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RUSSIA'S DOMESTIC SECURITY WARS

Putin's Use of Divide and Rule Against His Hardline Allies

Peter Reddaway

Russia's Domestic Security Wars

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"The war between the security services is our 'separation of powers'. Some of them whisper into the president's right ear, others into the left."
—*Yuliya Latynina*, Novaya gazeta, *October 11, 2007*

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CHAPTER 1

Introduction

Abstract The aim of this book is to analyze how Vladimir Putin exercised a subtle divide and rule against his hardline supporters between 2004 and 2011, to prevent them from constraining his accumulation of power. It is a case study that illustrates some key elements of the inner workings of his regime, and helps us to understand how it has lasted for 18 years. The book examines one of its understudied features: the origins, unfolding, climax, and fading of an important conflict between key groups of *siloviki* (security figures) in his entourage.

Keywords Putin · Encourages conflict · Hardline supporters

The aim of this book is to analyze how Vladimir Putin exercised a subtle divide and rule against his hardline supporters between 2004 and 2011, to prevent them from constraining his accumulation of power. It is a case study that illustrates some key elements of the inner workings of his regime, and helps us to understand how it has lasted for 18 years. The book examines one of its understudied features: the origins, unfolding, climax, and fading of an important conflict between key groups of *siloviki* (security figures)[1] in Putin's entourage.

[1] In this book the term siloviki is used roughly as it is in the Russian context. This is in two slightly different senses. Broadly speaking, it refers to employees of all the agencies that use any significant degree of armed force. More narrowly, as in 'voina silovikov' (siloviki

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This conflict, fomented by Putin, should be seen as a special sub-set of the numerous conflicts over assets and power that are constantly raging between the many groups that make up Russia's ruling class. These conflicts are typically, in varying proportions, both spontaneous and self-generated, and are then fomented by Putin or his associates, in a continuous process of divide-and-rule. What is special about the '*siloviki* war' is that its key participants were close associates of Putin's, came from one of his two power-bases, namely the security services,[2] and wielded extensive power and influence over key agencies of his regime, such as the security police (Federal Security Service (FSS)), the Presidential Security Service, and the drug control service (State Committee for the Control of Narcotics (SCCN)). These agencies are heavily armed and could potentially have been used to support or carry out a coup, if sufficient discontent had developed with Putin's leadership. Thus Putin benefited from the *silovik* war, at least in the short term, because he felt more secure, and also gained extra room for manipulating the ruling elites. On the other hand, Russia's internal security system was severely damaged by the savage infighting.

The book also argues that when this first *silovik* war was in 2007 approaching its end, Putin fomented a new one. This suggests that he felt a continuing need to enjoy the space for political manoeuver that such conflicts generate. He sparked the new war by setting up an Investigations Committee of the Procuracy (ICP) that was effectively

war), the word refers to those close associates of Putin who made their careers in the KGB and also, in some cases, were running *silovik* organizations during the *silovik* war. I have tried both to find a non-clumsy way of translating siloviki into English, and also to think of any near-equivalent of the siloviki phenomenon in either Russian or non-Russian history, but in vain.

[2] As discussed later, the other power-base consisted in part of members of 'Yeltsin's Family', i.e., the individuals who got Putin promoted from 1996 on, and who in 1999 selected him as the next president. Their influence had faded by the late 2000s. In general terms, this power-base has represented the interests of Western-oriented oligarchs and their adherents. For fine analyses of (1) the shifting clan dispositions as of May 30, 2013, see Vladimir Pribylovsky's long essay 'The Clans are Marching', http://www.opendemocracy.net/od-russia/vladimir-pribylovsky/clans-are-marching; and (2) important clan conflicts of 2013, see Stanislav Belkovsky, 'Rossiiskie voiny – Krupneishie byurokraticheskie, korporativnye, informatsionnye konflikty v Rossii v 2013-om godu', December 2013, 284 pp., http://slon.ru/russia/doklada_belkovskogo-1035081.xhtml.

independent of the Procuracy-General, and then by having a political enemy of the procurator-general appointed as the head of the new ICP. The resulting war has now gone on for a decade—to the at least temporary advantage of Putin, but also to the serious detriment of Russia's system of law-enforcement.

This whole argument, as described above, has not been seriously researched or documented before.[3] This needs to be done, if we are to fully understand Putin's method of rule.

The first *silovik* war originated in the 1990s, climaxed in 2004–2007, and faded between 2008 and 2010. The growing erraticness of Putin's regime that it may have presaged has become marked since 2011. The context in which the war began was the St Petersburg of the early 1990s. Putin was then Mayor Anatoly Sobchak's first deputy, supervising the privatization of hundreds of city enterprises. In the process, he developed close relations not only with newly emerging businessmen, including some from the region's security services, but also with colleagues in the mayor's office and the city's police forces.

After moving to Moscow and rising in 1996–2000 to become FSS head (1998), then prime minister (1999) and then president (2000), Putin appointed a remarkable number of these friends, allies, and allies of allies to senior positions, mainly in the capital. Among them were most of the individuals who, before long, were to figure in the *silovik* war.

From 2000 to 2004 these people worked with Putin to consolidate a regime that they increasingly controlled. The aim was to achieve a smooth and gradual transition from President Boris Yeltsin's appointees to President Putin's. By 2004, after Putin had removed Prime Minister Mikhail Kasyanov and his many supporters in the bureaucracy, the transition in personnel had gone as far as was necessary. The actual or potential Yeltsinite opponents of the newly empowered *siloviki* had been politically neutralized. Now Putin needed to focus on creating or maintaining a measure of personal autonomy from the main groups of

[3] Karen Dawisha's superb book *Putin's Kleptocracy: Who Owns Russia?*, Simon and Schuster, New York, 2014, devotes considerable attention to members of Cherkesov's group, especially Tsepov, but none to the *silovik* war or its significance. And the book Andrei Soldatov and Irina Borogan, *The New Nobility: The Restoration of Russia's Security State and the Enduring Legacy of the KGB*, Public Affairs, New York, 2010, oddly enough, pays only a little attention to Cherkesov, almost none to Sechin, and none at all to the *silovik* war.

siloviki and their non-*silovik* adherents. In this way he could hope to control them rather than be controlled by them. This task was never easy. At times, as indicated below, his often uncertain grip on the situation seems to have slipped.

This is the background to Putin's apparently deliberate decision to exacerbate the existing rivalry between the two *silovik* factions discussed in this book. His actions were successful, enabling him to stay a little above these powerful groups and to have enough freedom of maneuver to maintain his personal authority within the regime as a whole. In this wider context he was able to play the 'godfather' role of distributing favors and mediating and balancing the many conflicting interests and rivalries within his far-flung, rather mafia-like clan.

However, this was achieved at a heavy cost to Russia's wellbeing. Most obviously, Putin's era has far surpassed Yeltsin's in two broad senses. A growing proportion of the country's national wealth has in one way or another been misappropriated by the ruling class, and a toxic mix of corruption, dysfunction, and stagnation has become more dominant in Russian institutions, permeating almost the entire polity and economy.

What this analysis of one particularly important elite conflict hopes to illustrate is how Putin's complex clan of associates—seemingly similar in type to the regional clans of Yuri Luzhkov in Moscow and Eduard Rossel in Sverdlovsk region (both long disbanded)—is suffering today not only from the debilitating effects of this and other elite conflicts, but also from the fact that it has to go on ruling Russia. It cannot retreat from this role and simply live off the country's wealth, as became increasingly enticing from the mid-2000s. This was when Russia's oil revenues skyrocketed and the Yukos case showed that seizing private assets was not so difficult. But the Putin clan differs from other mafia-type organizations in Italy, Mexico, and elsewhere. These organizations have not sought to rule their countries, but have concentrated on their 'natural' role as economic, social, and political parasites. By contrast, Putin's clan at first put its main emphasis on taking power and ruling, and only then developed systematically its secondary instinct to become economic parasites or even moguls.

The task of the Putinites has been further complicated by the presence in the clan not just of *silovik* groups and their civilian adherents, but also of highly placed businessmen, lawyers and financial experts, mostly from St Petersburg. These are people with whom Putin developed close business or

other ties in the 1990s, but who did not join *siloviki* groups. Examples are the tycoons Gennady Timchenko, Yuri Koval'chuk, Roman Abramovich and Anatoly Chubais, the financial expert Aleksei Kudrin, and perhaps the politician Dmitri Medvedev. Within Putin's clan they have made up a loose, shadowy group, about which too little is known. However, on the basis of rather sketchy evidence they make two brief but critical appearances in this book, in June 2006 and late 2007, when they appear to have made a strong impact on events. This may have stemmed from their enormous wealth and their readiness to use it as an instrument to remind Putin of their interests, for example by financing Internet and other media critical of the Kremlin and of Putin. Even more important may have been their apparent possession of compromising information (*kompromat*) about the sources of Putin's wealth. For example, Abramovich has been reliably reported as having given him a luxury yacht.

In the course of ruling, Putin's factionalized clan—overly dependent on his personalistic rule—has faced some easily identified problems of institutional weakness. It has not had a powerful party and secret police to hold the country together, as the USSR did. It has not had the legitimizing base of a well-entrenched monarchy or republic. And it has not had a national ideology or respected constitution to promote popular unity, as more stable countries do. Thus, as its original public-relations trappings gradually faded, its arbitrarily authoritarian essence started to show. Putin deliberately reinforced this, especially from the mid-2010s, with a domestic and foreign nationalism that has deluded most Russians into believing—for now—that Russia is a great power once more.

Prior to the mid-2010s, the authoritarian essence was mostly hidden, although by digging hard much could be found, including in many of the sources cited in this book. Beneath a veneer of rhetoric about the rule of law, the essence that will emerge below derives from a complex clan built on the following elements:

- longstanding personal loyalties,
- general acknowledgment of the clan leader, Putin,
- a code of behavior (sometimes disturbingly brittle),
- a steady focus on material self-enrichment,
- manipulation of the political and economic system,
- intimidation or worse of outsiders who gain a measure of political or economic power,

- economic parasitism on the state and private business, and
- the use of violence when the clan's will is determinedly thwarted.[4]

In trying to identify clan memberships in communist times, T.H. Rigby paid special attention to the ties that bound particular Soviet individuals to their sponsor or ally. These ties could be traced through personal appointments, a common institutional or home background, common themes propounded in speeches, and so on. As in Soviet times, today too, the exact nature of such ties is often difficult to pin down. Although a lot more information is now available, today's system is much less rigid than the Soviet order, making relationship patterns more varied and changeable. Also, the fact that business, money and corruption are now dramatically more important factors than before does not necessarily make things easier: reliable information on the finances and corrupt activities of individuals is often difficult or impossible to obtain.

Finally, in this introduction, why is it hard to avoid comparisons with the mafia when describing the nature and structure of Putin's regime? And why do so, even though the regime differs from other mafias by having an unusual, perhaps unique double focus—not just on being a parasite of traditional type on Russia's economy and society, but also on ruling the country?

Logically, one should start by trying out comparisons with previous regimes in Russia. However, the results of doing this are not satisfactory. Unlike Putin's regime, the Romanov dynasty functioned on the basis of a genetically determined principle of sovereign succession that was usually observed and that enjoyed popular support. Also, it operated a system of rule and patronage that was much less fluid and considerably less corrupt than Putin's, and in which the accumulation of enormous personal wealth was not very common.

As for the communist regime, on the one hand it had succession procedures as dysfunctional as Putin's. But, on the other, it was much less

[4]The methodology used here emphasizes the importance in Russian politics of clans, clientelism, and shared material interests. By contrast, it plays down the idea that groups and coalitions are formed primarily on ideological lines. While clan-centered theory was particularly developed in the Soviet period by T.H. Rigby, with adaptations it remains relevant and useful today. For an analysis of Rigby's work see Stephen Fortescue, 'T.H. Rigby on Soviet and Post-Soviet Russian Politics', chapter 1 in the Festschrift in Rigby's honor, S. Fortescue, ed., *Russian Politics from Lenin to Putin*, Palgrave Macmillan, 2010, pp. 1–20. Other authors represented in the book are Sheila Fitzpatrick, Graeme Gill, Leslie Holmes, Archie Brown, Peter Reddaway, and Eugene Huskey.

corrupt; featured a disciplined party with a monopoly of power and a secret police that, between them, held the whole structure together; possessed a legitimizing official ideology that for long generated considerable popular backing; and operated over almost four decades a personal dictatorship and a pitilessly effective system of mass terror. All these features distinguish it from the Putin regime.

By contrast, the latter eschews mass terror in favor of occasional brutality and the murder of individuals. Also, it operates on a fluid, personalistic basis that emasculates regular institutions and uses a system of informal understandings (*ponyatiya*) that can change unpredictably and that have to be sensed or guessed at by insiders. When a leader like Putin is at the height of his limited powers, he can sometimes manipulate these *ponyatiya* and mislead particular factions, e.g., the Sechin group in 2007 (see Chapter 9). But he can also be shocked on finding that a powerful elite group is able to impose on him its own understanding of what is needed in a particular situation, as the Abramovich group apparently did to him in 2006.

Many examples of the ways of the Putin regime will be found below, including those just cited. The reader will then be able to judge how valid or invalid the comparison with the mafia seems to be.

PART I

The Background and Emergence of the *Siloviki* War

CHAPTER 2

Origins of the Cherkesov–Zolotov and Sechin Groupings, and of the Fierce Rivalries Between *Silovik* Groups

Abstract The first of the two *silovik* groupings took shape over time, as the St Petersburg business partners Roman Tsepov and Viktor Zolotov developed friendly relations with Viktor Cherkesov, Andrei Novikov, Vladimir Kumarin, Oleg Deripaska and Vladimir Putin. The second, much more secretive grouping formed around Igor Sechin, Putin's close associate since 1991. Its inner workings were always opaque. The roots of the conflict between the groups lie in business rivalries between two 'consummate bureaucratic infighters', Sechin and Zolotov. In 1991–1992 Zolotov started a business jointly with Roman Tsepov, an unusually intriguing and complex individual. The two men created the Baltik-Eskort security agency. The agency prospered from the start. Its clients included deputy-mayor Putin. Tsepov provided the brains, charm, inventiveness, and flexibility. Evidently Putin got to know Tsepov well enough to see and value these qualities and to put them to use. He had Tsepov collect tribute from city businesses for the use of the city's Committee on Foreign Economic Relations (CFER), which Putin headed.

Keywords Zolotov · Tsepov · Sechin · Putin · Groups' conflicts

This book will be largely chronological in structure. It will start by investigating how the first of the two *silovik* groupings took shape. This occurred over time, as the St Petersburg business partners Roman Tsepov and Viktor Zolotov developed friendly relations with Viktor

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Cherkesov, Andrei Novikov, Vladimir Kumarin, Oleg Deripaska and Vladimir Putin. To various extents and at different times, the first five men appear to have been associated with each other in a loose grouping.[1] The sixth, Deripaska, was for a time associated with them. And the seventh, Putin, has had personal dealings with the others, except for Novikov, while trying to maintain some autonomy from this group, as well as from the second group.

The second, much more secretive grouping took shape around Igor Sechin, Putin's close associate since 1991. Its inner workings were always opaque, probably in part because of the personalities involved, and also because key members did not, unlike some of their opponents, have clearly visible personal involvement in private businesses.[2]

The roots of the conflict between these two groups lie in business rivalries between two 'consummate bureaucratic infighters', Sechin and Zolotov, that date back to the early 1990s in St Petersburg.[3] Only in 2006 did observers start referring on occasion to what they usually called the Cherkesov–Zolotov grouping (or *gruppirovka*). The exact nature of the ties that, starting in the early 1990s, bound its initial associates together is still not entirely clear—beyond the fact that they involved business interests and the maximizing of political influence in order to build alliances and preserve personal wealth and security.

Cherkesov, a KGB career officer, says that he first met Putin in 1990 and over the next few years they became close friends. He was then a senior figure in the Leningrad KGB Administration (AKGB), later renamed the Administration of the Federal Security Service (AFSS) for St Petersburg and Leningrad region. From 1992 to 1998 Cherkesov headed the AFSS, which put him roughly on a par in rank with deputy-mayor Putin, and, by the nature of Putin's portfolio, meant that they met regularly on an official basis.

[1] Also referred to on occasion as likely associates of the group were Zolotov's formal boss, Federal Guard Service head Yevgeny Murov, Putin's longstanding associate Dmitri Kozak, and Sergei Ivanov (see Vladimir Pribylovsky, *Vlast'-2010: 60 biografii*, Panorama, Moscow, 2010, p. 8). Referred to as media supporters of Cherkesov were the prominent journalists Aleksandr Khinshtein and Vladimir Soloviev. See Pribylovsky's report of June 13, 2010, at http://lj.rossia.org/users/anticompromat/866199.html#cutid1.

[2] Figures like Patrushev and Viktor Ivanov had such involvement in the 1990s, but have concealed—for the most part successfully—any continuation of it.

[3] See 'Noch' chekista' by Olesya Yakhno, published on the Kiev website www.glavred.ru, November 9, 2007.

Zolotov joined the KGB in the 1970s and served in its 9th administration as a bodyguard.[4] According to Felshtinsky and Pribylovsky, in 1991 or 1992 he moved into the active reserve of the Federal Guard Service (FGS). During the three-day putsch of August 1991 by hard-line Soviet leaders, he appeared in photos taken of Yeltsin, when the latter delivered a famous speech from atop a tank in Moscow. In 1991–1992 he had a business idea, and brought it to fruition jointly with Roman Tsepov, an unusually intriguing and complex individual who left the Ministry of Internal Affairs (MVD) Internal Troops as a captain in 1991 or 1992. The two men created the Baltik-Eskort security agency, registered by Tsepov in St Petersburg in 1992. The agency prospered from the start. Its clients included Mayor Anatoly Sobchak, his family, and deputy-mayor Putin. These individuals were all guarded by the same broad team from Baltik-Eskort. This was feasible because, for complicated reasons,[5] Zolotov was able to be a company official and a serving reserve officer of the FGS at the same time. His public title was head of Sobchak's personal bodyguard.[6] Meanwhile, Tsepov provided the brains, charm, inventiveness and flexibility that were at a premium in the rapidly changing economic, political, legal, and social environment of the time.

Evidently Putin got to know Tsepov well enough to see and value these qualities and to put them to use for his own purposes. Thus, while Tsepov's company charged Putin only a nominal $400–500 a month for guarding him, he had Tsepov collect tribute from city businesses for the use of the city's Committee on Foreign Economic Relations (CFER),

[4] One of the few people to have spoken about Zolotov on a firsthand basis is the Service for Foreign Intelligence (SFI) defector Sergei Tretyakov, who met him once in 2000, and describes him as a rather boastful tough guy. See Pete Earley, *Comrade J: The Untold Secrets of Russia's Master Spy in America After the End of the Cold War*, Berkley Books, New York, 2008, pp. 298–301. The material on Zolotov's early career is taken from the most thorough piece of research done on it to date, which is found in Yuri Felshtinsky and Vladimir Pribylovsky, *Korporatsiya. Rossiya i KGB vo vremena Prezidenta Putina*, 'Terra—Knizhnyi klub', Moscow, 2010, pp. 262–264, and from the well-informed lawyer and journalist Leonid Nikitinsky, 'Svyaznoi s proshlym', *Novaya gazeta*, March 28, 2005.

[5] See Felshtinsky and Pribylovsky, p. 262. They write that dissecting these complex arrangements was a difficult task.

[6] A reliable Russian source who cannot be named recounted that he had followed how the agency was built up, and had known Tsepov until his death in 2004. Personal communication. Subsequent undocumented information in this article comes from similar sources.

which Putin headed. He also had Tsepov take part in major commercial operations like the privatization of the Baltic Sea Line. In addition, he helped Baltik-Eskort to become the biggest security agency in St Petersburg. It expanded its remarkably efficient business to include the supply of enforcement services and the transportation of the cash needed for illegal deals. Tsepov was also allowed to become a nominal officer of the MVD's unit for combating organized crime (District Administration for Combating Organized Crime (DACOC)), to wear the insignia of various security agencies, and to display a special VIP pass on his car.[7]

As for Zolotov, apart from benefiting like Tsepov from Putin's patronage, he was a skilled judoist and boxer, and came, like Putin, from a working-class family.[8] The two men became friends and sparring partners. At this time Zolotov, like Tsepov, got to know several organized-crime figures, including Vladimir Kumarin. Many of these individuals either worked for Baltik-Eskort or had close ties to it, which stemmed partly from the fact that Tsepov's assignment from Putin was 'to maintain the balances and the division of spheres of influence between: (1) the St Petersburg representatives of central government figures, (2) the power structures (*silovye struktury*), (3) the mayor's office, (4) the business world, and (5) outright criminal structures.[9] Furthermore, 'Baltik-Eskort provided high-security transportation for the 'black cash' (*chernyi nal*) that's essential for such operations' (see footnote 9).

