/international/ukrainian-gas-broker-faces-scrutiny.html>.

Kremlin Events, "Meeting on socioeconomic development in Crimea and Sevastopol," March 18, 2015, <http://en.kremlin.ru/events/president/news/47877>.

Kremlin Events, "Meeting with senior officials of the Republic of Crimea and Sevastopol," August 19, 2016, <http://en.kremlin.ru/events/president/news/52731>.

Kremlin Events, "Trip to Crimea and Sevastopol," August 20, 2017, <http://en.kremlin.ru/events/president/trips/55391>.

Kuzio, Taras, "Who committed treason in Ukraine?" *Ukrainian Policy*, March 1, 2016, <http://ukrainianpolicy.com/who-committed-treason-in-ukraine/>.

Levintova, Hannah, AJ Vicens, and Ashley Dejean. "Hacker, Banker, "Soldier, Spy: A Guide to the Key Players in the Trump-Russia Scandal," *Mother Jones*, <https://www.motherjones.com/politics/2017/06/russia-trump-putin-scandal-key-players-dossiers/>.

- "Limited Company 'MANAGEMENT COMPANY INFRASTRUCTURAL PROJECTS' Accounting (financial reporting)," *rusprofile*, <http://www.rusprofile.ru/accounting?ogrn=1149102091654>.
- Litovkin, Nikolay, "Crimea to open for Indian Projects," *Russia Beyond*, July 18, 2016, https://www.rbth.com/economics/cooperation/2016/07/18/crimean-peninsula-to-open-for-indian-projects_612555
- Litvinova, Daria, "Why Kerch May Prove a Bridge Too Far for Russia," *The Moscow Times*, June 17, 2016, <https://themoscowtimes.com/articles/why-kerch-may-prove-a-bridge-too-far-for-russia-53309>.
- "LLC 'UKIP'," *rusprofile*, <http://www.rusprofile.ru/id/7526393>.
- "Lukoil- History," *LUKOIL International Upstream West Inc.*, <http://upstreamwest.lukoil.com/en/About/History>.
- "Luxurious 5-star hotel to be built in Yalta by Missile Forces and Artillery ex-head's company," *Crime Russia*, January 22, 2018, <https://en.crimerussia.com/gromkie-dela/luxurious-5-star-hotel-to-be-built-in-yalta-by-missile-forces-and-artillery-ex-head-s-company/>.
- Lyrchikova, Anastasia, "Russia Says Launch of Crimea Power Plant Delayed," *Reuters*, November 9, 2017, <https://www.reuters.com/article/us-ukraine-crisis-crimea-electricity/russia-says-launch-of-crimea-power-plant-delayed-idUSKBN1D91ZT>.
- MacFarquhar, Neil and Ivan Nechepurenko, "Putin's Bridge to Crimea May Carry More Symbolism Than Traffic," *The New York Times*, November 11, 2017, <https://nyti.ms/2hrHNy0>.
- Makarenko, Olena. "Crimea's Economy. When Russia's Words and Figures Don't Meet," *Euromaidan Press*, May 17, 2016, <http://euromaidanpress.com/2016/05/17/crimeas-economy-when-russias-words-and-figures-dont-meet/>.
- Matuszak, Slawomir, "How Ukrainian Oligarchs View Economic Integration with the EU and Russia," *Osrodek Studiów Wschodnich (OSW - Center for Eastern Studies)*, <https://www.osw.waw.pl/en/publikacje/analyses/2011-09-14/how-ukrainian-oligarchs-view-economic-integration-eu-and-russia>.
- McFarland, Janet. "Controversy Puts Oligarch's Charity Contributions under the Microscope." *The Globe and Mail*, April 29, 2014. <https://www.theglobeandmail.com/report-on-business/international-business/european-business/controversy-puts-oligarchs-charity-contributions-under-the-microscope/article18068219/>.
- Melkozerova, Veronika, "Russia's Illegal Crimean Bridge Construction Will Cost Ukraine," *Kyiv Post*, August 31, 2017, <https://www.kyivpost.com/ukraine-politics/russias-illegal-crimean-bridge-construction-will-cost-ukraine-video.html>.
- Michael (Misha) Friedman, email message to author, April 10, 2018.
- Mirovalev, Mansur, "Crimean Business Owners Caught Up in Pro-Russia Officials' Crackdown," *Los Angeles Times*, January 12, 2017, <http://www.latimes.com/world/europe/la-fg-crimea-yalta-2017-story.html>.
- "Mission and Values," *Glavgoexpertia of Russia*, <https://gge.ru/about/#menu-block1>.
- Montag-Girmes, Polina, "Russia to spend \$8.5 million for 2017 Crimea subsidy program," *Air Transportation World*, April 6, 2017, <http://atwonline.com/government-affairs/russia-spend-85-million-2017-crimea-subsidy-program>.
- "Mortgage in Sevastopol and Crimea," *Parangon*, February 6, 2018, <https://parangon.org/2018/02/06/ipoteka-v-sevastopole-i-v-krymu/>.
- Myers, Steven Lee and Ellen Barry, "Putin Reclaims Crimea for Russia and Bitterly Denounces the West," *New York Times* online, March 18, 2014, <https://www.nytimes.com/2014/03/19/world/europe/ukraine.html>.
- "Mystery Official. Kiriienko Family's Avenue to Wealth," *Crime Russia*, Last modified October 24, 2017, <https://en.crimerussia.com/gover/mystery-official-kiriienko-family-s-avenue-to-wealth/>.
- NATO, "The Energy Dimensions of Russia's Annexation of Crimea," *NATO Review*, <https://www.nato.int/docu/review/2014/NATO-Energy-security-running-on-empty/Ukraine-energy-independence-gas-dependence-on-Russia/EN/index.htm>.
- "New Defense Minister Lebedev Has 36.5 Million Income, Fleet of Expensive Cars and More than 50 Land Plots," December 24, 2012, https://en.censor.net.ua/photo_news/228223/new-defense-minister-lebedev-has-365-million-income-fleet-of-expensive-cars-and-more-than-50-land-plots.
- "New Sanctions Table," *Avellum*, June 2, 2017,

http://avellum.com/Content/CmsFile/en/files_LA%20-%20New%20Sanctions%20-%20Table%20-%20ENG.pdf.

Offshore Leaks Database, "50th Street; Global Plaza Tower; 19th floor; Suite 19-H; Panama City; Republic of Panama," <https://offshoreleaks.icij.org/nodes/14018408>.

Offshore Leaks database, "864 Northern Highway; Trellis Building; Belize City; Belize," <https://offshoreleaks.icij.org/nodes/14023228>.

Offshore Leaks Database, "Waterfront Drive, PO Box 3469, BVI," <https://offshoreleaks.icij.org/search?cat=3&e=&q=WATERFRONT+DRIVE%2C+PO+Box+3469&utf8=%E2%9C%93>.

Olearchyk, Roman and James Shotter, "Austria Arrests Ukraine Oligarch Dmitry Firtash at US Request." *Financial Times online*, <https://www.ft.com/content/77af8cd2-aab0-11e3-9fd6-00144feab7de>.

"OK.RU Profile: Andrey Alekhin Photos," *OK.RU*, https://ok.ru/profile/28446484726/album/58457393302?st_aid=Undefined Albums OverPhoto.

Open Corporate Database Entry, "Meligar Business Corp.," <https://opencorporates.com/companies/pa/824754>.

"Over the Shelf Stretches the Shelf of the "New Projects," *Kommersant.ru*, March 5, 2017, <https://www.kommersant.ru/doc/3235138>.

"Over 3,000 Participants from 60 States to Attend Yalta Int'l Economic Forum," *Sputnik News*, <https://sputniknews.com/russia/201803131062493982-yalta-crimea-economic-forum/>.

"Ovsyannikov called to stop the "information HYIP" because of Laspi," *Sevastopol News*, February 28, 2018, <http://new-sebastopol.com/news/id/21724>.

"PanAtlantic Energy Group: CEO and Executives - Bloomberg," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=206871875>.

Panin, Alexander, "Kerch Bridge To Crimea May Become Russia's Link To The East," *The Moscow Times*, May 5, 2014, <https://themoscowtimes.com/articles/kerch-bridge-to-crimea-may-become-russias-link-to-the-east-35058>.

Pavel Lebedev 2011-2012 Financial Filings, <https://pep.org.ua/en/person/9878>.

"Pavel Lebedev Building in Sevastopol," *Zagorodna*, January 3, 2016, <https://www.zagorodna.com/en/articles/pavel-lebedev-building-in-sevastopol.html>

Pavlo Lebedev. *Revolvy*. https://www.revolvy.com/main/index.php?s=Pavlo%20Lebedyev&item_type=topic

Pavlova, Oksana, "«Сибавтотранс» до Крыма," *Kommersant*, March 2, 2017, <https://www.kommersant.ru/doc/3230179>.

"Peal General. Vladimir Zaritsky, ex-Commander in Chief of Missile Forces, to build hotel in Crimea," *Crime Russia*, January 31, 2018, <https://en.crimerrussia.com/gromkie-dela/pearl-general-vladimir-zaritsky-ex-commander-in-chief-of-missile-forces-to-build-hotel-in-crimea>

Plaksina, Olga, *LinkedIn*, <https://www.linkedin.com/in/olga-plaksina-735149/>.

"Prime Estate Co., LTD.: CEO and Executives - Bloomberg," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=267123628>.

"Putin's friend Arkady Rotenberg reportedly owns \$60m-worth yacht," *Crime Russia*, February 20, 2018, <https://en.crimerrussia.com/oligarchs/putin-s-friend-arkady-rotenberg-owns-60m-worth-yacht/>.

"Railway approaches to Kerch Strait bridge obtain state expert approval," *Railway Pro Communication Platform*, January 26, 2017, <https://www.railwaypro.com/wp/railway-approaches-to-kerch-strait-bridge-obtain-state-expert-approval/>.

Rechetnikova, Marusya. "Russia's Economic Development Since Crimea and Its 'Pivot' Towards China," *University of Chicago Law School*, 2017, https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1059&context=international_immersion_program_papers.