Tsepov's task of 'maintaining the balances and the division of spheres of influence' between the powerful individuals and groups just listed was one of extreme sensitivity and difficulty, especially in the first half of the 1990s. Starting in 1993, the offices of Baltik-Eskort were subjected to some thirty official searches by various state agencies. In addition, four criminal cases were opened against the company, Tsepov himself was detained on numerous occasions, and five plots were launched to murder

[7] As regards Tsepov, see Andrei Konstantinov's fine, indispensable, though factually sparse psychological portrait of Tsepov in A. Konstantinov (with I. Shusharin), *Banditskyi Peterburg: Dokumental'nye ocherki*, Izdatel'skiy dom Neva, 2005, vol. 2, pp. 188–199, at p. 189. In an interview with B. Mikhailichenko after Tsepov's death, Konstantinov called himself a 'good friend' (blizkiy priyatel') of Tsepov. *Moskovskie novosti*, October 1, 2004.

[8] The information in this paragraph was doggedly dug up by Pribylovsky. *Korporatsiya*, p. 263. On p. 263 Pribylovsky quotes verbatim from a press interview given by Tsepov in 1999, and also implies that the more sensitive information came from his sources in Tsepov's Baltik-Eskort and Putin's CFER.

[9] Nikitinsky, 'Svyaznoi s proshlym', *Novaya gazeta*, March 28, 2005.

him—a barrage of retaliation that only ended by 1998.[10] A likely reason for the easing off against Tsepov is that by that time Putin had risen high in the Presidential Administration and in 1998 became head of the Federal Security Service (FSS), from which position he could protect Tsepov.

On occasion, Tsepov applied his influence to bureaucratic politics, most often in his own former agency, the MVD. In the 1990s he assisted a young officer, Andrei Novikov, who had earlier worked for Baltik-Eskort, in his upward trajectory in St Petersburg's MVD. At some stage, as recounted below, Novikov became closely associated with the Cherkesov–Zolotov grouping.

Two important episodes launched in 1993–1994 facilitated the establishment of close relations between Cherkesov, Putin and Zolotov on the one hand, and Kumarin on the other. Putin established contact with Kumarin at the latest in spring 1993, after the latter's return from two-and-a-half years in captivity. The link was almost certainly their mutual associate, businessman Vladimir Kogan.[11] In part the link stemmed from an important decision of the Sobchak–Putin leadership in St Petersburg. This was that, to bring the city's violently feuding organized-crime groups under some measure of control, the mayor's office should covertly help the Tambov group to defeat, dominate or push out of St Petersburg the other main groups. To this end their key instrument was Kumarin, Tambov's widely acknowledged and much feared leader. Given Tsepov's task of keeping all the city's groups—criminal and non-criminal—in balance, it is clear that Kumarin could not have handled his delicate task without extensive interaction with Tsepov, and also with his and Zolotov's Baltik-Eskort.

[10]Some of these attempts were detected and blocked at the planning stage. On all this see Konstantinov's above-cited book, vol. 2, p. 191. At that time St Petersburg was widely known as 'the crime capital of Russia'.

[11]In one of his painstakingly researched books, A.A. Mukhin pulled together the pre-2005 evidence on Putin's close relationship with Kogan. See the chapter 'The Career and Business Projects of Vladimir Kogan' in his *Nevskiy—Lubyanka—Kreml. Proekt—2008*, Tsentr politicheskoi informatsii, Moscow, 2005, pp. 173–195. Kogan's ties to Putin are described on pp. 173, 175, 180, 182, 183, 189–191, 193, and 194–195. On p. 194 Mukhin writes: 'Since 2000, Kogan has been meeting regularly with Putin in the Kremlin. These meetings have not been publicized, but as a result of them Kogan has implemented various "social projects"'.

In 1996, according to a study published by *Novaya gazeta*, there is serious reason to believe that Zolotov became, for a time, head of the security department of organized crime figure Aleksandr Tarantsev's Moscow-based firm Russkoe zoloto (Russian Gold), and also its political protector (or *krysha*).[12] Also in1996, ties between Putin and Kumarin appeared to become even closer, when the Ozero group of half a dozen dachas first opened. Putin was one of the owners, and soon the Kumarin-controlled company 'RIF' was providing the fenced-off Ozero site with security services.[13]

By the end of the decade, St Petersburg's exceptionally high murder rate had gone down. The prominent crime groups of Chechens, Tatars and Georgians had been driven out of the city or subdued through the skillful, often violent actions undertaken by Kumarin, his covert official backers, and also Baltik-Eskort. In the process, Kumarin had established close relations with a variety of high- and second-level officials, especially in the FSS, MVD and the Procuracy. As later evidence shows, Kumarin started paying sizable sums to officials of this sort at an early stage, to supplement their meagre official pay and thereby suborn them.[14]

In late 1994 St Petersburg experienced serious shortages of petroleum. These stemmed from a blackmail applied by Vladimir Bogdanov (b. 1951) and his powerful oil company Surgutneftegaz (Surgut for short), which, though located in the Urals, owned most of St Petersburg's petrol stations. The blackmail was provoked by St Petersburg's non-payment of its petrol bills, and involved a cut-off in supplies. To break the virtual blockade that was damaging the economy, city authorities instructed Kumarin to take control of the Surgut-owned petrol stations. He was allowed to use force, if necessary, through a process that was later, in the mid-2000s, dubbed *reiderstvo*, or expropriation.

The stations were then harnessed to a specially created entity called the Petersburg Fuel Company (PFC), which comprised 23 components and was mostly owned by the city government. The whole of this complex operation was supervised by Putin, who also played a

[12] Irek Murtazin, 'Orekhovskie soberytsya snova', August 19, 2013, www.novayagazeta.ru/inquests/59562.html.

[13] Putin's friends in this dacha cooperative have become wealthy through business, e.g., Yuri Kovalchuk, Vladimir Yakunin, Vladimir Smirnov, Viktor Myachin, and Nikolai Shamalov.

[14] See Chapters 7 and 14 below.

role—through his CFER—in PFC's legal registration. Bogdanov resisted the expropriation furiously, but seems to have soon been bought off by being given the valuable Kirishi oil refinery in Leningrad region. Here he had managed to install his own man as CEO, and had fully and legally incorporated Kirishi in Surgut through an advantageous share swap. In any case, over the 23 years since that time, Putin has enjoyed excellent relations with Bogdanov, who remains the CEO of Surgut.[15]

Also worth noting is the fact that Kumarin appears to have owned a share in PFC from an early stage.[16] He also became vice-chairman of its board for a short time in 1998–1999, and by 1999 he had acquired most of the city's shareholding—a process tailor-made for corruption—and controlled the company. That same year he organized the appointment as PFC's CEO of Vadim Glazkov, a friend and colleague of Putin's both in the KGB and also in the St Petersburg Mayor's Office. For the next seven years Glazkov and Kumarin ran the company successfully, even though Kumarin did not officially hold an executive position in it. They symbolized the thriving partnership between the worlds of organized crime and parts of the Putin administration, especially the latter's *silovik* component. Through Glazkov, the FSS knew everything it needed to know about PFC. In return, Kumarin was free to pursue his criminal activities, while also creating, through his public-relations personnel, the image of a respectable businessman who gave generously to a range of worthy charities. These included the officially favoured Russian Orthodox Church and the computer science department of the St Petersburg Institute of Precision Mechanics and Optics, which he had entered in 1976 and eventually graduated from in 2000.[17]

[15] On these two paragraphs see Thane Gustafson, *Wheel of Fortune: The Battle for Oil and Power in Russia*, Harvard University Press, Cambridge, MA, 2012, Chapter 3, especially pp. 125–127. This authoritative book analyzes the politics of Russian oil from the 1980s to 2011.

[16] From June 1994 until early 1996 Kumarin lived in Germany, where he went for treatment after being almost killed in a murder attempt. During much of this time, he apparently continued to play a key role in events in St Petersburg, by phone and other means of communication.

[17] On Kumarin, see the long interview 'Tambovskiy benefis' by Andrei Konstantinov in A. Konstantinov (with I. Shusharin), *Banditskiy Peterburg: Dokumental'nye ocherki*, vol. 1, 2005, pp. 509–571.

Regarding these two episodes—the expropriation of some Surgut assets to form PFC and the curbing of most of St Petersburg's criminal groups by the Tambov group—it is clear that Cherkesov was also involved, in addition to Kumarin, Putin, Tsepov and Zolotov. He headed St Petersburg's AFSS at the time, and two of his organization's most important departments were charged with directly relevant tasks. These were ensuring economic security and combating organized crime. As noted above, Cherkesov was also, like Zolotov, a close friend of Putin.

In the period after Mayor Sobchak's re-election bid was defeated in June 1996, sketchy sources suggest that Zolotov stayed in the private sector, moved to Moscow, set up a security company tied to Baltik-Eskort, and remained a close friend and business partner of Tsepov. His opponents linked Zolotov to the adventurer, erstwhile senator, and 'alcohol king' Aleksandr Sabadash, unlikely as it was that a professional security man like him would have paired up with a loose cannon like Sabadash. However, a personal acquaintanceship was possible. Like Zolotov, Sabadash attended Tsepov's funeral, and his companies were probably guarded by Baltik-Eskort.

As for Cherkesov, he profited directly from Putin's surprise promotion to head the FSS, becoming his first deputy chairman in August 1998. Putin provided a modicum of balance to him, however, by making his rival and successor in the St Petersburg AFSS, Aleksandr Grigoriev, a deputy chairman at the same time (while keeping him on in his AFSS job). Meanwhile, Putin did not appoint Zolotov to any position until he chose him to run his guard unit on becoming prime minister in August 1999. When elected president in March 2000, Putin made him head of the Presidential Security Service and deputy-head of its commanding FGS, under Yevgeny Murov. Until September 2013, when Zolotov became deputy head of the MVD Internal Troops, both men remained in the same positions, thus showing that Putin had a high level of trust in them.[18]

The roots of the notorious Tri Kita (Three Whales) scandal in which the state treasury was deprived of large sums by furniture importers' evasion of import tariffs, go back to at least 2000. Named after a furniture

[18]Tretyakov's perhaps one-dimensional impression, acquired from only one meeting with them, was that the two were gangster-like men who thought in terms of solving political problems by murdering opponents. See the previously quoted P. Earley, *Comrade J*, pp. 299–300.

retail company, the scandal expanded to include a somewhat separate 'smuggled Chinese goods case'. It has not been fully resolved to this day because it pitted two *silovik* agencies, the FSS and the Procuracy-General, against three more such agencies, the MVD, the Customs Service, and—from its founding in 2003 until 2008—the state's drug-control agency (State Committee for the Control of Narcotics (SCCN)). Initially, the former coalition managed to monopolize the substantial profits from the scam. But then the second coalition tried to usurp it by getting one of its key figures prosecuted. All this gave rise to a long series of prosecutions, murders and media campaigns. These created a picture of the agencies as being little better than feuding, devious, rapacious and often violent groups of criminals.[19]

This broadly based *silovik* war was the context for one of the main threads in the hostilities between the Cherkesov–Zolotov and Igor Sechin groupings. Another strand was a long-running struggle over whether Kumarin should be allowed, as mentioned above, to pursue his business interests in return for favours provided to government agencies. Alternatively, should he be locked up? Not surprisingly, the Cherkesov–Zolotov grouping, associated with Kumarin, took the first view. As a result, it was lambasted for aiding and abetting organized crime, especially the Tambov group, and for subverting the law-enforcement agencies in order to protect a ruthless criminal who bribed key officials with a share of his income from loot.

Early evidence of this conflict of wills stemmed from the efforts by Grigoriev, as head of St Petersburg's AFSS in 1998–2001 (see above), to take action against Kumarin.[20] These efforts received a major boost in August 2001, when Boris Gryzlov, an ally of Sechin and former business partner of FSS head Nikolai Patrushev, launched a federal-level

[19] On some aspects of the Tri Kita case see Richard Sakwa, *Russian Democracy in Crisis: The Dual State, Factionalism, and the Medvedev Succession*, Cambridge University Press, 2011, pp. 193–194.

[20] For one year in this period—from July 1999 to June 2000—Grigoriev was assisted, whether consciously or by chance, by Konstantin Yakovlev, the well-known professional criminal or '*vor v zakone*' known as Kostya Mogila. At that time Mogila and Kumarin, who had not earlier been enemies, fought a vicious war in which a number of their supporters were killed. In June 2000 the two men solemnly declared peace with each other at a specially orchestrated meeting. In May 2003 Mogila was killed in Moscow. Observers suspected Kumarin of having ordered the hit. See Konstantinov (with Shusharin), vol. 2, pp. 74–89.

campaign—as newly appointed MVD head—against Kumarin and the Tambov group. Grigoriev promptly followed Gryzlov's lead, accusing the Tambov group of, inter alia, shaking down one hundred industrial enterprises in St Petersburg, including fuel and energy companies. Kumarin calmly rebutted these charges in a long interview with *Time* magazine,[21] and went about his business as usual. Gryzlov's campaign soon fizzled out, with little of substance to show for it.

A plausible explanation for the fizzle came in November 2002, when Cherkesov's earlier thwarting of Grigoriev's efforts to rein in Kumarin was reported in the press.[22] Cherkesov's influence, probably aided by Zolotov's, had over-ridden not only Grigoriev, but also, it turned out, Gryzlov and, indirectly, Sechin too. Moreover, in the same year, Cherkesov helped a criminal associate of Kumarin's, Denis Volchek, to be elected to St Petersburg's Legislative Assembly.

Clearly Cherkesov stood high in Putin's favour. So it was no surprise that, having appointed Cherkesov in 2000 as his personal representative in the north-west federal *okrug* (region) of Russia, Putin then made him head of the CSSN, the large new drug-control organization, in 2003.[23] This was formed by merging the old Tax Police with relevant departments hived off from the MVD. Putin also gave Cherkesov the special title General of Police. Before long, it became clear that one of the main reasons why Putin had created such a powerful agency was that he wanted to have an effective counterweight to balance Patrushev's FSS. The new agency would help Putin to keep the FSS under his control.

As for Zolotov and Tsepov, they were sometimes accused in the media of operating a widespread protection racket.[24] But they continued to prosper. On occasion, Zolotov was apparently tasked by Putin to play a political role. According to a press report of December 2001, Zolotov had been 'the main driving force behind all the recent attempts

[21] The American journalist Andrew Meier conducted the interview and wrote it up more fully in his *Black Earth*, Norton, New York, 2003, pp. 149–161.

[22] For revealing detail on Grigoriev's efforts see the article 'Nacheku', *Versiya*, Moscow, November 25, 2002.

[23] Initially it was called a state committee, but was later renamed a federal service.

[24] For example, probably exaggerated charges in St Petersburg's edition of *Versiya* in late summer 2002 set off a controversy in the media. See details in Aleksei Mukhin, *Piterskoe okruzhenie prezidenta*, Tsentr politicheskoi informatsii, Moscow, 2003, p. 104.

to change the balance of forces in the state apparatus'.[25] A little later, Putin entrusted him with a potentially delicate job in party politics. In October 2003 Zolotov became chairman of the presidium of the nationalist Rodina party.[26] Although the party did not perform badly in the Duma elections two months later, no evidence suggests any further participation by him in Rodina.

[25] *Versiya*, December 24, 2001.

[26] Rodina was headed by Dmitri Rogozin, Sergei Glaziev, and General Valentin Varennikov.

PART II

The Intense Years of the *Silovik* War, 2004–2007

CHAPTER 3

Putin's Re-election in March 2004 and the Murder of Tsepov in September; the Sechinites' All-Out Assault on Cherkesov and His Group

Abstract This chapter analyzes the onset of the intense years of the *silovik* war, which played out over 2004–2007. After Putin was re-elected in March 2004 and Tsepov was murdered in September, the Sechinites launched an all-out assault on Cherkesov and his group, and then Cherkesov counter-attacked. In June 2004 the murder of a journalist and Tsepov's risky visit to the oil giant Yukos seemingly underlay the subsequent murder of Tsepov. Suspicion points to the Sechin group, and the police investigation was quickly closed with no findings. Tsepov's memorial service was promptly followed by a two-pronged attack on Cherkesov. An office of the state drug control agency that he headed was viciously raided, people in it being murdered, and his integrity was savagely blackened in the media. In late December, Putin evidently sanctioned a strong counter-attack in the press by Cherkesov against his enemies.

Keywords Tsepov murder · Sechin's attack · Cherkesov's counter-attack

In 2003–2004, three factors combined to raise the temperature and the stakes in the war of the *siloviki*. First, the arrest of Mikhail Khodorkovsky in October 2003, the subsequent nationalization of his Yukos empire,

P. Reddaway, *Russia's Domestic Security Wars*,
https://doi.org/10.1007/978-3-319-77392-6_3

and the intention to 're-do privatization',[1] whetted their appetites for the accumulation of personal wealth. They could now aim to beat out rival *siloviki* in the inevitable fights over nationalized assets. Second, Putin's successful outmanoeuvring of the opposition and his re-election as president in March 2004 gave the *siloviki* around him an unprecedented feeling of self-confidence.[2] They were now in power for four more years, and hopefully for much longer. And third, the murder of Tsepov in September 2004 clearly exacerbated personal antagonisms and hatreds, and stoked the war between the two main *siloviki* groupings.

In about 2002 the oligarch Oleg Deripaska, who at least by 2001 had developed a personal relationship with Putin,[3] began to use the services of Tsepov, the president's covert associate and Zolotov's comrade, to expand his already powerful business empire, Bazovyi Element. Reportedly, Tsepov's job was *reiderstvo*, i.e., to acquire enterprises that Deripaska coveted at below-market prices, using strong-arm persuasion as needed. The resulting work by Tsepov on behalf of a Muscovite outsider threatened business owners in St Petersburg and the north-west, and created for Tsepov additional enemies in the region.

In the spring of 2004 a respected investigative journalist in St Petersburg, Maksim Maksimov, began to investigate evidence of illegal activities by Derispaska and Tsepov and by Zolotov. Reportedly, he was mobilized and fed useful information by their enemies. On 29 June Maksimov was allegedly murdered, *though his body has never been found*. Detailed information about the episode did not appear in the media until two and a half years later, when it was used in a media campaign against Zolotov and Deripaska.[4]

[1] These were the words of Auditing Chamber head Sergei Stepashin to US economist Marshall Goldman, whom he consulted about the best ways to do privatization. Reported by Goldman at the annual convention of the American Association for the Advancement of Slavic Studies, Boston, December 5, 2004. See also the article by Aleksandr Budberg about the unconcealed hunger of Kremlin officials for 'a second Yukos', *Moskovskiy komsomolets*, November 16, 2004.

[2] Putin's sudden pre-election dismissal of premier Kasyanov played a big role in this. It quickly led to a 'simply stunning purge of all the officials who were Kasyanov's people' from the bureaucracy, and their replacement by siloviki. As a result, Yuliya Latynina reported nine months later in December 2004, 'the degree of non-professionalism is already breaking various records'. See her report at www.politru/news/2004/12/6/ecomlat.

[3] Putin stayed at Deripaska's house in Khakasia in 2001, and went skiing there.

[4] The most detailed article supporting this and the previous paragraph alleged that, according to information from MVD officers, Andrei Novikov (the MVD officer associated

In late June 2004, when the Maksimov episode was playing out, Tsepov visited the head office of Yukos in Moscow. The visit was reported briefly in the national media, which said he had claimed to have been tapped by the Kremlin to assist with the implementation of its policy on Yukos. In making the visit he had invoked the name of Zolotov as his authority, and hinted at a personal relationship with Putin.[5] There can be little doubt that his visit must have been authorized from a high level, and that in this sort of context Tsepov was highly disciplined, not a freelancer.[6]

A little later, probably coincidentally but perhaps to some degree in retaliation for the Yukos visit, Putin decided that Sechin should chair the board of directors of the small state-owned oil company Rosneft. Shareholders duly elected Sechin on 27 July. Before long, as discussed below, he was supporting the goal of his CEO Sergei Bogdanchikov that Rosneft should be allowed to buy Yukos's biggest asset, Yuganskneftegaz, and that Rosneft should retain its own identity, even if it were required to merge with Gazprom.