"Regarding Choosing a Sole Contractor for Design and Construction of the Transport Crossing over the Kerch Strait," *Stroygazmontazh*, <http://www.oosgm.com/>.

Retson, Sheril. "Crimea is Becoming a Russian Money Pit," *World Policy*, October 24, 2016, <https://worldpolicy.org/2016/10/24/crimea-is-becoming-a-russian-money-pit/>.

Rettman, Andrew. "EU Sanctions Add to Putin's Crimea Headache," *EU Observer*, December 18, 2014, <https://euobserver.com/foreign/12698>.

"RGC Parangon signed a Memorandum of Cooperation with the Council of Ministers of the Republic of Crimea and the Evpatoria Municipal District," *Parangon*, April 23, 2017, <https://parangon.org/2017/04/23/rpk-parangon-podpisala-memorandum-o-vzaimodejstvii-s-sovetom-ministrov-respubliki-krym-i-evpatorijskim-munitsipalnym-okrugom/>.

Riana Teifukova, "The Economic Effect of the Crimean Annexation," *Ankasam Ankara Center for Crisis and Policy Studies*, May 5, 2017, https://ankasam.org/en/economic-effect-crimean-annexation/#_edn1.

"RNSB Bank will provide financing to LLC "International Airport" Simferopol," *Russian National Commercial Bank*, August 25, 2016, <http://www.rncb.ru/news/2345/>.

Roudik, Peter, "Government Procurement Law and Policy: Russia," *Library of Congress*, March 2010, <https://www.loc.gov/law/help/govt-procurement-law/russia.php>.

Russian Duma Legislative Support System, "Bill No. 639992-6," October 11, 2014, <http://sozd.parlament.gov.ru/bill/639992-6>.

Rusprofile entry, "119415, Moscow, Leninsky Prospekt, 114, room XV - room 1," <http://www.rusprofile.ru/search?type=ul&query=119415%2C%20%D0%B3%D0%BE%D1%80%D0%BE%D0%B4%20%D0%9C%D0%BE%D1%81%D0%BA%D0%B2%D0%B0%2C%20%D0%9B%D0%B5%D0%BD%D0%B8%D0%BD%D1%81%D0%BA%D0%B8%D0%B9%20%D0%BF%D1%80%D0%BE%D1%81%D0%BF%D0%B5%D0%BA%D1%82%2C%20%D0%B4%D0%BE%D0%BC%20114%2C%20%D0%BF%D0%BE%D0%BC%D0%B5%D1%89%D0%B5%D0%BD%D0%B8%D0%B5%20XV%20-%20%D0%BA%D0%BE%D0%BC%D0%BD%D0%B0%D1%82%D0%B0%201>.

Rusprofile entry, "Ilizia Commerce Ltd," <http://www.rusprofile.ru/foreign/57417>.

Rusprofile entry, "Lastochkina, Anna Yurievna," www.rusprofile.ru/person/lastochkina-ayu-782581053673.

Rusprofile entry, "Manola Holding Inc," <http://www.rusprofile.ru/foreign/57418>.

Rusprofile entry, "Meligar Business Corp.," <http://www.rusprofile.ru/foreign/57317>.

Rusprofile entry, "OOO 'Stroygazmontazh', LLC 'SGM,'" <https://www.rusprofile.ru/id/133458>.

Rusprofile entry, "OOO Voom-Vokh Invest," <http://www.rusprofile.ru/id/10601117#founders>.

Sakwa, Richard, *Frontline Ukraine: Crises in the Borderlands*. London: I.B. Tauris, 2015.

Sambos, Andrey, "Imitating Chavez: A Year of Nationalization in Crimea," *Carnegie Moscow Center*, March 19, 2015, <http://carnegie.ru/commentary/59421>.

Sarna, Arkadiusz, Olszanski, Tadeusz A., and Wierzbowska, Agata, "The Consequences of the Annexation of Crimea," *The Centre for Eastern Studies*, March 19, 2014, <https://www.osw.waw.pl/en/publikacje/analyses/2014-03-19/consequences-annexation-crimea>.

"Sergei Ivanov attended 3rd Yalta International Economic Forum," President of Russia: Events. April 21, 2017, <http://en.kremlin.ru/events/administration/54358>.

"SGM Group of Companies," *Stroygazmontazh*, www.oosgm.com/company/structure/.

Shamanska, Anna, "Explainer: Why Ukraine Supplies Electricity To Crimea, And Why It Stopped," *RadioFreeEurope/RadioLiberty*, November 25, 2015, <https://www.rferl.org/a/ukraine-crimea-power-supply-electricity-explainer/27384812.html>.

Shepp, Jonah Shepp. "Putin Says Economic Sanctions Are Making Russia Stronger - He's Not Totally Wrong," *Politico*, June 20, 2017, <http://nymag.com/daily/intelligencer/2017/06/putin-says-sanctions-are-helping-russia-he-might-be-right.html>.

"Single State Register of Legal Entities: Russian National Commercial Bank," *RNCB Registry*, March 14, 2013, [rusprofile.ru](http://www.rncb.ru).

SIPRI. "Asia and the Middle East lead rising trend in arms imports, US exports grow significantly, says SIPRI." News and Events. March 12, 2018. <https://www.sipri.org/news/press-release/2018/asia-and-middle-east-lead-rising-trend-arms-imports-us-exports-grow-significantly-says-sipri>.

Skvarsky, Andrei, "Sberbank to stay out of Crimea, CEO reiterates," *Emerging Markets*, June 13, 2017, <http://emergingmarkets.me/sberbank-stay-crimea-ceo-reiterates/>.

Stecklow, Steve, Elizabeth Piper and Oleksandr Akymenko. "Special Report: Crimean Savers Ask: Where's Our Money?" *Reuters*, November 20, 2014, <https://www.reuters.com/article/us-ukraine-crisis-banks-specialreport/special-report-crimean-savers-ask-where-s-our-money-idUSKCN0J40FJ20141120?irpc=932>.

Stedman, Scott, "Exclusive: Oleg Deripaska's Right-Hand Man was Trump Tower Moscow Developer's Former CEO," *Medium*, December 13, 2017, <https://medium.com/@ScottMStedman/exclusive-oleg-deripaskas-right-hand-man-was-trump-tower-moscow-developer-s-former-ceo-75f36781eeff>.

"Strategy for Socio-Economic Development of the Republic of Crimea," *Investment Portal of the Republic of Crimea*, 2015, invest-in-crimea.ru/en/основной-контент/strategy-socio-economic-development-republic-crimea.

Suarez, Alexandra, "Largest Construction Projects In The World: China Opens New Beipanjiang Bridge To Much Fanfare," *International Business Times*, December 29, 2016, <http://www.ibtimes.com/largest-construction-projects-world-china-opens-new-beipanjiang-bridge-much-fanfare-2466977>.

Sudakov, Dmitry. "Billions and billions for Crimea: Where will they go?" *Pravda.ru*, August 31, 2017. http://www.pravdareport.com/russia/economics/31-08-2017/138557-crimea_billions-0/.

"Supplementary Agreement No.3 to the State Contract No.2 of 17 February 2015," *SGM Contract Translation*, June 30, 2015.

Svetlov, Mikhail, "Russian President Vladimir Putin Visits The Crimean Bridge," *Getty Images*, March 16, 2016 https://www.gettyimages.com/event/russian-president-vladimir-putin-visits-the-crimean-bridge-775141283?irgwc=1&resource=AFF_GI_IR_Skimbit%20Ltd_10078&asid=Skimbit%20Ltd.&cid=GI#russian-president-vladimir-putin-and-russian-billionaire-and-arkady-picture-id931982854.

"Taata Bank ZAO," *Bloomberg*, <https://www.bloomberg.com/profiles/companies/1260221D:RU-taata-bank-zao>.

Tanazhko, Elena, "Experience Lasting Two Decades," *Journal of the Board of Directors Siberia 122 online*, Last modified December 2, 2015, <http://sovetdirectorov.info/5613027/8908881/8944164/8944498/>.

Teifukova, Riana. "The Economic Effect of the Crimean Annexation," *Ankasam Ankara Center for Crisis and Policy Studies*, May 5, 2017, https://ankasam.org/en/economic-effect-crimean-annexation/#_edn1.

"The complex "Aqua Evpatoria" is recognized as the best architectural work of the Crimea," *Parangon*, July 2017, <https://parangon.org/2017/07/06/akva-evpatoriya-priznan-luchshim-arhitekturnym-proizvedeniem-kryma/>.

"The Crimean Bridge (transport crossing over the Kerch Strait)," *Straygazmontazh*, www.oossgm.com/company/structure/.

Theise, Eugen, "Vienna Court to Decide on Ukrainian Oligarch's Extradition to the US," *Deutsche Welle online*. Last modified April 29, 2015, <http://www.dw.com/en/vienna-court-to-decide-on-ukrainian-oligarchs-extradition-to-the-us/a-18419173>.

"Timeline: Ukraine's political crisis," *Aljazeera*, 2014, <https://www.aljazeera.com/news/europe/2014/03/timeline-ukraine-political-crisis-201431143722854652.html>.

"Treasury Designates Individuals and Entities Involved in the Ongoing Conflict in Ukraine," *Department of Treasury*, June 20, 2017. <https://www.treasury.gov/press-center/press-releases/Pages/sm0114.aspx>.

"Treaty Number 0059D-16/GGE-10471/10/SG/R0016: For the execution/implementation of work, or a performance evaluation," *Simferopol Contract*, January 27, 2016.

"Ukraine Related Designations," *U.S. Department of Treasury*, March 11, 2015, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20150311.aspx>.

"Ukraine: Military Prosecutors Propose to Halt Foreign Economic Operations of Crimean Titanium," *The Ukrainian Metal*, Last modified April 10, 2017, <https://metalukraine.com/2017/04/10/ukraine-military-prosecutors-propose-to-halt-foreign-economic-operations-of-crimean-titanium.html>.

"Ukraine: Titanium Company Hit by Sanctions," *The Ukrainian Metal online*, Last modified October 20, 2016, <https://metalukraine.com/2016/10/20/ukraine-titanium-company-hit-by-Sanctions.html>.