Another indication of high inter-clan tensions and an increasing role in them for Tsepov is the fact that on 10 September, Tsepov met in Moscow with two close associates, Zolotov and Novikov.[7] The next day Tsepov fell ill, as a result of criminal poisoning, it was later discovered. He died on 24 September. Thus on the eve of his murder, Tsepov was a man with ties to Putin and to Putin's friend Cherkesov, and with especially close ties to Putin's personal security chief. He had just been sent on a special mission to Yukos, the aim of which was not clear to Yukos,

with the Cherkesov group) had Maksimov killed because the journalist was investigating shady actions by Tsepov and Zolotov. The article also alleges that Novikov had been consistently helped by Andrei Konstantinov's AZhUR news agency, which was an ally of the Cherkesov clan. See Andrei Goranov, 'Perevorot v MVD i smert' zhurnalista Maksimova', February 9, 2007, www.vokrugnovostei.ru/news/news19484.html.

[5] An article in *Moskovskie novosti* of July 9, 2004, claimed that Tsepov also asked for a hefty advance payment for the services he was offering and thereby aroused suspicion. The services were not specified in the article, which was apparently based on Yukos sources.

[6] These are, in my opinion, Pribylovsky, Felshtinsky, and Nikitinsky (works already cited), also Nikolai Andrushchenko (see his contributions to the revealing radio discussion of the investigation of Tsepov's murder, 'Chas pressy', svobodanews.ru, RFE/RL, January 12, 2007, p. 8), and Igor Korol'kov (article 'Yadovitaya ataka', *Moskovskie novosti*, March 18, 2005).

[7] See Andrushchenko's above-cited comments.

perhaps because it was only designed to feel out the ground, which had caused consternation in certain Kremlin circles.

A succession of doctors who tried to save Tsepov struggled to identify the poison, but failed. Later, his personal doctor suspected that he was killed by an enormous dose of 'Kolkhitsid', a medicine used for treating leukemia. Other opinions were expressed too.[8] However, no documents of the murder investigation were made public, and after an exceptionally short time the case was closed—'in the absence of any suspects'. Clearly an uncompromising cover-up had been ordered from the top.

Tsepov's death was not widely reported in the media, first because he was a man of the shadows, completely unknown to the general public, and second because the country was caught up in the aftermath of the terrorist-related Beslan tragedy that same month, in which some 300 people were killed, many of them children.

Leonid Nikitinsky, a well informed lawyer and journalist, suspects that Tsepov's murder was in reply to his intervention with Yukos. He argues that although Tsepov was an unusual and complex figure in Russia's political, business, and criminal worlds, his intervention was not impermissible in terms of conventional political *ponyatiya* (understandings of the rules of the game). Rather, the opposing side simply decided that since its interests regarding the Yukos assets were at stake, it would be a good moment to make a sharper-than-usual thrust to defend them, especially if, as it evidently suspected, its opponents had murdered Maksimov. Its hope would have been to thoroughly intimidate the Cherkesov–Zolotov camp.[9]

In the wake of Tsepov's murder, the main alternative view over who ordered it focused on the Siberian organized-crime figure Vladimir Tyurin, widely known as Tyurik. The theory was that in connection with Deripaska's business activities in Siberia, Tsepov had probably given information to the police about Tyurik's main hit squad and its leader Oleg Makovoz. This had led first to the arrest of Makovoz and key

[8] See, e.g., Korol'kov's above-cited article, which quotes a procuracy source as calling the poison 'a radioactive element'.

[9] The best informed observers generally agree with Nikitinsky's suspicions about who was behind the murder, but express themselves somewhat more cautiously than he does. For example, Fel'shtinsky and Pribylovsky, p. 517, implicitly support the view that the murder was probably ordered from the top level. For their analysis of Tsepov's murder and its ramifications, see pp. 512–518.

associates, and then to Makovoz's conviction for multiple killings and a 23-year sentence. Hence the theory that Tyurik took revenge against Tsepov by having him killed.[10]

However, this and related theories did not appear to hold up over time. The most powerful single reason was that the Tsepov murder investigation by the St Petersburg Procuracy was shut down so quickly. Also, the investigators released so little information, which was anyway of dubious veracity, that the case could only be a political one of the highest sensitivity. In addition, commentators noted that poison had never been used in gangster killings. It was a weapon of the security services, which had used it to kill oppositionists.[11]

In any event, Tsepov's funeral service and burial drew a remarkable range of high-profile people who were not afraid to be seen in public and photographed honoring an unusually controversial man with extensive ties to the criminal world. Among those present were head of the Presidential Security Service Zolotov, senior Ministry of Internal Affairs (MVD) figures Andrei Novikov, Konstantin Romodanovsky and Mikhail Vanichkin, organized crime figures Kumarin and Volchek, TV personality Aleksandr Nevzorov, *silovik*-turned-lawyer Dmitri Yakubovsky, shady businessman Aleksandr Sabadash, and former military intelligence officer (Main Intelligence Administration, or MIA), experienced reporter on organized crime, and longstanding friend of Tsepov and Kumarin, Andrei Konstantinov. Of these, it seems that only Zolotov and Kumarin were invited by Tsepov's family to the burial service. After an interment with full military honors, Zolotov walked in the cemetery for an hour or two by himself.[12]

Whatever the truth about Tsepov's unsolved murder, between July and September 2004 Sechin did not want either Tsepov or his top-level sponsors in Moscow undermining Rosneft's interests. In particular, Sechin and Rosneft's CEO Sergei Bogdanchikov did not want Tsepov to thwart the company's still concealed ambition to acquire the biggest share in the anticipated carve-up of Yukos. In addition, the group did not want Rosneft to be merged into Gazprom, which was Gazprom's

[10]For numerous media materials focusing on this theory, see Wayne Allensworth's *Internet Notes*, September 27, 29, October 28, November 4, 2004.

[11]See Arkadi Vaksberg, *Le Laboratoire des Poisons: De Lenine a Poutine*, Buchet-Chastel, Paris, 2007, 250 pp., passim.

[12]See especially Nikitinsky, and also *Kommersant*, September 28, 2004.

and—at least on the surface—also Putin's plan until the early months of 2005. Also, the Sechin group did want Rosneft to acquire the largest of Yukos's assets, Yuganskneftegaz. Before long, it achieved both these goals. Rosneft not only bought this key asset, but also remained fully independent of Gazprom.[13]

Meanwhile, the Sechin group also needed to repel Cherkesov's ambitions to replace Patrushev as head of the Federal Security Service (FSS). Otherwise, the powerful momentum behind the group's rise in the firmament of clan politics would doubtless be halted and reversed. Cherkesov had, it seemed, been emboldened by several factors, including his promotion to head the State Committee for the Control of Narcotics (SCCN) (a secret instrument to spy on the FSB), uncertainty regarding Patrushev's health, and the FSS's repeated failures, as at Beslan, to thwart terrorist attacks.

In any case, the Sechinites now took forceful action, even as they maneuvered tenaciously on behalf of Rosneft. In mid-December 2004 they launched a fierce, two-pronged, carefully timed attack on Cherkesov.

The double attack on Cherkesov was, by a considerable margin, the most damaging one he had ever faced. It took the form of an all-out exposé on the Internet of his alleged illegal activities (published on

[13]This paragraph simplifies a complex and often confusing series of events between July 2004 and May 2005 regarding two key questions—what form would the proposed merger between Gazprom and Rosneft take? And would Yuganskneftegaz be acquired by Gazprom or Rosneft, or would it, possibly, become a stand-alone state or private company? On September 11 Tsepov was poisoned. Thus, whoever ordered the hit, one opponent was out of the way. Three days later, however, it was officially announced for the first time that Rosneft would be merged into Gazprom. While this announcement appears to have been a setback for Bogdanchikov and Sechin, in public Bogdanchikov played along with it. At the same time, though, he maneuvered deftly both to preserve Rosneft's identity and autonomy within the planned giant corporation, and also to be able to buy Yuganskneftegaz.

When chance intervened and enabled Rosneft to buy the oil company on December 19 (because (as noted above) a Houston court decision forced Gazprom to withdraw from the auction at the last moment), Bogdanchikov, with quiet backing from Sechin, proceeded to exploit the weakness of the Gazprom leadership of Aleksei Miller and Dmitri Medvedev, and to make any merger with Gazprom technically impossible. Putin, who had not—at least openly—supported Rosneft's ambitions, had provided only occasional rather weak support to those of Gazprom. But not until mid-May was the whole merger plan officially dropped. All this is described in detail in Gustafson, *Wheel of Fortune: The Battle for Oil and Power in Russia*, pp. 336–351.

11 December[14]), and then a storming of the SCCN headquarters in Nalchik on the night of 13–14 December. The exposé alleged that Cherkesov was so keen to become head of the FSS that he had been conspiring behind the scenes, notably with his ally Dmitri Kozak, who was currently Putin's representative in the Southern Federal Okrug. Cherkesov was said to be close to success and was talking openly about his imminent appointment. Once in place, he would, allegedly, engineer Kozak's appointment as procurator-general, and name his long-time crony Aleksandr Karmatsky as his number two in the FSS.

In addition, according to the anonymous author, Cherkesov's motives were profoundly selfish. He was allegedly in the pocket of Kumarin and the Tambov group. He had been covertly thwarting the efforts of his successor at St Petersburg's AFSS, Grigoriev, to bring these criminals to justice. The author also alleged that two of Cherkesov's aides, who were named, had long had Tambov ties, and that Cherkesov had even, as noted above, got the notorious Tambov criminal Denis Volchek elected to St Petersburg's Legislative Assembly. Worse still, while being the chief drug-control official, he was also a prospering drugs baron, with two more aides (also named) controlling the drug market to maximize his profits. Finally, his journalist wife Natalya Chaplina had allegedly accepted $300 million from radical Wahhabi Muslims in Saudi Arabia, and also, regularly, sold access to senior government officials for up to $50,000 per meeting.

Two days after the article appeared, the SCCN headquarters in Kabardino-Balkaria's capital city of Nalchik was attacked in strange circumstances on the night of 13–14 December. According to Cherkesov, whose account was not challenged, the regular security guards around the building suddenly disappeared, and the attackers were let in without being searched. They then proceeded to shoot some officials dead and leave without anyone putting up resistance. The whole operation, Cherkesov indicated, was planned by the MVD and also probably the FSS.

[14]First published on the 'Leningradskaya Pravda' site, www.lenpravda.ru, December 11, 2004. Available at www.compromat.ru/main/cherkesov/chief.htm. As the reader will remember, some of the article's charges had been made earlier, and others would be made again later. While yet other allegations, notably that he was a drug baron, were new and not to my knowledge repeated, he did not protest about them, let alone sue the publisher.

Cherkesov was due to be the chief speaker at a special Duma session devoted to the work of his agency the next day, on 15 December. The timing insured that maximum attention would be given to the Nalchik disaster. The SCCN's reputation, already poor, sank still lower. The Duma session was postponed.

Two weeks later, on 29 December, in an unprecedented retaliatory move, Cherkesov published a long article in *Komsomol'skaya Pravda*.[15] After recounting the events summarized above, he wrote that the feuding between different *silovik* agencies must stop. The feuding had been fanned by specially paid media, with the result that the security services were being depicted as using the same methods as the criminals they were combating. This was a real and present danger to basic law and order, and to Russia's territorial integrity. If it were not ended quickly, anarchy and genocide would loom.

Society was this fragile, Cherkesov concluded, because in the 1990s only the 'chekists' (security police) had been able to remain steady and preserve the state from disintegration. Hence they had been tasked by Putin to play the main role in restoring order. They could bear this unasked-for burden, but only if the feuding stopped.

This extraordinary washing of dirty linen in public allowed ordinary Russians to learn things about Putin's regime that he and other leaders had assiduously tried to conceal. At the same time, Cherkesov's decision to go public showed that he had probably failed to get a hearing from Putin and had therefore resorted to the despairing gesture of the politically defeated, i.e., use of the media.

On the other hand, Cherkesov's stark posing of the problem may perhaps have helped Putin to regain some control over the groups concerned, at least for a year or so. It cannot be excluded that Putin sanctioned in advance what Cherkesov wrote as a way to impress on the groups that they were taking their hostilities too far. Certainly, he did not rebuke Cherkesov afterwards, either in public or, as far as is known, in private. In addition, regarding the carve-up of Yukos, Putin may have wanted to restrain the overly aggressive Sechin group, which had been suspected of Tsepov's murder, and which was certainly trying to thwart Putin's and Gazprom's plan to merge Rosneft into Gazprom.

[15] V. Cherkesov, 'Nevedomstvennye razmyshleniya o professii', December 29, 2004.

The theory that Putin may actually have asked or encouraged Cherkesov to write his article becomes more credible if circumstantial factors are taken into account.

The terrorist attacks that escalated with the Beslan tragedy had contributed to a widely noted weariness and downheartedness in Putin that psychologists commented on in a notable article on 12 October.[16] Tsepov's death may also have depressed him. After all, a few months earlier, Putin had invited Tsepov to his inauguration, and this had given rise to plausible rumors that Tsepov had become Putin's shadow representative (*polpred*) in Russia's north-western *okrug*, and was also supplying him with a stream of cash from the region.[17]

If Tsepov's death was indeed a blow to Putin, it was followed by further ones. These included:

- the Sechinites' above-mentioned onslaught of 11–15 December on Cherkesov, of which there is no evidence that Putin approved,
- the unexpected decision on 19 December of an American court, which questioned the legality of the nationalization of Yukos and thus suddenly prevented Gazprom from bidding for Yukos's biggest asset, Yuganskneftegaz,
- and the equally unexpected victory of Viktor Yushchenko on 27 December in the re-run Ukrainian presidential election, which Putin had personally invested much time, effort and personal prestige to try to prevent.

If Putin was behind the appearance of Cherkesov's article, his aim may have been to send a strong signal to the *siloviki* to ease up on their feud. This would remove one of the burdens weighing him and the Russian elite down in the winter of their discontent (as illustrated by the above-listed setbacks).

Whatever the reason, the *silovik* war then entered a one-year lull, interrupted by only one intense but brief skirmish.

[16] Published at: http://www.warweb.ru/vvp1.html, the article also received a perceptive commentary from Wayne Allensworth in his *Internet Notes*, October 12, 2004.

[17] See the last of the very few interviews that Tsepov ever gave. Although he gave it five days before he was poisoned, for unknown reasons it did not appear in *Argumenty i fakty* until October 6, 2004. While that newspaper seems unlikely to have concocted or tampered with the interview, such a possibility cannot be excluded.

CHAPTER 4

A Summary of the Argument to Date and of How It Will Develop Regarding Events in 2005–2010

Abstract This chapter summarizes the argument to date and how it will develop regarding 2005–2010. Putin removes key Yeltsin-era figures, arrests the politically ambitious oil oligarch Khodorkovsky, and shifts towards a state-dominated and partly state-run economy. The siloviki are encouraged and support Putin. But from Putin's viewpoint they also become a potential limitation on his power. So he takes preemptive action. Deliberately but silently, he promotes the creation of two main factions, and, in the same way, creates conflicts between them. This leads to a barely concealed war. They make secret reports to Putin against each other. The war is most intensive in 2003–2004 and 2006–2007. Thus Putin becomes the uniquely qualified balancer and mediator, and is essential to the functioning of the whole oligarchy. Together with lesser conflicts of similar type, the *silovik* war and Putin's role constitute the essence of the political-economic system.

Keywords Putin strengthens state · Creates siloviki war

In 2003–2004 Putin and his innermost circle prepared the ground and then undertook a series of important and interconnected actions. These involved:

- the departure from high positions of two Yeltsin-era figures—prime minister Mikhail Kasyanov and head of the Presidential

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Administration Aleksandr Voloshin, and their replacement by Putin's personal choices,
- a serious if not decisive intimidation of the oligarchs through the arrest of Khodorkovsky,
- a limited shift towards re-nationalization of the economy's 'commanding heights' through the appropriation of Yukos,
- and a more general shift towards state domination of the economy.

Since these changes pleased, enriched and emboldened the *silovik* section of Putin's power base, he and his innermost circle evidently decided to be cautious and take no chances regarding key individuals in the Sechin and Cherkesov circles. Their apparent goal was to reduce the danger that a number of such individuals might decide to unite, dominate Putin and turn him into their instrument. This would be a potentially disastrous move since his whole strategy depended on his being able to please both his power-bases—the *siloviki* and the Western-oriented business lobby. To head off the potential danger of manoeuvres by *siloviki* to manipulate him, he evidently felt the need to create a mechanism for pitting them against each other. Hence Putin's exacerbation of the divisive *siloviki* war that took off in 2003–2004.

In 2006–2007 the war raged with sustained intensity, before subsiding to a low level in 2008. However, it was replaced by two new conflicts involving different actors. These conflicts then played a similar structural role in the bureaucratic politics of Putin's system of rule to that previously played by the *siloviki* war. What exactly has this structural role been? The basic answer is that Putin's system requires that he not only resolve conflicts across the whole of his support base (not just its *silovik* section), but also create the divisions that he then temporarily resolves. The goal for him, as oligarch-in-chief, is to be able to play the factions off against each other and thus gain the degree of autonomy that he needs. In this way he can hope to maintain authority as the uniquely qualified mediator and balancer, who is essential to the workings of the whole oligarchy.

In 2007 the political commentator Yuliya Latynina characterized the *siloviki* conflict like this:

> The war would have ended long ago if the president had not repeatedly supported the much weaker side [Cherkesov's]. He needs the war, because it generates secret reports by each side against the other. This war between security services is our substitute for a separation of powers. Some of them

> [the service chiefs] whisper into the president's right ear, others into the left. It's a way for the president to keep informed.[1]

In a similar spirit, the experienced analyst Olesya Yakhno in 2007 analyzed conflicts between groups in the president's entourage in these terms:

> Such conflicts cannot conceivably be done away with, since competition between different financial-political groups is the very essence of the Russian political system. Factional fighting within different power structures is a substitute for effective public forums (parliament, independent media, and so on) and for political institutions (elections, parties, civil society, etc). The real actors in the political system of today's Russia are powerful financial-political groups whose conflicting interests constitute the country's real politics. The role of the president in this system is to be the arbiter who, from time to time, confines the struggle of the conflicting sides within more or less acceptable limits. Thus the proclaimed Russian stability is in fact genuine instability and chaos.'

Yakhno compares this system with the more open one in Ukraine, where '*public* arguments and conflicts are facilitating the creation of an embryonic democratic tradition, and some elements of democratic procedure are being observed.'[2]

To show the systemic importance of Putin's type of bureaucratic politics, Chapter 13 of this book will show briefly how, from 2007 on, the two new conflicts mentioned above were launched and operated. Here we'll note only that the first of these was a new *siloviki* war, this time between the Procuracy-General and the Investigations Committee of the Procuracy (ICP), and the second was a much broader bureaucratic struggle between the clans headed by Sechin and Medvedev.

I should also reiterate here in passing that numerous *silovik* and other wars over property and power are always underway in the Russian ruling class. Many, if not all, of them are encouraged in some degree by Putin. However, at any one time only one or two of them play out in the exceptionally high-stakes way that is described here. An example of a fierce but second-level war is one of those fought in the years around

[1] Latynina, 'Bol'shoi brat slyshit tebya', *Novaya gazeta*, October 11, 2007.

[2] Yakhno, 'Noch' chekista', www.glavred.ru, November 9, 2007.

2010 between the Federal Security Service (FSS) and the Ministry of Internal Affairs (MVD). This was for control over the lucrative business of temporarily seizing banks from their owners, in order first to use them for bursts of money-laundering, and then, after draining them of cash, to hand them back.[3]

[3] See, e.g., the lengthy analysis by Leonid Nikitinsky of some of the FSS's activity in this field, as led by a master of the craft, Yevgeny Dvoskin. 'Who is mister Dvoskin?' (sic), *Novaya gazeta*, July 21, 2011. The FSS appears to have consistently prevailed over the MVD in this major industry, in which the FSS-controlled launderers are paid ten per cent and upwards of the large sums that they launder.