"Ukraine: Titanium Investments to Construct New Shop," *The Ukrainian Metal*, Last modified December 15, 2017, <https://metalukraine.com/2017/12/15/ukraine-titanium-investments-to-construct-New-shop.html>.

"United Sanctions Widen Sanctions Russia Against," *Russian News Agency*, February 20, 2016, <http://tass.com/world/921040>.

"U.S. Department of the Treasury." *Announcement of Expanded Treasury Sanctions within the Russian Financial Services, Energy and Defense or Related Materiel Sectors*, <https://www.treasury.gov/press-center/press-releases/Pages/jl2629.aspx>.

"Ukraine 2012." *International Energy Agency*. https://www.iea.org/publications/freepublications/publication/Ukraine2012_free.pdf.

"Vanco Exploration Company: CEO and Executives - Bloomberg," *Bloomberg*, <https://www.bloomberg.com/research/stocks/private/people.asp?privcapId=206872176>.

Valiyev, Aliksandr, "Like Being A Slave': Workers On Russia's Bridge To Crimea Report Abuse, Deceit," *Radio Free Europe/Radio Liberty*, August 7, 2016, <https://www.rferl.org/a/russia-crimea-kerch-bridge-workers-abuse-unpaid/27906011.html>.

Vasilyeva, Natalya. "Free vacations for Russian employees: destination Crimea," *CTV News*, June 16, 2014, <https://www.ctvnews.ca/business/free-vacations-for-russian-employees-destination-crimea-1.1870771>.

Verbitsky, Anton. "'We Are No Longer Children: How the Relatives of Officials Manage Investment Funds,'" *Forbes Russia online*, Last modified February 2, 2015, <http://www.forbes.ru/finansy/igroki/279131-my-uzhe-ne-deti-kak-rodstvenniki-chinovnikov-upravlyayut-investfondami?page=0.1>.

Vikhrov, Natalie, "Fugitive ex-defense minister continues to battle EBRD," March 24, 2017, <https://www.kyivpost.com/business/fugitive-ex-defense-minister-continues-battle-ebrd-bank-says.html>

Weiss, Michael. "Married to the Ukrainian Mob." *Foreign Policy*, March 19, 2014. <http://foreignpolicy.com/2014/03/19/married-to-the-ukrainian-mob/>

Williams, Ben, "Israeli investors arrive in Crimea to assess venues for future investment projects," *ACM Outpost*, 28 October 2016, <https://benwilliamslibrary.com/blog/?p=5340>.

Wilk, Andrzej, "A significant pay increase in the Russian Army," February 2, 2012, <https://www.osw.waw.pl/en/publikacje/analyses/2012-02-01/a-significant-pay-increase-russian-army>.

World Bank. "Q&A: World Bank Assistance to Ukraine: Qimiao Fan, World Bank Country Director for Belarus, Moldova, and Ukraine, talks about the World Bank Group's support to Ukraine," *World Bank Speeches & Transcripts*. August 25, 2015, <http://www.worldbank.org/en/news/speech/2015/08/25/world-bank-assistance-to-ukraine>.

Yaffa, Joshua, "Putin's Shadow Cabinet and the Bridge to Crimea," *The New Yorker*, May 29, 2017, <https://www.newyorker.com/magazine/2017/05/29/putins-shadow-cabinet-and-the-bridge-to-crimea>.

"XE: Convert RUB/USD. Russia Ruble to United States Dollar," XE.com, <http://www.xe.com/currencyconverter/convert/?Amount=614000000&From=RUB&To=USD>.

"XE Currency Converter: Convert EUR to USD." <https://www.xe.com/currencyconverter/convert/?Amount=125%2C000%2C000&From=EUR&To=USD>.

"XE Currency Converter: Convert RUB to USD." XE.com, <https://www.xe.com/currencyconverter/convert/?Amount=13%2C980%2C000%2C000&From=RUB&To=USD>.

"XE Currency Converter: Convert RUB to USD." XE.com, <https://www.xe.com/currencyconverter/convert/?Amount=31%2C200%2C000%2C000&From=RUB&To=USD>.

Xinhua Net. "Two new companies registered in China-Belarus industrial park" January 10, 2017, http://www.xinhuanet.com/english/2018-01/10/c_136883711.htm.

Yee, Karina, "Case 17-10500-KJC Docket #0220," June 8, 2017, <http://www.kccllc.net/aquion/document/1710500170608000000000005>.

"Zaritsky Vladimir Nikolaevich," *rusprofile*, <http://www.rusprofile.ru/person/zarickiy-vn-773117131396>.

Zhuravlev, Evgeny and Elena Nizovaya. "Controversial Russian Bankers Target Crimea," *OCCRP*, June 3, 2015, <https://www.occrp.org/en/investigations/4001-controversial-russian-bankers-target-crimea>.

Zygar, Mikhail. *All the Kremlin's Men*. New York: Public Affairs, 2016.

"АО "КРЫМТЭЦ"- генерация электрической и тепловой энергии." КРЫМТЭЦ, <http://krimtec.com/>.