CHAPTER 5

Spring 2005: The Case of the Smuggled Chinese Goods Rocks the FSS and Patrushev

Abstract Putin decides to move against head of the secret police (Federal Security Service (FSS)), Patrushev, because the FSS has been performing so badly, e.g., smuggling goods for its own profit and bungling the Ukrainian election. So Patrushev and an ally move into the Sechin group's orbit to find defense. But Putin had the FSS's ill deeds publicized, tried to launch an investigation of all its economic activities, and dismissed a top aide of Patrushev's. However, Putin met determined resistance, and, not liking tough personnel decisions, eventually let Patrushev remain.

Keywords Putin · Patrushev · FSS sins · Patrushev remained

Regarding the years 2005–2008, one of the conflicting clans was, as before, grouped around the deputy-head of the Presidential Administration, Igor Sechin. By early 2006, at the latest, his coalition had been joined by a group led by Federal Security Service (FSS) head Nikolai Patrushev[1] and Putin's influential assistant for personnel and other

[1] In 2007 an astute person who knew both Sechin and Patrushev described their relationship like this (paraphrased): Patrushev is first and foremost loyal to Putin. He is not as personally close to Sechin as he is to Putin. However, he has long observed the Putin–Sechin intimacy and the extensive powers that Putin habitually delegates to Sechin. As a result, he has concluded that it's wise to be closely allied with Sechin.

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matters, Viktor Ivanov.[2] The opposing coalition was led, as previously, by the director of the drug-control agency, Viktor Cherkesov, and the head of the Presidential Security Service, Viktor Zolotov. Their supporters included powerful figures in the business and criminal worlds, the Ministry of Internal Affairs (MVD) and the Federal Guard Service (FGS).[3]

The Tri Kita-related 'case of the smuggled Chinese goods' (as it quickly came to be known), which emerged in spring 2005, was almost certainly part of the war between the Sechin and Cherkesov clans.[4] In any case, in March 2005 Putin decided to prepare the ground for a possible shift of Patrushev from his FSS post to, presumably, a less important one. The FSS's performance had long been so poor that it had come to pose a danger to state security. Among other episodes, the FSS had failed to prevent the Beslan siege in September 2004, and had then bungled its role in the ensuing emergency. Further, it may well have played a role in the Sechinites' assault on the Cherkesov forces in December,

[2] My thinking on the structure of the two main clans in this period has been influenced by the work of Vladimir Pribylovsky. In my view Pribylovsky has proved himself, over time, to be the most insightful and reliable analyst of relationships within the Putin oligarchy. Much of his work is summed up in his invaluable book, noted earlier, *Vlast' 2010: 60 biografii*, which is also available on his website anticompromat.ru.

According to Pribylovsky, personal supporters of Sechin have been Vladimir Ustinov, Viktor Zubkov, Mikhail Fradkov, Anatoly Serdyukov, Sergei Naryshkin, Aleksandr Bastrykin, Sergei Bogdanchikov, and Sergei Chemezov. Supporters of the Patrushev–Viktor Ivanov group have included Boris Gryzlov, Rashid Nurgaliev, Oleg Safonov, and members of two sub-groups: Patrushev's 'Karelia associates' and Ivanov's 'St Petersburg Afghan veterans'.

[3] To recapitulate, figures associated in varying degrees with this clan have included, in my opinion, Vladimir Kumarin (organized crime), the late Roman Tsepov (a political fixer in the business, political, and criminal worlds), Andrei Novikov (MVD), Yevgeny Murov (FGS), the oligarchs Oleg Deripaska and Roman Abramovich, the journalists Natalya Chaplina (Cherkesov's wife and CEO of the Rosbalt news agency), Andrei Konstantinov (head of the news agency and publisher AZhUR), Aleksandr Khinshtein and Vladimir Soloviev, and, collectively, according to Aleksei Chesnakov, the writers on the weekly paper *The New Times*. Regarding Khinshtein and Soloviev, see Pribylovsky on his site: http://lj.rossia.org/users/qnticompromat/866199.html#cutid1, June 13, 2010.

[4] It is not clear whether the attacks on Patrushev which were central to the episode, were fuelled in part by phone taps set up on Putin's instructions by Cherkesov's drugs police (State Committee for the Control of Narcotics (SCCN)) to eavesdrop on senior *siloviki*, or wholly by other evidence. Although such taps are not mentioned in the available sources of spring 2005, it is possible that they were operating by April 2005 and played a role. On the topic of phone-taps see Chapter 7 on Ustinov's ouster.

which provoked the above-described washing in public of the dirty linen of some of Putin's closest allies. In addition, the FSS had contributed, also in December, to the disastrous failure of the high-profile Russian campaign to have Viktor Yanukovych elected president of Ukraine. Thus it had also added to the irrational panic about the (non-existent) danger to Russia of an 'orange revolution' that seized much of the political class over the following months.

Against this background, Putin took three inter-related decisions between late March and May 2005, each of them aimed at the FSS.[5] First, news was leaked about the smuggling of the contents of at least 400 railcars of Chinese consumer goods to a secret FSS warehouse located beside the agency's headquarters in Moscow. Almost immediately, the Procuracy-General, headed by Sechin's ally Ustinov, demanded that the MVD hand the case over to its jurisdiction. On 1 April the MVD ignored the demand and opened a formal criminal investigation instead. The scam was eventually estimated to have avoided the payment of some $50 million in customs tariffs. Thus the FSS stood to make a handsome profit by selling the goods.

Second, in late May Russia's Audit Chamber followed up by announcing its intention to carry out an official inspection of the FSS's economic activities. However, on meeting with resistance, it was compelled to negotiate with FSS officials over what exactly would be inspected. And third, at the end of May Putin removed from his post Vladimir Anisimov, a deputy director of the FSS, who had long been close to Patrushev. He had also been one of the main bunglers of the Beslan siege.

What were the goals of these actions? Reporting on 'conversations in the corridors of the FSS', the investigative journalist Roman

[5]The sources for the next few paragraphs are two articles by the experienced investigative journalist Roman Shleinov, '68 tysyach semeinykh trusov dlya direktora FSB i prem'era' and 'FSB zakrytogo tipa: Pod kovrom nachalsya peredel vysshikh dolzhnostei na Lubyanke', *Novaya gazeta*, May 23 and June 30, 2005. A later source revealed that 36 people were later indicted as members of an 'organized criminal group', 20 of whom had managed to flee abroad. Most of the 36 were small-fry, and seemingly none worked for the FSS. But four were senators, including Igor Ivanov, who represented the Far Eastern krai (region) and was seen by the investigators as one of the group's leaders. See Oleg Rudnikovich, 'Kontrabanda v osobo krupnom razmere dela', *Kommersant*, June 17, 2006. Thus, apart from three generals being dismissed by Putin (all appeared to enjoy soft landings), the FSS officials who were the main beneficiaries of the massive crime seem to have got off scot-free.

Shleinov, said that the situation in late June suggested that the purge of senior FSS officials would soon proceed beyond Anisimov and might include a further deputy-FSS director, Sergei Shishin. The latter had shared responsibility with Anisimov for the FSS's extensive economic activities, and had enemies in the security services.[6] Most important, though, Shleinov wrote, 'in the coming days it should finally be decided whether Patrushev will remain as head of the special service, or his position will be taken by Sergei Chemezov, the current director-general of Rosoboronexport [Russia's arms sales agency]'.

In the event, Putin, who has always disliked making difficult decisions, especially involving his close associates, eventually decided that Patrushev should remain in his post.[7]

[6] Shishin departed later, and was rewarded by Sechin with a position on the board of Rosneft. The deputy head of the FSS's Economic Security Service, Sergei Fomenko, was also removed later. Latynina, October 11, 2007. See more on this in Chapter 11 below.

[7] As late as in December 2005 the Sechinite camp believed that Putin would soon agree to the removal of Patrushev from the FSS, a move that it reportedly favoured. Thus the rift between this camp and that of Patrushev and Viktor Ivanov probably remained unresolved at that time.

CHAPTER 6

November 2005–Early 2006: Putin's Succession-Related Moves; *Silovik* War Heats Up; the Sechinites Groom Their Own Presidential Candidate, Ustinov

Abstract Putin promoted Medvedev to be first deputy prime minister, and Sergei Ivanov to be a deputy prime minister. His minions spread the word that he would probably choose his successor from these two. So Medvedev and Ivanov were now locked in struggle, and their promotions caused the *silovik* war to heat up. Ustinov became aggressive, with Sechin's backing. Putin also promoted the seemingly non-aligned Sergei Sobyanin to head the Presidential Administration. This gave him an extra counter-weight to Sechin. In May four governors were dismissed from their positions, in the interests of the Sechin group. In addition, the mayor of Volgograd was imprisoned and two Federal Security Service (FSS) generals were dismissed. Finally, a surge of nationalizations of private companies took place, following logically from the nationalization of most of Yukos's assets, and pleasing Sechin.

Keywords Putin succession · Ustinov · Sechin embroiled Nationalizations

In November 2005, Putin promoted Dmitry Medvedev to be first deputy prime minister and Defence Minister Sergei Ivanov to be a deputy prime minister. His minions spread the word that he would probably choose his successor from these two. From now on, therefore, Medvedev and Ivanov and their supporters were locked in struggle. Not surprisingly, their promotions caused the *silovik* war to heat up.

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At the same time, Putin replaced Medvedev at the head of the Presidential Administration with a surprise choice, the seemingly non-aligned Sergei Sobyanin, who had no known background in St Petersburg. This gave Putin some extra room for manoeuvre vis-à-vis the St Petersburg factions in his entourage. More particularly, it gave him an extra counter-weight to Sechin, since Sobyanin was not only free of St Petersburg ties, but also had wider and better relations than Sechin with the major oil companies, stemming from his more than ten years of close involvement with them in the Khanty-Mansiisk and Tyumen regions. Later, evidence came to light that Putin and Sobyanin had developed trust in each other as early as 1994, when they jointly resolved a fierce conflict between the head of Surgutneftegaz, Vladimir Bogdanov, and the boss of St Petersburg's Tambov organized crime group, Vladimir Kumarin.[1]

Overall, Putin's November personnel changes were bad news for the Sechinites. None of the three promoted men was an ally of Sechin, who had a history of friction with Medvedev and Sobyanin, and of only limited relations with Sergei Ivanov. In December, Sechin's group, given the fact that Putin had—for now anyway—ruled out the third presidential term that it wanted, strongly favoured the candidacy of Ivanov over both Medvedev and the minister of natural resources, Yuri Trutnev, whom Putin was also assessing.[2]

[1] On Sobyanin's role in this, as the main representative of Bogdanov, see the vivid portrait of him (on the occasion of his appointment as mayor of Moscow) by Konstantin Gaaze, Yuliya Taratuta, Natalya Ivanitskaya, and Mikhail Fishman, 'Oblechen doveriem', *Russkiy N'yusvik*, October 18, 2010 (the final issue of this weekly). The authors recount that according to a source who worked in the St Petersburg mayor's office at that time (possibly Vadim Glazkov), Sobyanin pressed Putin to halt Kumarin's assault on Surgut. Kumarin had already seized Surgut's gas stations in St Petersburg and now had in his sights Surgut's Kirishi oil refinery in Leningrad region. It appears that Sobyanin and Putin jointly found a solution whereby Kumarin would stop threatening Kirishi. To guarantee that Kirishi would be secure, Putin's above-mentioned associate Glazkov moved in 1994 from overseeing the fuel sector for the St Petersburg mayor's office to being deputy head of the North-West Dept. of Surgut. In the *Russkiy N'yusvik* article, Stanislav Belkovsky is quoted as saying that Sobyanin 'was a business partner of Putin and Timchenko in the St Petersburg oil business'. While this claim may be true, given the above episode, I have not seen it asserted elsewhere. On the Bogdanov–Kumarin conflict see Chapter 2 of this book.

[2] Putin reportedly argued in private that Ivanov could sometimes be excessively willful, whereas Trutnev would do what he was told. Also, since he came from Perm, his election would answer the charge that Putin's administration was a clique of his cronies from St Petersburg. Ivanov quickly strengthened his appeal to the siloviki around Putin by backing

The main reason why the Sechinites doubted they could change Putin's mind on leaving the presidency was that they had long observed his interest, first, in becoming a tycoon and, second, in running the oil and energy field. In particular, he regularly took major decisions on the running of Gazprom, hence his appointment of the compliant Medvedev and Aleksei Miller to the two top jobs in the company. Putin's colleagues in the Sechin camp talked quite often, until late 2007, about the likelihood that he would build up Gazprom into a diversified mega-corporation, and then, at some point, become its head. He might even have himself made Russia's energy tsar. On occasion, this desire of Putin's leaked out into the public domain.[3] The fact that the president flatly denied having any desire or ability to become a businessman did not, rightly, halt the speculation. Why then his denial? Probably Putin did not want people to accuse him of a conflict of interest whenever, for example, he took a decision favourable to Gazprom.[4]

However, the Sechinites soon changed their minds about backing Sergei Ivanov for president. Reportedly they preferred the goal of persuading Putin to backtrack and anoint a successor of their own choice. Spreading the word that they opposed both Medvedev and Ivanov, they began to groom their own most plausible candidate, Procurator-General Vladimir Ustinov.[5] Since Putin had nominated him to be Procurator-General in 2000, Ustinov had repeatedly given him strong support. He did so in the manoeuvres to force Gusinsky and Berezovsky into emigration, through the intricacies of the unending Tri Kita case, and in the battles against Khodorkovsky and Yukos. He had also, in his annual report for 2004, shown a readiness to criticize—in startlingly frank terms—the sloppy work of no less than three ministries: defence, justice

the controversial plan to sell Tor 1 missiles to Iran. These were made by Almaz-Antei, a company to which Viktor Ivanov had close ties. Regarding source see footnote 10.

[3] See for example the interview by the well-informed journalist Aleksei Venediktov to Spiegel Online, www.inosmi, December 14, 2005. Venediktov reported Putin as having said as early as 1997 (probably a mistake for 1998—PR) that he would like to move to Gazprom. Venediktov added that Putin currently took part in Gazprom personnel decisions, and said he was convinced that Putin 'wants to head Gazprom'.

[4] E.g., at a press conference on January 31, 2006, Putin said: 'I would hardly be able to head any business organization: neither by personality nor through my previous life experience do I feel myself to be a businessman.'

[5] See in Chapter 11 below a brief analysis of this process, some of it based on leaked information from alleged phone taps.

and internal affairs.[6] In addition, Ustinov's stock rose in 2003 when his son married Sechin's daughter. In short, Ustinov had shown himself to be a loyal, well-connected, energetic, 'can-do guy'.

In early 2006, the Sechinite scenario was seemingly simple: Ustinov had Sechin's backing to aim for the top. According to eyewitnesses, he now 'conducted meetings of the Procuracy's board as if he were the president-elect and intended, unlike the weak and hesitant Putin, to get tough with all those Yukoses.'[7] On 3 February 2006, his campaign to become the principal candidate for the succession in effect went public. Before an audience consisting of Putin, the country's political and governmental leaders, media representatives and top officials of the procuracy, he delivered a two-hour speech that covered dozens of disparate topics. Many of these had little or no connection to his job. The speech was punctuated by grandiloquent quotations from nineteenth and early twentieth century cultural figures. Three passages came from Putin's favourite philosopher, Ivan Il'in, and others from the poet Nekrasov, the jurist Koni, and the historian Klyuchevsky.[8]

Ustinov's speech amounted to a long series of annual report cards on the work of almost all the heads of governmental agencies, except for those concerned with security and foreign policy. It contained flattery of Putin, compliments to a few officials and much criticism of most agencies. He focused on various types of corruption, a major theme of the administration in early 2006. He said his speech dwelt on 'the most characteristic conflicts and sore spots in our social organism'. Not surprisingly, he was particularly scathing about institutions run by his political enemies. These were Sergei Ivanov's Ministry of Defence, Cherkesov's CSSN, and Yuri Chaika's Ministry of Justice. Of Ivanov's ministry, he declared, as one of a score of charges, that the military supply system had 'no components […] where state funds are not a feeding trough for people who want to live at the expense of the state and its citizens'.

When Putin proceeded to take all this in stride, Ustinov prepared criminal cases against a wide range of the Sechinites' foes—businessmen, assorted

[6] See the report by A. Nikolayeva and A. Nikol'skiy, 'Ustinov razbushevalsya', *Vedomosti*, January 24, 2005.

[7] Quoted in Yuliya Latynina, 'Skandal v prezidentskom gareme', *Novaya Gazeta*, September 13, 2007.

[8] See the full text of the 3 February 2006, speech on the website of the Procuracy-General, www.genproc.gov.ru (or available from author—pbreddaway@gmail.com).

siloviki, regional officials and senators in the Federation Council. The cue that encouraged him to launch these cases was Putin's annual address to parliament on 10 May. Putin summed up one of his central themes: 'Despite all the efforts we've made, we've still not managed to remove one of the greatest obstacles facing our development, that of corruption'. The next day, Prime Minister Fradkov promised to go to work and show no mercy in 'exterminating this evil'. And on 16 May Ustinov proclaimed that corruption 'has acquired the character of a national threat'.[9]

Only a week after Putin's speech—to quote one of Russia's leading analysts of regional politics, Nikolai Petrov—'rapid and simultaneous actions' by the procuracy and the police led almost at once to the removal of four governors from their positions. For the first time, a serving governor was arrested. This occurred with little legal justification, over 'what appears to be a battle for power and property higher up'. Furthermore, 'No explanation was offered to the public or the governors themselves. The governors were essentially pressured into submitting their resignations 'voluntarily''.[10] Even though many governors had been elected before Putin's 2004 decree that henceforth new governors would be effectively appointed, they were now to be treated in the same way as any businessman or bureaucrat who impeded the business or other interests of members of Putin's inner circle. The objections of elected regional officials would be swept aside. In this instance, according to Petrov, the interests were those of 'the group led by Igor Sechin'.

In addition to the woes of the governors, the mayor of Volgograd was imprisoned and two FSS generals were dismissed. The latter came from the divisions responsible for combating terrorism and preserving the constitutional order. Meanwhile, regarding the impact of the widespread crackdown on the economy and the business world, German Gref, the minister of economic development, protested vehemently against the bureaucrats who were engaged in a 'Bacchanalia' of confiscation of private businesses. These confiscations—of the sort that Putin usually tried to oppose—were an extension that followed logically from the nationalization of most of Yukos's assets in 2004–2005.[11]

[9] Quotations taken from Pavel Baev, 'Putin's Fight against Corruption Resembles Matryoshka Doll', *Eurasian Daily Monitor*, May 22, 2006.

[10] Nikolai Petrov, 'Undercutting the Senators', *The Moscow Times*, May 30, 2006.

[11] On these episodes see Baev, May 22, 2006.

CHAPTER 7

May–June 2006: A Fight for the Customs Service—Full-Scale War Between the *Silovik* Clans; the Fall of Ustinov—A Triumph for the Cherkesovites

Abstract In 2006 Putin restored balance between the two main clans by swinging back to the Sechinites. However, rude shocks awaited the Sechinites, perhaps because, by backing Ustinov, they overplayed their hand. It was the Sechinite coup in defeating Cherkesov and gaining control of the Customs that turned the fierce rivalry between the two main *silovik* groups into full-scale warfare. In response, Cherkesov assigned one of his top aides, Aleksandr Bul'bov, to put taps on the Sechinites' phones. Cherkesov reportedly then gave Putin phone transcripts that allegedly showed Sechin and Ustinov to have been disrespectful about Putin, describing him as a weak president and Ustinov as a potentially better one. On 1 June a top oligarch, Abramovich, called a secretive meeting of powerful people, who demanded that Putin dismiss Ustinov as procurator-general. Putin reluctantly replaced him with the pro-Medvedev Chaika. From Ustinov's dismissal till November 2006 Putin sharply reduced Sechin's responsibilities. Then he moved back and undermined Cherkesov.

Keywords Sechinites v. Cherkesovites · Abramovich
Ustinov dismissed · Chaika

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This chapter has benefited from a reading of Richard Sakwa's *The Crisis of Russian Democracy,* notably pp. 175, 190. This book has a fine chapter, 'War of the Putin Succession', on some of the themes of the present book. Sakwa accepts (p. 187) the opinion of Francesca Mereu that the forces arrayed against the coalition of Sechin, Ustinov, V. Ivanov, Patrushev, Gryzlov, and Nurgaliev, was the group of Cherkesov and Zolotov, with allies Chaika and Kudrin, and with support from Yuri Koval'chuk, Timchenko, Sobyanin, Voloshin, and Abramovich. See her article in *The Moscow Times*, December 17, 2007.

The inclusion of Timchenko in the second list rather than the first may seem strange to some scholars, but is to me convincing. Until late 2005 or early 2006, Timchenko and Sechin were close to each other. At this time, however, when Sechin became keen to incorporate Bogdanov's Surgutneftegaz into Rosneft and thus make Rosneft an international giant, Timchenko diverged. He sided with the forces of Medvedev and Gazprom who opposed the move. Sechin's implicit promotion of Ustinov as a presidential candidate appears to have further widened the rift. Nonetheless, Sechin pressed on with his plan for Rosneft, and, in September 2007, believed that the merger was at last 'in the bag'. At the last minute, however, Bogdanov decisively rejected the whole idea, probably with, at the least, Putin's support. See Chapter 9 below.

In May 2006 the institution in which the *siloviki* war featured most clearly was the Federal Customs Service (FCS). Already in April Putin had expressed exasperation about the de facto privatization of the FCS. In this, he said, clever officials and businessmen had 'merged together in ecstasy'.[1] He then dismissed FCS head Aleksandr Zherikhov. In May the Cherkesovites suffered a heavy blow struck when one of them, Vladimir Shamakhov, who they believed had been picked by Putin as Zherikov's replacement, was suddenly rejected in favour of an ally of the Sechinites, Andrei Belyaninov. Putin also put the FCS under the supervisory authority of another Sechinite, Prime Minister Fradkov.

Putin had apparently planned to change the clan balance by picking a Cherkesovite to head the agency that controlled the large sums of money that could be made from evading import tariffs. In effect, for years such sums had been stolen from the state by competing agencies fighting over them. This had been starkly illuminated by the Tri Kita case. As noted earlier, the institutional line-up had pitted the Federal Security Service (FSS)

[1] *Moscow News*, as quoted in Baev, May 22, 2006.

and the procuracy against the Ministry of Internal Affairs (MVD) and customs. However, Putin snatched the customs post away from the Cherkesovites and handed it to the Sechinites, probably preventing a shift in the institutional balance in favour of an expanded coalition of the customs, the MVD, and the State Committee for the Control of Narcotics (SCCN).[2]

In sum, the early months of 2006 showed Putin restoring balance between the two main clans by swinging back strongly to the Sechinites from the position signalled by his promotions of November. However, rude shocks were in store for the Sechinites, perhaps because, by backing Ustinov, they overplayed their hand. It was the Sechinite coup in gaining control of the Customs that turned the fierce rivalry between the two main *silovik* groups into full-scale warfare. In response, the Cherkesovites decided to play what they hoped would be their trump card. As mentioned earlier, when Putin created the SCCN in 2003–2004 a key purpose was to have it spy on certain *siloviki* leaders. Thus, as became known only in 2007, Cherkesov assigned one of his top aides, Aleksandr Bul'bov, to put taps on their phones.[3] In the spring of 2006, Cherkesov reportedly gave Putin transcripts of some especially compromising conversations. They allegedly showed Sechin and Ustinov to have sometimes been disrespectful about Putin, describing him as a weak president and Ustinov as a potential better one. Evidently believing that Putin would support him, Ustinov allegedly spoke freely about what he planned to do when he took over.[4]

Another important element in the situation that developed in May was the fact that the events described above caused certain players, including Prime Minister Fradkov and Moscow mayor Luzhkov, to increasingly clearly align themselves with the apparently surging Sechin–Ustinov camp. Lilia Shevtsova has argued that Sechin and Ustinov believed at this time that they could persuade Putin to support them. She added that if they had succeeded, and Putin had backed Ustinov as

[2] On these complex events see articles in *Kommersant* by Dmitri Butrin, May 30, 2006, and by Butrin and Andrei Tsyganov, June 17.

[3] See, e.g., Latynina, October 11, 2007, and also her article 'Chekistskiy kryuk-2', *Ezhednevnyi zhurnal*, June 4, 2008, where she specifies that the phones of not only Sechin and Ustinov were tapped, but also that of Patrushev.

[4] This paragraph is based in part on two articles by Yuliya Latynina, 'Bol'shoi brat slyshit tebya', *Novaya Gazeta*, October 11, 2007, and 'Chekistskiy kriuk-2', *Ezhednevnyi zhurnal*, June 4, 2008.

his successor, the result would have been 'a genuine *silovik* coup' and a turn towards a more thoroughgoing form of authoritarian rule.[5]

The underlying reasons why a secretive, suddenly called and scarcely reported meeting took place at Putin's dacha in Novo-Ogarevo late on the evening of 1 June 2006 are not yet very clear. Interestingly, Cherkesov's tapes, about which only Putin and perhaps one or two others at the meeting probably knew, may have been irrelevant to the group's convocation and a topic that Putin did not even mention.

Only two accounts of the meeting are known to me. The first relates that on 1 June a group of 'Putin's closest friends', led by Roman Abramovich, suddenly insisted on having a meeting with him that evening.[6] They told him that Ustinov had been going 'much too far' in his investigation of certain oligarchs, including Abramovich, Deripaska, Fridman, and Potanin.[7] They demanded that Ustinov be fired at once. Although Putin put up a defence of Ustinov, he reluctantly agreed to comply. (Partly because Putin still liked and respected Ustinov, he appointed him three weeks later, as a consolation prize, to the much inferior position of minister of justice.) Medvedev is said to have associated himself with the group's position, and Sergei Ivanov is said not to have objected to it. However, Putin was taken by surprise by the group's demand, hence his inability to nominate a replacement for Ustinov over the following two weeks.[8] One cannot exclude the possibility that prior to the meeting Putin was still inclined to view Ustinov favourably as a plausible successor, in spite of what Ustinov allegedly said about him on Cherkesov's tapes.

Ustinov's successor as procurator-general was Minister of Justice Yuri Chaika. Chaika had long had ties to oligarchs like Abramovich and Deripaska, and was also inclined to favour both Cherkesov and

[5] See Pavel Baev, 'Ustinov's Firing Reveals Clan Maneuvering Inside Kremlin', *Eurasian Daily Monitor*, June 5, 2006. Shevtsova made her points at a meeting of the Carnegie Endowment for International Peace that I attended in Washington, DC, on September 13, 2006.

[6] Personal communication from a reliable Russian source.

[7] Media accounts by Belkovsky and others said, for example, that Ustinov was investigating Vainshtok's huge corporation Transneft, in which Abramovich and Deripaska were said to have shares.

[8] Private communication.

Medvedev. In 2010 Pribylovsky wrote of Chaika: 'He is close to the administrative-economic group of "Petersburg jurists" who support President Medvedev'.[9]

The second account of the meeting was published only in 2010.[10] The authors said they were recounting 'a version (of the meeting) related by a government official who knows well the new Moscow mayor [Sergei Sobyanin]'. They wrote: 'On June 1, 2006, the head of Lukoil, Vagit Alekperov, called Sobyanin and said that the next day the Procuracy-General planned to confiscate some documents from his company'. Believing that Putin had not approved anything like this, Sobyanin phoned him to check. Putin ordered him to come to Novo-Ogarevo and bring with him Larisa Brycheva, head of the Kremlin's legal division. Later that night Sergei Mironov, the Federation Council speaker, was summoned too. The next morning, Mironov and Sobyanin went to the Council building with an appropriate document from Putin.

The two accounts may not conflict with each other. Sobyanin's friend, knowing that because of its sensitivity the meeting had not previously been described in print 'in any detail', may well have given a selective account. If the first account should be shown in the future to be reasonably objective, then the second one was indeed selective. What is more widely known is that early on 2 June Ustinov 'resigned at his own request'. The members of the Federation Council accepted his resignation immediately and without meeting. Evidently they were polled by phone. Neither Ustinov nor Putin gave any public explanation for the resignation.

Probably the most accurate explanation of Ustinov's departure comes from the economist and political commentator Mikhail Delyagin, who has long been associated with *siloviki* and has good insight into their issues. He notes first that a broad block of *siloviki* appeared to have united behind the presumed presidential candidacy of Ustinov. Second, at this early stage in the electoral cycle Putin did not want any powerful block to be solidly backing one candidate.[11] An alternative explanation by the commentator and PR specialist Stanislav Belkovsky—that Ustinov

[9] Pribylovsky, *60 biografii-2010*, p. 187.

[10] Gaaze et al., 'Oblechen doveriem', *Russkiy N'yuzvik*, October 10, 2010.

[11] See Delyagin's interview on Ekho Moskvy radio, www.echo.msk.ru, June 2, 2006.

had been collecting *kompromat* on Medvedev and was preparing prosecutions in that regard—has not, to my knowledge, been confirmed by any source.[12]

In any case, as noted, on 19 June Putin chose Chaika to be approved by the Federation Council as the new procurator-general. Putin's appointment of Ustinov as minister of justice softened somewhat the effect of his ouster, which had put an end to the Sechinite ploy of preparing him to run for the presidency. Not surprisingly, from Ustinov's dismissal till November 2006 Putin was reportedly cool towards Sechin and sharply reduced the range of his responsibilities.

Almost immediately, Chaika started removing procuracy officials who had been key figures in Ustinov's politically oriented cases. However, these individuals were appointed elsewhere so that they would not be excessively alienated. Chaika also gave high priority to the Tri Kita case, which was re-launched right after Ustinov's ouster.[13] However, although the case finally reached a court in January 2008, no high-ups were implicated. Thus Chaika had still not, even belatedly, followed through on his statement that he would solve the case by December 2006. The most likely explanation for its non-resolution, which has continued up to the present, is that the investigative trail might lead to evidence that, if revealed, *might* implicate top politicians.

Chaika also re-launched the investigation of the FSS's smuggling of Chinese consumer goods (see Chapter 5). Both of these corruption cases took off publicly soon after Cherkesov sent Putin a report on the SCCN's investigations of them in September 2006. Summarizing in 2010 the evolution of the 'Chinese case', *Kommersant* wrote that 'in May 2006 the following were removed from their posts: FCS head Aleksandr Zherikhov and his two deputies, three FSS generals, two procurators, five MVD officials, and four senators'. On 13 September, the General-Procuracy announced that it had imposed a penalty of temporary suspension on 19 suspects. All were senior officials of the FSS's

[12] Belkovsky's interview with Radio Free Europe/Radio Liberty, as quoted by Oleg Dement'ev in 'Rozhdenie fenomena Dmitriya Medvedeva', *Rossiiskie vesti*, June 14, 2006. Dement'ev saw the main beneficiary of Ustinov's dismissal as being Medvedev, who, if he could bring the four big 'national projects' he was leading to fruition, would stand an excellent chance of being Putin's successor.

[13] On these events see Sakwa, *The Crisis of Russian Democracy*, pp. 189–190. See also Chapter 2 above.

central apparatus, or its Moscow regional division, or other agencies, but none of them was named. However, Putin now dismissed three named FSS generals—Anisimov and Shishin, both mentioned earlier, and Aleksandr Kupryazhkin.[14] Later, a fourth, Sergei Fomenko, was named in the same category.[15]

Inevitably, all this information created more suspicion than ever that Sechin's ally Patrushev had been covering up for the generals. This in turn reignited the earlier speculation that Cherkesov might replace him as FSS head, a promotion that Zolotov was reported as supporting.[16] However, in September 2006 Putin decided to halt this trend. First, the investigation of the smuggling case was put on the back-burner. (When it was completed two years later, no FSS officials were charged.[17]) Second, the FSS generals continued to go to work and be paid, 'not considering it necessary to implement the president's decree'.[18] Also, anti-Cherkesov media started publishing detailed accounts of a rash of crimes being committed by SCCN officers who were then prosecuted.[19]

In addition, as early as 20 June 2006, Putin had appeased the Sechinites and undermined the Cherkesov clan by sanctioning a major

[14]In August 2007 General Kupryazhkin appeared on TV in connection with investigations into the 2005 murder of the journalist Anna Politkovskaya, and was reported to be still working for the FSS. His reputation suffered when the weekly *The New Times* alleged that he had been receiving millions of dollars for services rendered to Evraz, the giant metals company of the oligarch Aleksandr Abramov, and that one of his protectors was Aleksandr Bastrykin, head of the Investigations Committee attached to the Procuracy (ICP).

[15]Latynina, 'Bol'shoi brat slyshit tebya', *Novaya Gazeta*, October 11, 2007.

[16]On the material in this and the preceding paragraph see the article 'Kit i mech' and the history of the Tri Kita case, both in *Kommersant*, September 14, 2006. Cherkesov's report also features in the article 'Terrarium piterskikh edinomyshlennikov', 'Vokrug novostei' (an electronic publication), October 17, 2006, vokrugnovostei.ru/news/news/19228.html. According to Pribylovsky in his book *Vlast'-2010*, p. 45, at some point Cherkesov and Zolotov wrote a joint letter to Putin (probably but not necessarily a different document) to lay some complaints against Patrushev. Although the book places this letter in 2007, in correspondence with me Pribylovsky said that more likely it was actually in 2006, since his source had probably made a dating error.

[17]In all, 36 people were charged. The first four were selected for trial in June 2010.

[18]Latynina, 'Bol'shoi brat slyshit tebya', *Novaya Gazeta*, October 11, 2007.

[19]See for example R. Ukolov's article on such crimes recently committed in Moscow, *Nezavisimaya gazeta*, October 4, 2006.

offensive against Cherkesov's ally Kumarin. In late 2005 various forces had started to pressure Kumarin to sell the Petersburg Fuel Company (PFC) at a low price and emigrate to Germany. The Sechinites saw him as a key member of Cherkesov's clan, and got support for their attack from their ally Ustinov at the procuracy. Additional support came from another ally, Vadim Glazkov, the CEO of PFC, and, at least superficially, from St Petersburg Governor Valentina Matvienko, who was alleged to be losing patience with Kumarin's brazen disregard for her authority.[20]

Then, with a rare carelessness, the usually keen tactician Kumarin proceeded to assist this threatening coalition. On 5 March 2006, his group's suspected attempt to assassinate his organized crime rival Sergei Vasiliev misfired. Thus on 20 and 21 June the procuracy and the MVD conducted 67 searches of known Tambov members and arrested some of them. Further arrests took place around New Year 2007.[21]

However, Zolotov reportedly intervened with Putin on Kumarin's behalf. His considerable influence with Putin may have been greater than usual, because he was at this time building a new dacha for Putin near Moscow. In any case, Zolotov's intercession reportedly helped the Tambov leader to remain, for the time being, personally unscathed.

[20] Matvienko had reportedly, in reality, long had good relations with Kumarin, conducted through intermediaries. But she had masked this fact to try to avoid suspicion that he was bribing her.

[21] See the article 'Kumarina zhdet sud', fontanka.ru, August 23, 2007, part of a valuable collection of articles on Kumarin and the Tambov group posted on compromat.ru on August 24, 2007. The fontanka article provides a useful history of the group from the 1980s on.

CHAPTER 8

November 2006: The Tide Turns Against the Cherkesov–Zolotov Group as the Succession Struggle Heats Up

Abstract In late 2006 the *silovik* war heated up still more in the wake of the murder of two anti-regime figures, journalist Anna Politkovskaya and recent emigrant to UK, Alexander Litvinenko. The circumstances surrounding the murders and their aftermaths caused serious damage to the standing of Putin and his government in the eyes of the Western world. Much evidence pointed to Kremlin guilt or at least connivance. Conveniently for the Sechinites, the Western outcry fed the anti-Western attitudes that had been intensifying since 2003 in the hardline sections of Russian elite opinion. These attitudes pushed Putin and his administration 'to the right' in both foreign and domestic policy. In sum, from June to November 2006, Putin had curbed the Sechin faction, and then, from November 2006 to February 2007, he restrained the Cherkesov clan. Putin also, reportedly, restored Sechin to his favour and set him to work on planning personnel changes. In February Putin aimed to keep the temperature down by appealing to all parties for restraint.

Keywords Murders of oppositionists · *Silovik* war · Putin

In 2006–2007 both clans tried to influence the succession issue in their own favour, and also fought harder than ever for key posts and access to new financial flows. Accumulating resources would create the best chance to be well prepared for the period after the fateful succession issue would be resolved. In addition, the hardline forces were widely

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suspected of trying to push Putin into a more strongly anti-Western stance by inspiring some hardline actions that would anger the West. The first such attempt came on Putin's 54th birthday, 7 October 2006, with the murder of Anna Politkovskaya, a journalist admired in the West and by Russian liberals, in retribution for her reports on abuses and atrocities in Chechnya. On 1 November, Viktor Ivanov made a rare public statement, calling the killing 'an act of terrorism' and implying that policy should be toughened against the Chechens and other terrorists.[1] Six days later, Patrushev added to the alarmism by warning that terrorists were planning acts of sabotage and terror that included blowing up dams.

Meanwhile, on 1 November the Federal Security Service (FSS) defector Aleksandr Litvinenko was poisoned in London, almost certainly—according to a later exhaustive, top-level British report—by Russians approved by Putin. Litvinenko, who not long before had become a British citizen, died on 23 November. In the face of intense Western protests, the Kremlin has repeatedly refused to extradite to the United Kingdom, Andrei Lugovoi, the individual who has long been suspected by the British police of organizing the killing.

On 27 October Putin tried to mitigate the damage caused by Politkovskaya's murder by giving a big reception at his Novo-Ogarevo estate for Western businessmen and bankers. He wooed them to step up their investments in the Russian economy. The Kremlin website showed him at the reception, flanked by Sechin and Pyotr Aven of the Alfa Group, symbolizing his dependence on the *siloviki* and big business.

The circumstances surrounding the two murders, and their aftermaths, caused serious damage to the standing of Putin and his government in the eyes of much of the world. Much evidence pointed to Kremlin guilt or at least connivance.[2] Conveniently for the Sechinites, the Western outcry fed the anti-Western attitudes that had been intensifying since 2003 in the hardline sections of Russian elite opinion. These attitudes pushed Putin and his administration 'to the right' in both

[1] A. Vvedenskaya, 'Politkovskuyu sravnili s Teo van Gogom', *Nezavisimaya gazeta*, November 1, 2006.

[2] New evidence pointing in this direction and linking the two murders came to light in 2012 and was analyzed by the experienced crime reporter Sergei Kanev, 'Taina doma na Golubinskoi ulitse: Neizvestnye podrobnosti i strannye sovpadeniya iz zhizni figurantov dela ob otravlenii Aleksandra Litvinenko', *Novaya Gazeta*, February 20, 2012, www.novayagazeta.ru/inquests/51106.html?print=1.

foreign and domestic policy, a trend that was more favourable to the Sechin group than to its Cherkesovite opponents.[3]

All this, plus other circumstances, gave rise to the plausible hypothesis that the murder of Politkovskaya (on Putin's birthday) was carried out by the hardliners without Putin's agreement. If that should be true, then Putin must have been angered and some of the tension that has appeared at times to exist between him and them becomes explicable. He has depended heavily on their support, but they, it would seem, have sometimes been ruthless in undermining him. Each has been trying to manipulate the other.

Political commentator and Kremlin PR advisor Gleb Pavlovsky suggested in early 2007 that the *siloviki* might soon resort to a strategy of 'managed instability'. Their aim, he said, would be to persuade Putin of the need to stay on for a third term and use his unique political experience to prevent the instability from endangering the status quo.[4] The phrase 'managed instability' is a plausible description of what later unfolded between the *silovik* clans in the course of 2007, although at times events appeared to slip from Putin's control.

As regards the succession struggle, from June to November 2006 the Sechin camp reportedly saw Medvedev as the main political beneficiary of Ustinov's dismissal and as Putin's preferred candidate for the succession.[5] However, in November the situation became blurred

[3] Putin had to guard his flank against hard-right opponents like Col. Vladimir Kvachkov, who in 2005 tried in a famous case to assassinate Anatoly Chubais, and neutralize them politically. Another case took place in late 2006 at a celebration of the 86th anniversary of the Foreign Intelligence Service (FIS), Sluzhba vneshnei razvedki (in Russian). A probably retired MIA officer, Pavel Basanets, reportedly gave a speech accusing Putin of betraying Russia (*predatel'stvo*) and calling on him to resign. His speech was allegedly 'initiated by the chekist community' as a protest against Putin's halting—in the wake of Litvinenko's death—of 'the purge of liberals' that began in the fall. See the weekly report in *Zavtra*, no. 51, December 19, 2006, section 'Tablo'.