"Бизнесмен Мороцкий Андрей Николаевич: *предприниматель и учредитель, генеральный директор* Мороцкий Андрей Николаевич (ИНН 540213760679)." <http://www.rusprofile.ru/person/morockiy-an-540213760679..>

RE: IDB Invest (IIC) Colombia - Autopista al Mar 1/ resending with correct title

From: (b)(6)
To: (b)(6) (b)(6) U.S. Mint (b)(6) (b)(6)
(b)(6) (b)(6) "Swindells, Felicia"
(b)(6) "Hanninauser, Sara" (b)(6) "Palluconi, Lisa"
(b)(6) (b)(6) "Blackborow, Davin"
Cc: (b)(6) (b)(6)
Date: Thu, 19 Jul 2018 14:33:16 -0400
Attachments: Colombia Autopista al Mar 1.pdf (861.8 kB); mar_1_esap.pdf (55.17 kB); mar_1_idb_invest_esrs.pdf (217.2 kB)

Thanks, (b)(6) Adding the OFAC Russia experts. Also adding (b)(6) and (b)(6) from TFFC LATAM and Russia.

From: (b)(6)
Sent: Thursday, July 19, 2018 2:23 PM
To: (b)(6) (b)(6) U.S. Mint (b)(6) (b)(6)
Cc: (b)(6) (b)(6)
Subject: FW: IDB Invest (IIC) Colombia - Autopista al Mar 1/ resending with correct title

Hi,

(b)(4), (b)(5)

If you need any additional information, please let me know.

Thanks,

(b)(6)

Office of Development Results and Accountability
International Affairs/U.S. Treasury
(b)(6)

Integrity

(b)(4)

From: (b)(6)

Sent: Thursday, July 19, 2018 10:39 AM

To: State (b)(6) PPL MDB Projects
<PPLmdbprojects@usaid.gov>; LAC MDB Projects <LACmdbprojects@usaid.gov>; MDBloanreview <MDBloanreview@state.gov>;
Harrington.Glenn@epa.gov; Mourant.Alex@epa.gov; Travis.Karen@dol.gov; ITA (b)(6) (b)(6)
(b)(6) @iadh.org

Cc: (b)(6) (b)(6)

Subject: IDB Invest (IIC) Colombia - Autopista al Mar 1/ resending with correct title

Dear Colleagues:
This IDB Invest (IIC) operation for Colombia – Autopista al Mar 1 – is up for Board consideration on **Tuesday, July 31, 2018.** (b)(5)
(b)(5) (b)(5)

The ESIA documentation was posted November 21, 2017; the ESRS in English is attached and is available on the website.

Tentative Recommendation: (b)(5)
Mandates Triggered: (b)(5)
Project Name: Autopista al Mar 1
Amount/Type of Operation: (b)(4)
Env. Cat: (b)(4)
Results Matrix: (b)(4)
Sponsor/Implementation Agency: (b)(4)


Questions: (b)(4), (b)(5)
(b)(4), (b)(5)

Description/Key Development Outcomes/U.S. Strategic Goals: (b)(4) (b)(5)
(b)(4), (b)(5)

(b)(4), (b)(5)

Environmental documents can be found at: <http://www.iic.org/en/projects/project-disclosure/12107-01/autopista-rio-magdalena-2>

Environmental and Social Action Plan:

 [mar_1_esap.pdf](#)

 [mar_1_idb_invest_esrs.pdf](#)

Bates Nos. 2018-06-192:
001855-001883
Withheld in Full
Pursuant to (b)(4)