[4] Quoted by Robert Coalson in his 'Russia: Why the Kremlin Likes the CIA', RFE/RL, *Russia Report,* October 10, 2007, referenced in Sakwa, *Russian Democracy in Crisis*, 2011, p. 184. In this book, notably in Chapter 6, Sakwa presents an interpretation similar to the one put forward in the above few paragraphs.

[5] On September 30, 2006, the insightful if sometimes propagandistic analyst Vladimir Filin took a similar view. Indeed he went further and boldly predicted that Medvedev would be the next president. This was because Medvedev was the candidate most suited to the political forces that Filin characteristically saw as the ultimately dominant ones in the Putinite system, primarily 'the Yeltsinite oligarchy'. Thus Medvedev was 'politically in tune with and in some cases personally close to' the oligarchs Abramovich, Voloshin,

when Putin launched a series of blows against the Cherkesov clan before it had had time to savour the summer setbacks of its enemies. He also had to respond to lobbying by the Sechinites for a successor who would be more to their taste than either Medvedev or Vladimir Yakunin, the latter being someone they did not trust sufficiently and who was briefly offered to them.

In his first blow against the Cherkesov clan, Putin had Andrei Novikov dismissed from his powerful position as deputy head of the Ministry of Internal Affairs (MVD) for criminal investigations and given a less important job in another agency.[6] The ambitious and relatively young Novikov had been a protégé of Tsepov, Zolotov and Cherkesov. A second blow to the Cherkesov clan came in early December 2006 when media reports appeared that directly discredited Zolotov. He was accused of illegal business activities in the alcohol market and of tolerating laxity in regard to Putin's security. Also, a rumour was reported that he was under house arrest and the Presidential Security Service was now being run by his boss Yevgeny Murov, the head of the Federal Guard Service (FGS).[7]

Chubais, Fridman, Deripaska, Mel'nichenko, and Mamut. Also, the West liked him, Putin was comfortable with him, and Sobyanin and Shuvalov supported him. Only the Sechinite *siloviki* were against. However, Filin said, their opposition was weak, because they had been successfully intimidated in 2006 by, in particular, the revival of the Tri Kita and Chinese goods cases and the dismissal of a number of FSB generals. See Filin's discussion with two colleagues, 'Tsvetnaya revolyutsiya' v Rossii – eto peredacha v 2008 godu vlasti tandeme Medvedev-Voloshin s posleduyushchei zachistkoi *silovik*ov', September 30, 2006, www.forum.msk.ru/material/power/14610.html.

[6] To a limited extent Putin balanced this demotion, because another MVD official, Sergei Meshcheryakov, a Sechin protégé who headed the economic security department, had good relations with the FSB, and had been in 'a brutal fight' with Novikov, was transferred to another job at the same time. However, he was less senior and much less politically involved than Novikov. According to persistent rumors, the fight brought to light a list of the prices charged by Meshcheryakov's department for various corrupt services. On Novikov's fall, his replacement by Oleg Safonov, and Meshcheryakov, see M. Fishman and A. Raskin, 'Delo vnutrennikh tel', *Russkiy N'yuzvik*, December 4–10, 2006, and Latynina, October 11, 2007. Later, a reliable investigative reporter provided a further reason for Novikov's downfall. He evidently had corrupt ties with Telman Ismailov, a retail tycoon with high political connections, whose ownership of the Cherkizov market in Moscow got him into serious trouble with Putin in 2009. See Oleg Roldugin, 'Rynok bez kryshi', compromat.ru, June 17, 2009.

[7] See articles in the report *Russkiy kur'er*, December 4 and 11, 2006.

However, three months later Zolotov was reported to have accompanied Putin on a state visit to Italy.[8] This was unusual because Zolotov had headed Putin's security detail on many foreign trips, but this fact had never been mentioned in the Russian media. The noting of Zolotov's trip to Rome suggested that, if Putin had indeed been cool to him for some months, then by March 2007 he had been restored to favour, and Putin wanted this to be noticed.

Third, in January 2007, Cherkesov suffered a set-back. Like Zolotov, he reportedly tried to shore up Kumarin's position by lobbying for Pavel Ozhgikhin to be made the new head of the FSS organization in St Petersburg (FSSA). Since Ozhgikhin had worked for Kumarin's PFC in the 1990s and then for the PFC-aligned Yuri Antonov when he was deputy-governor of St Petersburg (1998–2002), he presumably owed Kumarin favours.[9] Cherkesov's gambit nearly succeeded. However, at the last minute, in March 2007, Ozhgikhin was de-selected. Patrushev went to St Petersburg to present in person the new choice, Andrei Ruch'ev, to the FSSA staff.[10] Ruch'ev had been working for Sechin's man, Aleksandr Bortnikov, who was the FSS's deputy-head (and, a year later, became its head).

And fourth, in February 2007 a *kompromat* attack was launched on the oligarch Oleg Deripaska, who by then had been loosely associated with the Cherkesovites for several years. Attacks came both in the media and also in the Duma.[11] In particular, it was hinted that Deripaska had been behind the murder of the journalist Maksim Maksimov in 2004 (see Chapter 3).

[8] ITAR–TASS, March 13, 2007.

[9] He also started his career in the KGB's 9th administration, where Zolotov served too. Although he is younger than Zolotov, this fact may have been relevant.

[10] On the choice of Ruch'ev and Patrushev's visit to St Petersburg see 'Nikolai Patrushev predstavil v Peterburge novogo nachal'nika UFSB', ITAR–TASS—Programma severo-zapada, March 23, 2007, and I. Desyaterik, 'Peterburgskim chekistam menyayut rulevogo', *Delovoi Peterburg*, March 23, 2007. On Cherkesov's lobbying see also the anonymous article 'V Peterburge gotovitsya silovoi zakhvat vlasti?' in 'Vokrug novostei', compromat.ru/page_19971.htm, January 10, 2007. On Kumarin's ties, see also the well-informed journalist Nikolai Andrushchenko's contributions to the revealing radio discussion of the investigation of Tsepov's murder, 'Chas pressy', svobodanews.ru, RFE/RL, January 12, 2007, p. 8. Here he says that Kumarin 'has been actively using his connections (to the highest level) …. through Viktor Zolotov and Andrei Novikov'.

[11] E.g., Aleksei Rafalovich's article, APN Severo-Zapad, February 14, 2007.

It appears that in February 2007 Putin decided to arrange a truce in the war. He and his close associates reportedly reached 'a February consensus' around three points:

- That Putin had declined to run for a third term and that his wish had been respected;
- That Putin promised to find a successor acceptable to all parties; and
- That Putin would depart from the presidency on certain undisclosed terms.[12]

Putin had been trying to balance the two sides in the *silovik* war and to keep the war from getting out of control. Thus first, from June to November 2006, he curbed the Sechin faction, and then, from November 2006 to February 2007, he restrained the Cherkesov clan. Putin also, reportedly, restored Sechin to his favour around December and set him to work on planning pre-election personnel changes for the coming months. In February Putin aimed to keep the temperature down by getting the agreement of all parties to the consensus. At the same time he gave some hints about possible future succession-related moves by elevating Sergei Ivanov to be an additional first deputy prime minister, Sergei Naryshkin to be a deputy prime minister, and Anatoly Serdyukov to be defense minister.

[12] Andrei Piontkovsky, 'Fevral'skiy konsensus', www.grani.ru, April 9, 2007.

CHAPTER 9

2007: Putin Tells the Sechinites He Favours Naryshkin for the Presidency; June–September 2007—New Sechinite Offensive Rocks the Cherkesovites

Abstract In July 2007 the senior bureaucrat Naryshkin reportedly told the Sechinites that Putin had asked him to be his successor. The group was pleased. But was Putin sincere in what he said to them about Naryshkin? Or was he deceiving them with a scenario that he never intended to implement? In April 2007, Putin had made a precautionary preparation for the succession when he launched a major institutional change to curb the powers of the procuracy. A law was drafted to create a powerful 'Investigations Committee attached to the Procuracy-general (ICP)'. By appointing Bastrykin, a Sechin ally, to the ICP, Putin created for himself an instrument for initiating investigations against individuals opposed to the Sechinites. In June–October 2007, Putin authorized attacks on the Cherkesov group, including on Zolotov personally, and had Kumarin and then Bul'bov arrested. But Sechin also took a severe blow when his supremely confident moves to have Rosneft take over the oil company Surgutneftegaz eventually came to naught.

Keywords Naryshkin · Sechin · ICP · Cherkesov · Kumarin Bul'bov

In general, these promotions pleased the Sechinites, who were close to Naryshkin and Serdyukov, and also hoped that Ivanov's promotion would actually harm him by opening him up to criticism for failures in some of the many policy fields for which he now became responsible.

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Most important, though, was that starting in March 2007 the Sechinites began to get signals that, at least for the time being, Naryshkin was probably Putin's number one choice for the succession. This was because Putin feared that he would not be able to get either Medvedev or Sergei Ivanov accepted widely enough by the power elite. By contrast, Naryshkin was fully acceptable to the *silovik* factions, and was the most tolerable of the *siloviki* to the non-*siloviki*.

In short, although the Sechinites never abandoned their goal of trying to persuade or compel Putin to serve a third term or stay in power in some other way, if they had to accept a new president, then Naryshkin was a good choice. He had a suitable combination of characteristics for serving as president: absolute loyalty to Putin, lack of ambition to become an independent president, and industriousness as a bureaucratic administrator.

In March the Sechinites noticed that Putin assigned Naryshkin to have two private, unpublicized meetings with German Chancellor Angela Merkel during her visit to Russia. They saw Putin as deliberately giving him high-level experience in foreign affairs. Putin also took Naryshkin—not Medvedev or Ivanov—on a successful trip to Central Asia. This climaxed in Turkmenistan on 12 May, when joint declarations on gas pipeline development were signed by Putin and the presidents of Turkmenistan and Kazakhstan. During the trip, Naryshkin was second only to Putin in the amount of coverage by Russian TV.[1]

In mid-July, Naryshkin reportedly told the Sechinites that Putin had told him that he would like him to be his successor and that he had agreed. The group was pleased about this, and Sechin was working on the various moves that would be needed to facilitate it. Meanwhile, Naryshkin continued to bring former aides from St Petersburg to Moscow to work under him. In August, Prime Minister Fradkov made some amendments to the legal charter of the government that effectively gave equal status to all of his first deputies (Ivanov and Medvedev)

[1] From the time of his promotion in February 2007, Naryshkin was named in the Russian media as one of the potential successors. For example, Aleksei Mukhin noted this, but also, in a detailed analysis of Naryshkin's recent career, concluded that he was an 'unlikely' choice, given that he had never been part of Putin's 'inner circle'. By contrast, he was a highly plausible choice for prime minister. See Mukhin, 'Administrativnaya os' Kozak-Naryshkin', Informatsionno-analiticheskiy byulleten, Tsentr politicheskoi informatsii, Moscow, no. 2, March 2007, pp. 24, 29. Three months later, Mukhin saw Naryshkin as the fourth most likely candidate, after Medvedev, S. Ivanov, and Yakunin.

and regular deputies (Zhukov and Naryshkin).[2] In the context sketched above, this seemed to benefit Naryshkin.

Was Putin sincere, or at least somewhat sincere, in what he said over several months to the Sechinites about Naryshkin? Or was he deceiving them with a scenario that he never intended to implement? In that case, was his motive to keep them politically passive for as long as possible regarding his choice of successor? On the basis of the available evidence, neither interpretation can be dismissed.

In April 2007, Putin had made a precautionary preparation for the succession when he launched a major institutional change designed to curb the powers of the procuracy. A law was drafted to create an Investigations Committee attached to the procuracy-general, soon to be known as the Investigations Committee attached to the Procuracy-general (ICP). The ICP was given many of the procuracy's powers in the sphere of investigations, notably the power to initiate them. The Procuracy lobbied strenuously against the law, arguing that, since the president would nominate the ICP head, the proposed body violated the constitutional separation of powers between executive and judicial bodies.[3] However, both houses of parliament rubber-stamped the draft. In addition, the ICP was immediately given extensive resources and high status, acquiring 18,000 of the procuracy's investigators, ample premises, and related institutions for teaching and research. In June, Putin's fellow law-school student, Aleksandr Bastrykin, was appointed to head it, and on 7 September he took office.

Since such a change had been discussed without urgency for some years, Putin's timing—just as the dramas of the presidential succession were heating up—can hardly have been accidental. The outcome, as a well-known lawyer noted, was politically significant: 'Out of one powerful figure two weak ones were created. Both are dependent on the Kremlin administration and, personally, on the president, since he nominates them both.'[4]

Putin's immediate goal was apparently to ensure that, as the succession struggles intensified, the procuracy, under Chaika, could not be

[2] Pribylovsky, *Vlast' 2010: 60 biografii*, 2010, p. 106.

[3] See a lengthy report of Deputy Procurator-General Sabir Kekhlerov's powerful speech to the legal affairs committee of the Federation Council in 'Genprokuratura oprotestovala sledstvennyi komitet kak nekonstitutsionnyi', *Kommersant*, May 24, 2007.

[4] As quoted in Sakwa, 2011, whose analysis of the emergence of the ICP was helpful to me. See pp. 191–192.

used to harass or arrest targets of the Cherkesovites. At the same time, by appointing Bastrykin, an ally of the Sechin group, to the ICP, Putin created for himself an instrument for initiating investigations against, and then arresting, individuals who were clearly enemies of the Sechinites. However, no matter how many advantages these arrangements had for Putin in helping him to maintain the necessary degree of autonomy from the *siloviki*, he was for a time unable to exercise sufficient control over them in the autumn of 2007.

Meanwhile, in March, according to the well-informed Piontkovsky, Cherkesov and Zolotov had reportedly violated the fragile Putinite consensus by once again pressing the president to agree to a third term in March. Reportedly, he appeased them by saying he would have Fradkov elected as his successor, but only to serve for a short time. Then Fradkov would resign, perhaps on grounds of the ill health that he did in fact suffer from, and Putin would return to the presidency. Such a scenario would avoid any direct violation of the constitution. It also revealed something new: Putin's readiness to promise—if not necessarily sincerely—to return to power soon after giving it up.

In the key months between June and October 2007 the Cherkesov and Zolotov group was the target of a new series of attacks. First, in June, after a break of six months, the *kompromat* campaign against Zolotov was renewed and put in a more political context. Following an article that berated him for a wide range of activities in St Petersburg,[5] a Duma deputy sent a letter to the Moscow procuracy (with copies to Sechin and Presidential Administration head Sobyanin), asking whether Zolotov had violated the law by:

- providing 'political and security cover' for the St Petersburg news agency and publishing house AZhUR (headed by Andrei Konstantinov), which was tied to leaders of the Tambov organized crime group;
- 'closely collaborating with one of the leaders of the Tambov group, V. Kumarin';
- blocking 'attempts by the forces of law and order (Procuracy, Ministry of Internal Affairs (MVD), Federal Security Service (FSS)) to rein in the activities of the Tambov group';

[5] Sergei Krasnov, '"*Siloviki*" protiv Valentiny Matvienko', June 7, 2007, www.anticompromatorg/zolotov/zolot_inf07.html.

- 'having a financial stake in the Finnish transportation company Moby Dick', which had its own customs terminal on the territory of the St Petersburg dam[6]; and
- 'collaborating closely with the notorious businessman A. Sabadash,[7] who has figured in criminal cases, and, in 2006, lost his seat in the Federation Council'.

The article ended by saying that 'Zolotov is considered an influential figure and a bureaucratic (*apparatnym*) rival' of Sechin and Sobyanin.[8] Later, Vladimir Zhirinovsky's Liberal Democratic Party sent a similar letter to the same addressees.[9]

The second strike against the Cherkesov clan came in early August 2007. Fairly detailed accusations were made against Cherkesov, alleging that he was illegally receiving large sums in bribes and kickbacks from the state-controlled oil-transport monopoly Transneft, headed by Semyon Vainshtok.[10] Two months later Vainshtok was transferred to a lesser

[6]In May–June 2007 a coalition of forces tried to force Moby Dick to give up its lease on the dam territory against its will and on unfavourable terms. The case attracted much publicity, and figured another presumed member or associate of the Cherkesov clan, a banker who became the 'Dam Tsar' and was said to be close to Kumarin, Vladimir Kogan. See the Finnish report (in English) *Helsingin Sanomat*, May 18, 2007, www.hs.fi/english/print/1135227349544, and a report of an intervention by eight Duma members in A. Zalevsky's article on the solomin site, May 18, 2007, compromat.ru/main/kogan/mrskport2.htm. The case appears to have eventually been settled. There is also evidence that Kogan became a trusted associate of Putin's early in the latter's career in St Petersburg. The fact that he has prospered ever since suggests that he and Putin have remained close. See the detailed portrait of Kogan by one of the best informed and most insightful analysts of Russia's political elite, A. A. Mukhin, *Nevskiy – Lubyanka – Kreml': Proekt – 2008*, Tsentr politicheskoi informatsii, Moscow, 2005, pp. 174–196.

[7]While the business-related charges against Zolotov may or may not have been on target, it's worth noting that Pribylovsky describes him in his book *Vlast'-2010*, p. 575, as 'a very wealthy man (*krupnyi sobstvennik*) and the owner of a large number of companies, the shares of which …. he transferred to someone to be managed independently of himself'. Collaboration with Sabadash was not a new charge (see Chapter 2), but no evidence of criminal activity by Zolotov in connection with him has to my knowledge been published.

[8]Article on www.informacia.ru, July 3, 2007, also available from compromat.ru/main/kogan/zolotovkur.htm.

[9]*Russkiy kur'er*, July 23, 2007.

[10]Aleksei Devyatov, 'Kakim biznesom zanyat Viktor Cherkesov?', *Novyi kogot'* – *Kompromatnyi vestnik*, August 9, 2007, www.anticompromat.org/cherkesov/kogot.html.

position and replaced by a longtime associate of Putin's, Nikolai Tokarev. In 2010 Vainshtok emigrated to Israel.

On 22 August, Kumarin was at last arrested in a joint operation in St Petersburg by the procuracy and the MVD brought in from Moscow. Using only Moscow forces ensured that none of the Kumarin-suborned groups in St Petersburg—located in the MVD, procuracy, FSS, and governor Matvienko's office—was able to prevent the arrest. The procurator-general charged Kumarin with having bribed senior figures in the city's FSS and MVD to serve his criminal purposes.[11] (Later he was also charged with having ordered the murder of a member of his own crime group.)

Two days after Kumarin's arrest, the *Leningradskaya pravda* website launched a new editorial broadside against Cherkesov.[12] It claimed that he might soon be transferred to the Security Council, because he had bungled the CSSN's handling of the Tri Kita case. He was accused of letting his agency go too far in its corruption charges against generals in the FSS, the MVD, and the Customs Service. He was also described as a poor manager of State Committee for the Control of Narcotics (SCCN), and as having mishandled his wife's desire to be appointed to the Federation Council. All this had allegedly upset Putin.

Meanwhile a major blow struck Sechin and his oil company Rosneft in September. The history behind the episode went back to September 2006, when a few observers noted that Vladimir Bogdanov, veteran head of the major private oil company Surgutneftegaz (Surgut) might be distancing himself from Sechin and Sergei Bogdanchikov, the heads of Rosneft with whom he had had close working relations. Bogdanov appeared to be moving closer to Putin's longtime associates and business partners Gennadiy Timchenko and Yuri Koval'chuk, who had strong ties to Gazprom.

[11] See a delayed account of Procurator-General Chaika's report of August 27 on the implications of the operation in 'Vokrug novostei', reproduced on compromat.ru, September 4, 2007. See also the round-ups on the sensational arrest itself presented on August 24, 2007, by the sites newsru.com and zagolovki.ru. For a more detailed analysis of the possible explanations for Kumarin's arrest, see the anonymous article in *Leningradskaya pravda* of the same date, www.lenpravda.ru/gate/phtml?id=2089.