RE: IDB Invest (IIC) Colombia - Autopista al Mar 1/ resending with correct title

From: (b)(6)
To: (b)(6)
Cc: (b)(6)
Date: Wed, 25 Jul 2018 11:28:33 -0400

(b)(6) and (b)(6),

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

Thanks,

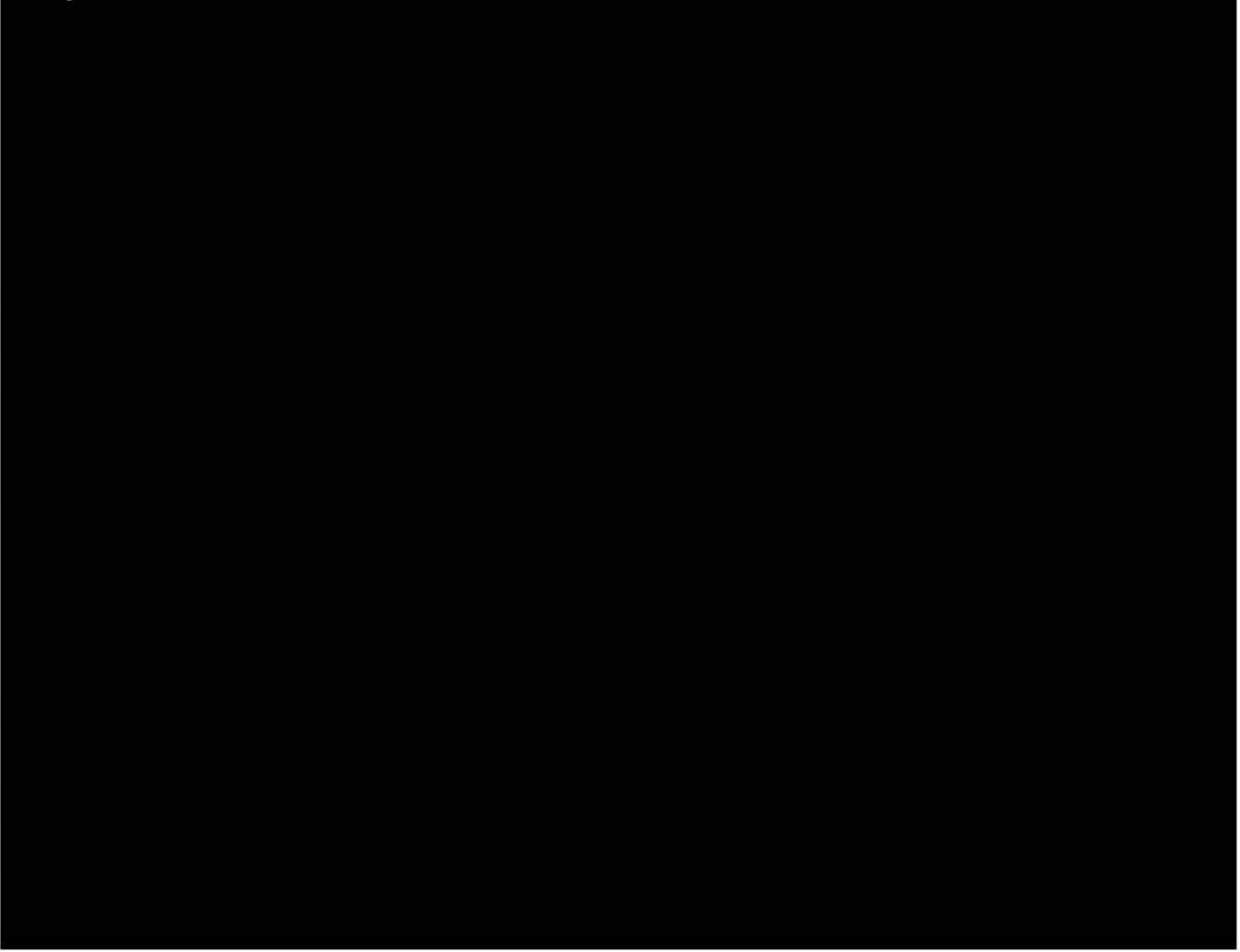
(b)(6)

From: (b)(6)
Sent: Friday, July 20, 2018 3:19 PM
To: (b)(6) U.S. Mint (b)(6)
U.S. Mint (b)(6) (b)(6)
(b)(6) Swindells, Felicia (b)(6)
(b)(6) Palluconi, Lisa (b)(6) Thannhauser, Sara (b)(6)
Blackborow, Davin (b)(6)
Cc: (b)(6) (b)(6)
(b)(6)

Subject: RE: IDB Invest (IIC) Colombia - Autopista al Mar 1/ resending with correct title

Thanks all. When do you think you will be able to provide a response?

Duplicative of content in Bates No. 2018-06-192: 001852



Bates Nos. 2018-06-192:
001895-001896

Duplicate Content in
Bates Nos. 2018-06-192:
001852-001854

RE: IDB Invest (IIC) Colombia - Autopista al Mar 1/ resending with correct title

From: (b)(6)
To: (b)(6) U.S. Mint (b)(6) (b)(6)
(b)(6) Swindells, Felicia (D)(b) Thannhauser, Sara
(b)(6) Palluconi, Lisa (D)(b)
(b)(6) Blackborow, Davin (D)(b)
Cc: (b)(6)
(b)(6) Manfull, Alexandre (b)(6)
(b)(6) (D)(b)
Date: Wed, 25 Jul 2018 17:36:52 -0400

Thank you so much for this. I appreciate your review and will relay the message to the IDB.

From: (b)(6)
Sent: Wednesday, July 25, 2018 5:35 PM
To: (b)(6) U.S. Mint (b)(6) (b)(6)
(b)(6) Swindells, Felicia (D)(b) Thannhauser, Sara
(b)(6) Palluconi, Lisa (b)(6)
(b)(6) Blackborow, Davin (D)(b)
Cc: (b)(6)
(b)(6) Manfull, Alexandre (b)(6)
Subject: RE: IDB Invest (IIC) Colombia - Autopista al Mar 1/ resending with correct title

(b)(6)

Thank you for sharing this, and sorry for our delay. I'm adding OFAC Compliance for awareness.

(b)(4), (b)(5)

(b)(6)
Senior Sanctions Policy Advisor | Office of Foreign Assets Control | U.S. Department of the Treasury
Telephone: (b)(6) | Mobile: (b)(6)
(U) (b)(6)
(SIPK) (D)(b)
(JWICS) (D)(b)

From: (b)(6)
Sent: Wednesday, July 25, 2018 11:13 AM
To: (b)(6) U.S. Mint (b)(6)
U.S. Mint (b)(6) (b)(6) (b)(6)
(b)(6) Swindells, Felicia (b)(6) Thannhauser, Sara
(b)(6) Palluconi, Lisa (b)(6)
Blackborow, Davin (b)(6)
Cc: (b)(6)
(b)(6)
Subject: RE: IDB Invest (IIC) Colombia - Autopista al Mar 1/ resending with correct title

Hi All,

(b)(5)

Thanks and we would need to know before COB today.