[12] 'Cherkesov mozhet stat' sekretarem SB', lenpravda.ru/gate.phtml?id=2090, August 24, 2007.

What had been driving his shift? Seemingly, it was the ambition of Sechin and Bogdanchikov, as noted earlier, to turn Rosneft into a world-class oil giant by taking over Surgut. Bogdanov had mixed feelings about this.[13] And also, apparently, Bogdanov's allies Timchenko and Koval'chuk, in addition to their ties to Rosneft's rival Gazprom, did not support the political goals of the Sechin group regarding the succession. Thus the three men had two reasons to oppose Rosneft's becoming stronger through the acquisition of Surgut.

Putin appeared to be ambivalent about Surgut's future. He had reportedly supported Rosneft's ambitions in certain ways, and was helping the Sechinites in their struggle against their main *silovik* enemy. Also, rumours of a takeover of Surgut by Rosneft (or Gazpromneft) had circulated for four years, which Rosneft leaders had brushed off. However, from July 2007 the rumours became more insistent and the Surgut share price shot up way ahead of the market. Most important, in late September senior Surgut managers firmly believed that Rosneft was about to take over Surgut in a matter of days. The two sides had reportedly drawn up plans for effecting the changes. While Bogdanov apparently approved the plans, he avoided saying anything definite in public—until, on 26 September he spoke out at a press conference to mark Surgut's 30th anniversary. He said he was strongly against the idea of reducing the level of competition in the oil industry, which would immediately produce a drop in oil extraction and a rise in the price of oil and everything else. He made no reference to Surgut or Rosneft, presumably because the preparations for the takeover had not been publicized. No authoritative public report of an upcoming takeover existed for him to deny.

On the same day, Putin sent a telegram to congratulate Surgut on its anniversary. But it contained no clues as to whether a takeover might occur in the future. Two weeks earlier he had made an ambiguous remark at the Valdai Club conference that could have been read as implying that a takeover was not in prospect. Moreover, a senior industry figure compounded the uncertainty with a comment on Bogdanov's statement to the effect that the trend toward greater state ownership was easily observable, so 'even before the presidential election [then five

[13] See, e.g., the article by the political analyst Tatyana Stanovaya of September 25, 2006, at politcom.ru/article.php?id=3437. Her analysis held plausibly that Timchenko had become the de facto owner of the Kirishi oil refinery, which formally belongs to Surgut.

months away—PR] the oil and gas sector may be faced with new mergers and takeovers'.[14] The Sechin camp firmly believed, after Bogdanov's statement, that the takeover had only been postponed, not cancelled. It also reported, over the next three months, that in practice Rosneft was taking all the important decisions at Surgut, even adding that 'Surgut is, in effect, part of Rosneft.'

However, by mid-January 2008 the situation had changed. Serious talk of a takeover or merger had ceased, and Sechin's authority over Rosneft had reportedly been diminished by Putin. The result was that Rosneft's decision-making had been somewhat paralyzed. Also, Surgut had asserted its independence and was now said by the Sechinites to be exporting all its crude oil through companies of the Gazprom-oriented Timchenko. And more than nine years after Bogdanov made his stand, the Sechin camp's belief that the takeover was only postponed has so far proved to be unfounded.

Did Putin, late in the day, change his mind about the takeover? Or did Bogdanov simply decide to make a stand for independence, at least for the time being, in the absence of firm opposition from Putin? The lack of a clear explanation encourages me to speculate that either or both of two groups—that of Timchenko and the Koval'chuk brothers and/or the 'Abramovich group'—may have played a role in persuading either Putin or Bogdanov or both, to drop the takeover idea.[15] Implementing a takeover would only have strengthened the Sechinites, enemies of both groups. It would also have weakened Gazprom and its chairman Medvedev, who was probably the favoured succession candidate of the Abramovich group and most likely of the Timchenko/Kovalchuk group too.

The final and most consequential strike against the Cherkesovites was closely related to the procuracy's accusations regarding Tri Kita and the associated case of the smuggling of Chinese goods. On 1 October, five days after Bogdanov's speech, Cherkesov's right-hand man Bul'bov and three of his SCCN colleagues were arrested on charges of abusing their powers. As soon became clear (and was mentioned earlier), they

[14] Except where otherwise indicated, all the information in the above paragraphs about Surgut comes from E. Derbilova and V. Sunkina, 'Pora ostanovit'sya', *Vedomosti*, September 27, 2007.

[15] It cannot be excluded that the Cherkesov–Zolotov group played a role too.

had successfully tapped the phones of some of the FSS generals who had been fired a few months earlier.

In the uproar that followed the arrests, the meeting of the Security Council which had been scheduled for 8 October was postponed until November. A similar gambit was soon used against Zolotov. It involved an attempt by the pro-Sechin Investigations Committee of the Procuracy (ICP) to arrest an aide of Zolotov's on smuggling charges. However, for reasons that remain unclear, the whole case came to naught.[16]

[16]Aleksandr Khinshtein, 'Bastrykin – v nokaute', *Moskovskiy komsomolets*, November 5, 2009.

CHAPTER 10

October 2007: Cherkesov Makes His Last Stand—Putin's Minimal Aid Masks His Incipient Abandonment of His Longstanding Associate

Abstract In October 2007 Cherkesov makes his last stand and Putin's minimal aid masks incipient abandonment of his longstanding associate. With time running out for Putin to make a final decision about the succession, and with Cherkesov's faction under siege, Cherkesov published a second sensational article on 9 October. He said that the worst fears he had expressed in his article of 2004—that 'fighting between the special services' might break out—had come to pass. He was sure that 'the events surrounding the State Committee for the Control of Narcotics (SCCN) (Counter-Narcotics Agency) will eventually be handled normally', and justice would triumph. But the wider virus had to be stopped at once. Members of the special services had to make a definite choice. Either they could leave government service and go into business, or they could stay put and keep out of business. More particularly, the current attacks on the SCCN had to cease. Its investigation of a sensitive case was fully legitimate and authorized (a reference to Putin). Soon Putin rebuked Cherkesov publicly for his article, though without naming him.

Keywords Cherkesov's last stand rebuffed · Security services

With time running out for Putin to make a final decision about the succession (the latest he could do so was December) and with Cherkesov's faction under siege, Cherkesov published a second sensational article on 9 October, a few hours after Putin had made a late-night visit to

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Federal Security Service (FSS) headquarters.[1] He opened by saying that the worst fears that he had expressed in his article of 2004—that 'fighting between the special services' might break out—had come to pass. He was sure that 'the events surrounding the SCCN will eventually be handled normally', and justice would triumph. But the wider virus had to be stopped at once. Serious work needed to be done. In the case of the State Committee for the Control of Narcotics (SCCN), it was locked in combat with super-rich narco-barons. It could not afford to be distracted by illegal actions from within Russia's own government.

Cherkesov then reiterated the central argument of his previous article. The chekist 'corporation' had warded off the chaos that was developing in Russia in the 1990s, had given the people an anchor to hold onto, and had 'created some minimal order' in the country. Cherkesov could now envisage three possible scenarios:

- the corporation would soon withdraw from ruling Russia, to be replaced by an effective civil society;
- less good, the corporation would cement itself together again, create a firmly based stability in Russia, and gradually enable the country to exit from its 'deep socio-cultural depression'; or
- the corporation could repeat the catastrophic mistakes of the *nomenklatura* of the late Soviet period, in which case Russia would depart from the history books, an outcome strongly desired by its enemies.

Cherkesov had a recipe for ending 'the war of groups within the security services'. Their members had to make a definite choice. Either they could leave government service and go into business, or they could stay put and keep out of business. More particularly, the current actions and propaganda attacks on the SCCN had to cease. Its investigation of Tri

[1] 'Nel'zya dopustit', chtoby voiny prevratilis' v torgovtsev', *Kommersant*, October 9, 2007. According to the well-informed Olesya Yakhno, Cherkesov's article was actually written by the well-known political writer Sergei Kurginyan, using a conceptual outline devised by Cherkesov's wife Natalya Chaplina. Plausibly, as noted in the introduction to this article, Yakhno saw the roots of the *silovik* war as lying in business rivalries between Sechin and Zolotov that date to the early 1990s. Equally plausible are her statements that Zolotov developed good relations with both Deripaska and Abramovich soon after he headed Putin's guard service in 1999, and that Chaika was appointed procurator-general in part because Abramovich and Deripaska favoured him. Yakhno, 'Noch' chekista', www.glavred.ru, November 9, 2007.

Kita was fully legitimate and authorized (a reference to Putin). Officers should not be arrested for doing their jobs (a reference to Bul'bov and his colleagues). If the new Investigations Committee of the Procuracy (ICP) was really needed, it had to be independent, which was not the case currently. Finally, Cherkesov said that the government's fight against corruption was being misused to fan an inter-clan war as part of a pre-election campaign. It was a type of political propaganda. Now, he concluded, 'our corporation' must stabilize itself, in order then to stabilize Russia. After that, it should withdraw from politics.[2]

The contents of this, by implication, strongly anti-FSS article sheds light on the reasons for Putin's above-mentioned visit to FSS headquarters on 8 October. It seems likely that Putin got wind of the article (or received the text) some hours before its appearance, and decided to demonstrate his support for Patrushev and the FSS in advance. Putin may also have taken the opportunity to discuss with Patrushev what sort of response the president should make to Cherkesov.

A few hours after the article appeared, Bul'bov was further charged with the more serious crime of divulging state secrets.[3] Ten days later, in a chat with his favourite journalist, Andrei Kolesnikov of *Kommersant*, Putin rebuked Cherkesov for his article, though without naming him. Security service matters should not be aired in public, he said, and if anyone were to do that, then at least that person should be 'beyond reproach'.[4]

[2] Cherkesov's broad argument, though not he personally, was endorsed by former KGB head Vladimir Kryuchkov and some colleagues from his 1980s generation in an open letter in *Zavtra*, October 31, 2007.

[3] Yuliya Latynina examines this episode and puts it in a wider context, 'Bol'shoi brat slyshit tebya', *Novaya Gazeta*, October 11, 2007. Roman Shleinov records the complaints of ordinary serving FSB officers against Bul'bov, 'Skandal v prezidentskom gareme: Stremlenie Viktora Cherkesova usilit' sobstvennoe vliyanie privelo k arestam v narkokontrole', *Novaya Gazeta*, October 11, 2007. Also, two CSSN officers died mysteriously of radiation poisoning soon after Bul'bov's arrest. See Yuri Senatorov's report in Kommersant, July 2, 2009, and Gregory Feifer, 'Corruption in Russia: How Russia is Ruled', RFE/RL, November 28, 2009, reprinted on 'Johnson's Russia List', no. 219, November 30, 2009, item 10. Several nasty reprisals were taken against Cherkesov's and Bulbov's organization (SCCN) to show them they had now, at last, been politically crushed. These were the arrests detailed in the *Novaya gazeta* article quoted above and the two fatal poisonings.

[4] 'Putin o stat'e Cherkesova …', *Kommersant*, October 19, 2007, reproduced the same day on compromat.ru/page_21621.htm.

CHAPTER 11

How the War Had Evolved by Mid-October 2007: Putin's MO During the Crisis; November 2007—Sechinites Sense Betrayal and Raise the Stakes

Abstract Putin had found that he could not balance the clans. In addition, he decided that the only feasible way to keep the Sechin faction under control and ensure his own personal security was to grant it a major concession—he would remain at the helm of decision-making by taking the post of prime-minister. But the Sechinites did not relent—that was not enough. He must run again or at least anoint Naryshkin. They had a deputy finance minister arrested, had Belkovsky denounce Putin for amassing an alleged fortune of $40 billion, and had a famous 1992 attack on Putin for corruption by Marina Sal'ye reprinted. All this provoked Putin into attacks on them to make them keep quiet during the final weeks before the presidential election. Chaplina wrote an article denouncing them, and Shvartsman gave a factual interview about their ruthless use of physical and other intimidation against private business owners to force them to surrender their properties to state companies.

Keywords Putin · Prime-minister · Sechinites attack
Putin counter-attacks

Starting in the summer of 2007, the Sechinites had struck repeatedly and got the upper hand. When Cherkesov hit back publicly in October, the war threatened, as in December 2004, to escape from Putin's control. Putin needed to act to rein in the Sechinites (without yielding to their demands for him to undertake a third term) and, if possible, restore a

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balance between the clans. He failed on the second goal and had only mixed success on the first.

The Sechinites presented a particular danger because they had more resources than their rivals. They had also begun to suspect that Putin did not plan either to keep his promise to have Naryshkin succeed him or to agree to a third term. In addition, the Sechinites were prepared to be more ruthless than other clans in promoting their own interests. This explains why Putin's attempts to re-balance the *silovik* clans failed. He appears to have been unable (or unwilling) to prevent the Sechin group from using Bastrykin's Investigations Committee of the Procuracy (ICP) against the Cherkesovites, against the procuracy, and, in November (see below), against the loose grouping of 'administrative-financial' officials around Finance Minister Aleksei Kudrin.

Putin's failure to rebalance the clans illustrates one aspect of the modus operandi that he has used on the occasions when his balancing style of rule has led him into tough political situations. He focuses first on achieving his most important priorities, and only then does he try to restore a balance—if possible—in those conflicts that remain unresolved.

Looking ahead to the period from October 2007 to March 2008, Putin's approach required that he nominate for the succession the candidate (a) who at this stage would most satisfy one of his two most important constituencies, namely the 'Abramovich group', and (b) whose presidency would help to protect Putin from becoming hostage to his other important constituency, the Sechinites. In addition, Putin decided that the only feasible way to keep the Sechin faction under control and ensure his own personal security was to grant it a major concession—that he would remain at the helm of decision-making by taking the post of prime minister. In conjunction with other power resources he controlled, he would re-shape the post, so as to continue to be Russia's principal ruler.

These priorities came first for Putin. The fact that he could not also re-balance the main *silovik* clans was unfortunate, but life for Putin has been largely about the survival of the fittest. He would lose no sleep over the collapse of Cherkesov's clan, which had proven too weak to survive on its own. Nonetheless, in October 2007 Putin took several steps to reassure Cherkesov. He took him along on a foreign trip and appointed him to an additional post as head of the newly created National Anti-Drug Center. He may also have approved Chaika's formal demand that the Moscow City Court revoke Bul'bov's arrest on the grounds

of procedural violations. Putin may also have stood behind Bastrykin's announcement that he was considering reopening the investigation of the murder of the well-known journalist and Duma deputy Yuri Shchekochikhin in 2003. Since the goal of this murder (still unsolved) was widely thought to have been putting an end to the victim's investigation of the Tri Kita case, further investigation of it in 2007 probably presented a potential threat to highly placed individuals who may have ordered the murder to keep their tracks covered. Thus it is not likely that Bastrykin took this initiative on his own. Bastrykin's further investigation did not lead to any embarrassment for senior figures.

In face of the above-listed attacks, the Sechinites did not stand idly by. On 18 October, the CEOs of some 90 companies and organizations held a press conference to demand that certain State Committee for the Control of Narcotics (SCCN) officials be investigated for corruption. And on 31 October the Moscow City Court rebutted Chaika's demand with a legal rationale for the arrest of Bul'bov and his colleagues.

In mid-November, with no sign that Putin was about to satisfy their demands for a third presidential term or the anointing of Naryshkin, the hardliners raised the stakes. First Stanislav Belkovsky—their periodically hired though undeclared advocate—published a bold attack on Putin, accusing him of massive corruption and stashing abroad a fortune of some $40 billion.[1] The clear message was that politically powerful *kompromat* on Putin was available, and that unless he paid attention to the wishes of the hardliners, they would not hesitate to publish more of it.

On 15 November, the ICP arrested Finance Minister Kudrin's trusted deputy, Sergei Storchak, for alleged financial malfeasance. The message was that the group was powerful enough to act alone since no evidence suggests that Putin gave approval for the arrest. Further, the Kudrinites should not even consider opposing the Sechinites' interests, for example by making an alliance with Cherkesov's group.

Key to the success of the Sechin group's ploy, as also with Bul'bov's arrest, was its reliance on Putin's well-known allergy to changing any high-level *fait accompli*, even if it had been executed without his agreement. Sechin's presumed calculation proved to be correct. Putin was made to look increasingly helpless. The Sechinites kept pushing him

[1] Belkovsky's charge, with some enticing details, appeared in a report in the German newspaper *Die Welt*, November 12, 2007, and was at once picked up by the bolder media in Russia and also by foreign publications.

further and further, humiliating him and his close associates Cherkesov and Kudrin, whose top lieutenants he was simply unable to get out of jail.[2] The procuracy got the ICP's most damaging charge against Storchak dropped, but its efforts to free him failed. Later, after Bastrykin had accused the procuracy of undermining the ICP's independence, Chaika hit back twice. The second time, the procuracy announced that it had launched a formal investigation into the legality of various aspects of the ICP's work. However, Bul'bov and Storchak were still not released.[3]

Putin was also hit at this time by the republication of a damning 1992 report on his corrupt activities in St Petersburg, written by the liberal Marina Sal'ye and a colleague in the St Petersburg city legislature,which reinforced the hardliners' apparent attempt to pressure Putin.[4] However, their (the Sechinites') offensive provoked an almost immediate series of counter-attacks, in particular to ensure that they did not interfere during the final two weeks of decision-making over whom to anoint as Putin's successor and over the modalities for doing this. Later, after a successor was anointed, the goal of the continuing intimidation was probably to deter the Sechinites from sabotaging his election campaign.

On 24 November, Cherkesov's wife, Natalya Chaplina, published a provocative article claiming that Sechin had recently gone on vacation and might not return to his post.[5] Then a little-known businessman, Oleg Shvartsman, gave an insider account of how Sechin had regularly used his (Shvartsman's) company, as well as Ministry of Internal Affairs (MVD) enforcers, to conduct expropriations of private companies in order to nationalize them.[6] Three days later, Shvartsman's

[2] See Milov's interview with Yevgeny Kiselev on the latter's program 'Vlast', transcript on www.echo.msk.ru, November 23, 2007, p. 12.

[3] For several of the points in the above five paragraphs I am indebted to Sakwa, 2011, pp. 197–198, 203.

[4] See the Sal'ye report and related materials on, e.g., compromat.ru, November 29, 2007.

[5] Chaplina's article appeared on the website of the liberal oligarch Aleksandr Lebedev, November 24, 2007. Her theme was repeated in a report in *RBK Weekly*, December 4, 2007.

[6] Shvartsman's interview appeared in *Kommersant*, a publication owned by the pro-Medvedev oligarch Alisher Usmanov, November 30, 2007.

account was publicly confirmed as being accurate by the pro-Medvedev Anatoly Chubais.[7] It was a blow that certainly helped all the enemies of the Sechinites—the 'Abramovich group', the Cherkesovites, and also perhaps—in the circumstances—Putin.

[7] Editorial article, 'Geroi interv'yu stal antigeroem', *Kommersant*, December 3, 2007.

CHAPTER 12

Late 2007: Difficulty Choosing a Successor—Medvedev Chosen at the Last Minute

Abstract Putin announced on 10 December that—to the shock or surprise of most observers–he was nominating Medvedev as successor. Putin would become PM. The oligarch-oriented Abramovich group played an important role in Putin's decision. The Sechin group was angry, but decided against running a candidate of its own. The situation could have been worse, because at least Putin would be PM and able to control Medvedev.

Keywords Successor Medvedev · Putin—PM · Abramovich Sechinites angry

From September to December 2007, Putin and his inner group wrestled with the problem of who should succeed him as president. As the commentator Aleksandr Budberg wrote, Putin's group was faced with tough decisions: 'We can be sure that Putin has no successor in prospect who fully fits his requirements. [Thus] he will in any event have to take risks and make compromises with reality.'[1]

It appears that from the summer of 2007 Putin kept open as long as possible the following succession options: (1) anointing Sergei Ivanov, Medvedev, or Naryshkin, (2) anointing any one of them on the

[1] Budberg, 'Putin ego vidit!', *Moskovskiy komsomolets*, September 13, 2007.

P. Reddaway, *Russia's Domestic Security Wars*,
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understanding that he would step down in favour of Putin before his term was up, or (3) changing the constitution and serving a third term.