(b)(6)

From: (b)(6)

Sent: Friday, July 20, 2018 3:19 PM

To: (b)(6) U.S. Mint (b)(6)

U.S. Mint (b)(6) (b)(6) (b)(6)
(b)(6) Swindells, Felicia (b)(6) Thannhauser, Sara
(b)(6) Palluconi, Lisa (b)(6)
Blackborow, Davin (b)(6)

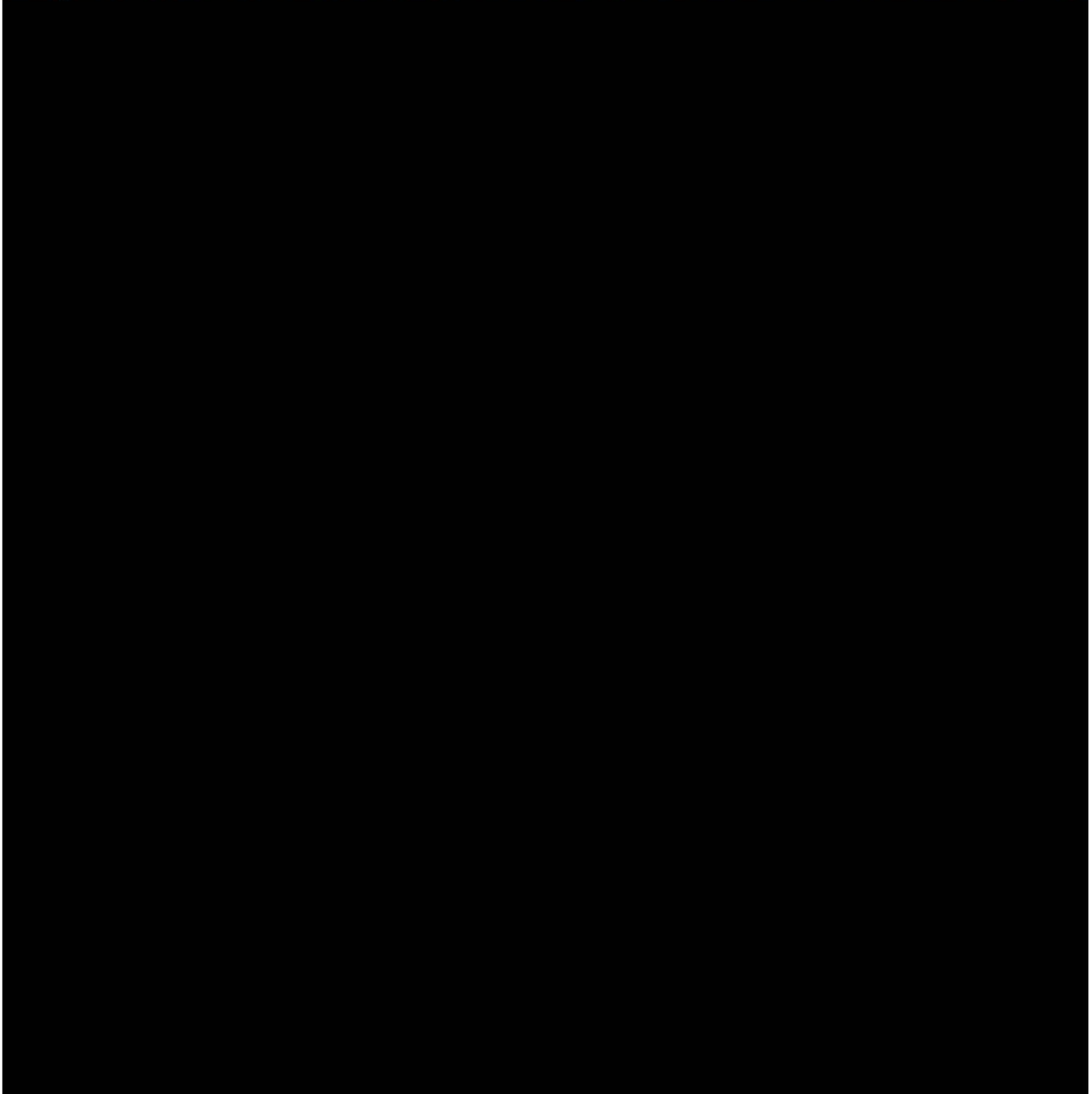
(b)(6)

Cc: (b)(6)

Subject: RE: IDB Invest (IIC) Colombia - Autopista al Mar 1/ resending with correct title

Thanks all. When do you think you will be able to provide a response?

Duplicative of content in Bates No. 2018-06-192: 001852



Bates Nos. 2018-06-192:
001899-001900

Duplicate Content in
Bates Nos. 2018-06-192:
001852-001854