In early September 2007, much expert and media opinion argued that Putin would appoint Ivanov as prime minister and anoint him as his candidate for the succession.[2] If that was the plan, it was soon dropped. According to Aleksei Venediktov, on 20 September, with the Duma elections only 10 weeks away, Moscow printers received an order for a large number of campaign posters featuring Ivanov as the leader of the Unified Russia party. But, he went on, soon after this, confidential polls conducted for the Kremlin predicted that under Ivanov's leadership the party would receive only 45% of the vote.[3] Thus Ivanov was dropped on 26 September and Putin declared on 1 October that he himself would lead the party into the election.

Additional possible reasons for Ivanov's evident de-selection include the fact that Putin had been dismayed that his own instructions had not been adequately carried out at a submarine base that he visited with Ivanov on 5 September.[4] Ivanov had also recently made a disrespectful reference to him during a speech at a Valdai Club conference.[5] At the same time, Medvedev, too, suffered a reversal. When the new cabinet was announced on 24 September, observers noted that three of the ministers who had been removed—German Gref, Aleksandr Zurabov and Vladimir Yakovlev—had been reporting to him. To counter the implied criticism, Medvedev felt obliged to give media interviews defending the three men's performance while in office.

Nonetheless, on 10 December Putin surprised most observers by announcing that Medvedev was his candidate for the succession. As Georgy Satarov put it, Putin had tried and failed to get Bul'bov and Storchak out of jail, and thus his best course was to outflank the Sechinites by choosing the liberal Medvedev. On 17 December, at the

[2] See, e.g., reports in *Moskovskiy komsomolets*, September 6, and *Vedomosti*, September 12, 2007.

[3] Venediktov interview, www.echo.msk.ru, December 3, 2007.

[4] Natalya Melikova, 'Triumf liberalov – *Siloviki* proigrali bor'bu za post preemnika', *Nezavisimaya gazeta*', December 11, 2007.

[5] Ivanov had just heard that Zubkov had been appointed as PM, and suspected that this spelt the end of his succession hopes. He gave the speech on September 12, 2007. His comment was that Putin had not had an especially successful career in the KGB. It was reported to me by an American scholar who was present.

congress of his party Unified Russia, Putin stated his readiness to serve as prime minister.

The decision to anoint Medvedev as successor appears to have been made at the end of November 2007.[6] Probably a group similar to the one that, on 1 June 2006, eighteen months earlier, demanded Ustinov's instant dismissal (see Chapter 7) played a key role. The leaked information that Abramovich—reportedly the leader of that group—had a private meeting with Putin on 7 December supports this view.[7] The two men almost certainly discussed important issues of the transition.

The choice of Medvedev was an unexpected and heavy blow to the Sechinites (as would have been the choice of Ivanov). They were angry, mainly because they did not like Medvedev's political views and style, but also because the choice was a victory for Gazprom over Rosneft. Initially their reaction was to consider choosing a candidate of their own and pressuring Putin to allow him to run against Medvedev. They also planned to launch an aggressive *kompromat* campaign against Gazprom's CEO Aleksei Miller.[8]

However, almost all those, *siloviki* or others, who owed their high positions and wealth to Putin must have felt relief that he was going to stay on as prime minister. He might be persuaded or pressured into returning to the presidency before too long. Even though the Sechinites' heavy-handed tactics had not produced a third Putin term or a Naryshkin presidency, they may have contributed to an outcome that was at least tolerable to them.

At the same time, Sechin's enemies kept up their campaign of trying to intimidate him. Their aim was to minimize the danger that the Sechin group might derail the election of Medvedev or excessively influence the new political configuration that was due for deployment in the period from March 2008 to his inauguration in May. According to Vladimir

[6] See, e.g., the report on www.ura.ru, December 7, 2010, which quotes insider information that this was when Surkov instructed the sophisticated Kremlin propagandist Gleb Pavlovsky to start promoting Medvedev in his PR activities. Kremlin sources speaking to the press on the day of Medvedev's anointing claimed that Putin had decided on Medvedev a month and a half before the event. Melikova, 'Triumf liberalov', December 11, 2007. This seems doubtful to me, unless what was meant was a very tentative choice.

[7] Melikova, 'Triumf liberalov', December 11, 2007.

[8] Same. Also, Sechin's distress was suggested by his gloomy demeanor and body language during the Medvedev anointment proceedings on December 10, as observed by Melikova, 'Triumf liberalov', December 11, 2007. I got the same impression from the TV footage.

Filin, the Sechinites plotted to keep Putin as their hostage and to prevent Medvedev from making changes in the status quo. They would also, Filin argued, use Belkovsky to blacken Putin's image in the West by exposing his chronic corruption, which would prevent Medvedev from moving Russia closer to the West and make it easier for the Sechinites to persuade or force Putin to stay in power indefinitely.[9]

To show that the Sechin goup could not be easily intimidated, Belkovsky did indeed unleash another blast against Putin's corruption in December. He also targeted what he saw as Medvedev's assigned role as Putin's point-man for the delicate task of persuading the West to accept the legitimacy of the Russian ruling class and of the extensive assets that it had invested in the West for safe-keeping.[10]

One incident at the time showed how nervous and defensive Putin had become about the multiplying attacks on vulnerable aspects of his record. In December the *Wall Street Journal* published a lengthy profile of him that included a harmless quotation from Ruslan Linkov, whose liberal employer Galina Starovoitova had been assassinated in 1998. Putin's spokesman denied the truth of Linkov's inoffensive statement.[11] Apparently Putin wanted to preemptively intimidate anyone who might accuse him of having ordered politically motivated murders such as those of Politkovskaya and Litvinenko.

[9]For Filin's article see www.forum.msk.ru, December 24, 2007. Another powerful and substantive attack on the Sechinites was struck mainly at Sechin's colleague in Rosneft, Sergei Bogdanchikov, but also, by implication, at Sechin too. See Vitaly Sotnik, 'Medvedevu 'slili kompromat' na Bogdanchikova', ura.ru, February 13, 2008, reprinted on compromat.ru, February 18, 2008.

[10]Belkovsky interview of December 28, 2007, http://posit.kz/?lan=ru&id=100&pub=4904, quoted in Jonas Bernstein, 'Belkovsky Predicts Medvedev Will Tighten the Screws', *Eurasian Daily Monitor*, January 7, 2008.

[11] *Wall Street Journal*, December 21, 2007. Linkov is the former assistant to the crusading democratic politician Starovoitova, whose murder in 1998 has never been solved as regards who ordered her killing. Now he simply repeated what he had said publicly several times before, namely that in 1990 Putin had driven Starovoitova around for a day, as she gave political speeches. Oddly, Putin's press secretary Peskov, who would normally have remained silent, chose to issue an official denial when the news reporter checked the story out with him. He claimed that Putin had never in fact driven her around, even though Putin himself had previously acknowledged doing so. It is hard to interpret this denial other than as an expression of Putin's fear that Linkov might make further statements as the election campaign went on, and these might embarrass him.

PART III

The *Silovik* War Winds Down—Aftermath and Conclusions

CHAPTER 13

2007–2008: War Fades, Tandem Forms, Cherkesov Clan Dissolves, Sechinites Decline; Putin Generates New Factional Wars—General Procuracy vs the Investigations Committee of the Procuracy (ICP), Medvedev vs Sechin

Abstract In 2007–2008 the *silovik* war fades, a ruling tandem of Medvedev and Putin forms, the Cherkesov clan dissolves, and the Sechinites decline. Putin generates new factional wars: The General Procuracy vs the Investigations Committee of the Procuracy (ICP), and Medvedev vs Sechin. Sechin was appointed as a deputy prime minister with limited powers, and Patrushev as secretary of the Security Council. Especially notable was the sharp decline in Patrushev's status, given that the Security Council had few effective executive powers. However, he was apparently reasonably content with the choice of his successor at the Federal Security Service (FSS), Aleksandr Bortnikov, an ally of Sechin and an old enemy of Cherkesov's from St Petersburg days. As for Sechin, it turned out that by 2010 Putin was having him act almost as deputy head of the government, responsible for many aspects of its everyday work.

Keywords *Silovik* war · Tandem · Sechin · New conflicts

The formation of Putin's and Medvedev's tandem leadership—formalized in the wake of Medvedev's election in March and inauguration in May—created

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a new conjuncture for all players. Among other things, Sechin was appointed a deputy prime minister, Patrushev as secretary of the Security Council, and Cherkesov as head of the Federal Agency for the Procurement of Arms, Military and Special Technology, and Material Equipment (an agency with only a handful of employees). Especially notable was the drastic decline in Cherkesov's status, and in that of Patrushev, given that the Security Council has few effective executive powers. However, the latter was apparently reasonably content with the choice of his successor at the FSS, Aleksandr Bortnikov, an ally of Sechin and an old enemy of Cherkesov's from the time of the latter's stint as head of St Petersburg's FSSA in 1993–1998.

As for Sechin, his transfer to be a deputy prime minister evidently reduced his political influence quite sharply, because his main responsibility—industrial development outside the field of defence—was, initially, relatively narrow. Also, the oil and gas industries, in which Sechin had some expertise through his Rosneft chairmanship, were ones in which Putin had long taken most of the major decisions and would probably continue to do so. On the other hand, it turned out that by 2010 Putin was having him act almost as deputy head of the government, responsible for many aspects of its everyday work, with the main exceptions being foreign policy, finance and, to some extent, security.[1] This broad portfolio may have been designed to give Sechin the range of ministerial experience needed to become prime minister, should Putin want to give him that position in the future. It also enabled Putin to avoid doing a lot of demanding administrative work of the sort that he dislikes, leaving it in the hands of someone in whom he had extensive, if far from complete trust.

Meanwhile, Zolotov's formal position did not change, although he had a new president to guard. Now he was well placed to spy on Medvedev for Putin, to whom, we may assume, he continued to report. Moreover, no devaluation of one of his major assets occurred, namely the fact that over eight years of guarding Putin, he must have accumulated a wealth of highly personal information about him. The circumstance that some of this information had presumably been unflattering to Putin must have given Zolotov a certain security against reprisals that Putin might want to take against him as a result of Zolotov's business and/or political activities, including his alignment with Cherkesov, Kumarin and others.

[1] On Sechin's evolving role see Pribylovsky, *Vlast'-2010*, Panorama, Moscow, 2010, pp. 5–6.

To look at the new conjuncture more broadly, Putin had weakened both of the feuding groups, the Cherkesovites severely and the Sechinites not a little. This was feasible because the groups must have realized in 2008 that the circumstances required circumspection. The awkward tandem arrangement could only weaken Putin politically. If the patron of both groups was weakened, then they too were weakened. If they rocked the boat, they would simply play into the hands of Putin's and their own enemies. And this was a time when their enemies were enjoying new opportunities to go on the attack and exploit the weakened censorship of the media that the tandem inevitably engendered. These enemies appreciated the extra room for manoeuvre afforded by the clumsy power structure of two parallel bureaucratic teams, one under each of the tandem leaders. Thus the predictions of some analysts—that the *silovik* war was so intense that it would inevitably continue 'to the death'—turned out to be mistaken.[2]

After the beatings it took between November 2006 and May 2008, the Cherkesov clan, if it survived at all, could no longer hope, at least for the time being, to undertake serious action against its opponents. As noted earlier, it had always been bureaucratically weaker than its rival, and had kept afloat thanks only to Putin's political support at key moments.[3]

Why had Putin provided support to Cherkesov's group? As argued earlier, Putin the balancer, mediator, and oligarch-in-chief always needed to 'divide and rule' and to keep different parts of his power base in conflict with each other so that he could retain some autonomy and room for manoeuvre. Now, as the succession played out in 2007–2008 and he managed to tamp down the excessively dangerous

[2]For example, the normally careful and insightful Tatyana Stanovaya reached the following uncharacteristically sweeping conclusion. Because Russia's political institutions had almost disintegrated, and informal personal ties were so dominant, and Putin was, at the least, going to leave the presidency, he was 'no longer able to resolve the conflicts in his entourage, and his departure will mean only one thing: the beginning of a total war of all against all. Without rules. Until victory is won. Through to mutual destruction.' See her 'Bez pravil. Do pobednogo kontsa. Na vzaimnoe unichtozhenie', politcom.ru, December 6, 2007. Since Putin did not confirm until December 17 his readiness to become prime minister—in tandem with a freshly elected president—she evidently underestimated Putin's ability to wind down the main *silovik* war. But she also seems to have viewed the individuals involved as being less rational than they in fact proved to be.

[3]See Latynina's article 'Bol'shoi brat slyshit tebya', *Novaya Gazeta*, October 11, 2007.

Cherkesov–Sechin war, he needed to take fresh action in this regard. Thus by spring 2008 two new conflicts he had generated were already long-running. He launched the first one in the spring of 2007, the second in December. Soon they were substituting quite effectively for the *silovik* war that was fading away. Inevitably, they also caused much confusion for Russia's administrative system as a whole.

The first was the previously mentioned new *silovik* war (the Procuracy being a *silovik* organization), sparked, as we have seen, by Putin's decision to deprive the Procuracy-General of its investigations division.The new Investigations Committee of the Procuracy (ICP) was formally subordinate to the Procuracy-General, but this did not mean anything significant in practice. (Its name was changed in 2010 to the Investigations Committee of Russia.) Unsurprisingly, therefore, as described earlier, the two organizations soon went to war, each backed by its supporters in other parts of the bureaucracy, in the legislature and in the media.

As an analyst aptly noted later, 'the "brilliant" managerial decision' to split the Procuracy in half 'provoked a two-year war between the institutions concerned, and paralyzed for many months the process of prosecutorial investigation.'[4] Highlights of this fierce but largely inconclusive war from March 2008 to March 2009 have been well summarized by Pribylovsky but are too lengthy to include here.[5] Years later the war was still raging.[6]

In May 2008 further disruption and loss of regime authority resulted from the sweeping and substantially unrefuted revelations of Bastrykin's deputy, Dmitri Dovgiy, about his boss's illegal and politically motivated instructions to him. These had required Dovgiy to fabricate the criminal cases that were launched against Bul'bov and Storchak (described earlier) and also others.[7]

[4]Vladimir Ukhov, 'Vernyi Rashid', *The New Times*, no. 3, February 1, 2010.

[5]V. Pribylovsky, *Vlast'-2010*, pp. 186–187.

[6]See, for example, an article on the long-running fight between the feuding agencies over the profits from a network of underground casinos in Moscow oblast, Ivan Yartsev, 'Medvedev ne smog stat' mirotvortsem?', www.politcom.ru, April 1, 2011.

[7]Dovgiy turned against Bastrykin in May 2008, when the latter threatened reprisals against him on learning that he was accepting bribes to avoid carrying out some of Bastrykin's orders. Dovgiy thought that attack was the best form of defense. However, in 2009 he was sentenced to nine years' imprisonment. Among many sources, see Latynina's 'Chekistskiy kriuk-2', *Novaya Gazeta*, June 4, 2008, and the entry for Dovgiy in the Labirint data-base.

A second long-running conflict began developing in December 2007 as a structural feature of Putin's political system. This was the struggle for power and influence between the Sechin and Medvedev wings of the administration. It was less open and less ferocious than the first conflict. Unobtrusively, Putin encouraged it, while also containing it. It gave him crucial room for manoeuvre, enabling him to continue to act as the essential arbiter who stood above the fray.

I will now use much of the remaining space primarily to track through 2008–2010 the themes of 2005–2008 that were examined above. Let me note that Pribylovsky has provided a fine, succinct analysis of how the second conflict played out through summer 2010, and of the main players on each side.[8]

[8] See Pribylovsky's introductory essay in his *Vlast'-2010*, pp. 5–11.

CHAPTER 14

2008–2011: The Different Fates of the Cherkesov and Sechin Groups

Abstract This chapter focuses on the different fates of the Cherkesov and Sechin clans. Cherkesov had been given a wholly powerless position, but was still subjected to nasty media attacks and in 2010 was dismissed and left unemployed. And Kumarin, after two years in detention, got a 14-year sentence. The media carried some exposés of the corruption—by Kumarin and others—of officials in the Procuracy, e.g., David Kutalia. Kutalia's read like a criminal indictment. The clear purpose was to intimidate such officials into abandoning their loyalty to Kumarin, as well as—a Bastrykin goal—to tarnish the reputation of the Procuracy. As for Sechin, he sabotaged himself by playing a key role in the bungling of a major deal between Rosneft and BP, and reportedly incurred Putin's displeasure. In any case he stepped down from the chairmanship of the Rosneft board in April 2011. In the election, the most powerful actors favoured Putin's return to the presidency, an outcome that, in the circumstances, gratified the Sechinites.

Keywords Cherkesov dismissed · Kumarin sentenced · Sechin gratified

From the time when the Putin-Medvedev tandem was created, the *silovik* war ebbed and saw relatively few incidents. Most of them were damaging to Cherkesov. First he was one of the targets, along with Deripaska, of a media campaign in 2008. This was primarily designed to discredit General Igor Tsokolov of the Ministry of Internal Affairs (MVD), an

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ally of Cherkesov's, and thus torpedo Medvedev's intention to appoint him as the head of a new inter-agency organization to fight corruption.[1] Tsokolov was not appointed. However, according to a report in the magazine *Kompaniya* of 6 October 2008, Medvedev claimed he had dropped Tsokolov from his list of potential appointees several months earlier, in the summer.

Cherkesov was also the main high-level target in a revealing campaign against his close associate from Federal Security Service (FSS) days, General Aleksandr Karmatsky.[2] The media published extensive detail on the ways in which Kumarin had suborned Karmatsky, as well as numerous other named officials of the FSS and other agencies. However, by the time an arrest warrant was issued for Karmatsky in August 2009, he had disappeared and could not be found.[3] A weightier blow against the forces of Cherkesov and Zolotov was the trial of Kumarin and seven associates in 2009, after two years of pre-trial detention. Extensive tampering with witnesses by Kumarin supporters, and repeated blocking of the case by Kumarin-corrupted officials dragged out the investigation and then the trial. However, in November Kumarin received a 14-year jail sentence.[4] Further charges were later filed against him. Nonetheless, it remained possible, in my view, that his many high-level associates would eventually get him released, perhaps on condition that he emigrate.[5]

[1] See e.g., the hatchet job by the skillful anti-Cherkesov propagandist Aleksei Rafalovich, 'General Nemo, ili liudi, kotorye umeyut slushat'', APN Severo-zapad, July 9, 2008. When Tsokolov sued APN and Rafalovich for libel, this article and others by Rafalovich were removed from the APN website.

[2] Karmatsky was alleged in a 2004 attack on Cherkesov to be the latter's candidate for number two in the FSS, if Cherkesov could get himself appointed FSS head in Patrushev's place. See Chapter 5 above.

[3] See, e.g., P. Pshenichnaya, 'General'skiy pobeg', *Nasha Versiya na Neve*, October 5, 2009, compromat.ru/page_28373.htm, and a lengthy footnote about him and Cherkesov in E. Al'bats and I. Barabanov, 'Tsena smerti', *The New Times*, November 20, 2009, http://newtimes.ru/articles/print/11454. See also a hostile but detailed career profile of him, 'Propoitsa iz Bol'shogo doma', kompromat.ru, October 9, 2001.

[4] For a detailed account see Elena Shmaraeva, 'Sudebnaya khronika – Reider na million', November 13, 2009, www.gazeta.ru/social/2009/13/11/3286320.shtml.

[5] In early 2011 Kumarin's associates were reported as having said he was feeling confident in prison that 'Zolotov is working to get me out'.

Investigations Committee of the Procuracy (ICP) head Bastrykin was remarkably frank about a trip to St Petersburg and the power of Kumarin's associates in an interview two months before his conviction:

> Up there [in St Petersburg] everything is far from simple. In the 1990s this man spread his influence over a large number of people who now occupy high positions – including in the law enforcement agencies, and not only in Petersburg. Today, the effect of all this is erupting. And these people have, to put it very mildly, real resources. So no-one up there was glad to see us. This is the reality of the situation in which our investigators have to work.[6]

Earlier, in a speech in January 2009, Bastrykin was even more specific. Talking about the pre-trial investigation, he said that it 'involves overcoming the powerful administrative resources [i.e., actions by corrupted officials] that are being used by the accused to intimidate witnesses and in planning to spring Barsukov [Kumarin] from jail, so that he can avoid prosecution and escape abroad.'[7] A few days later, the thrust of Bastrykin's comments received some unwelcome confirmation. He had to cut short an official visit to Finland to fly home to deal with an alarming Kumarin-related murder. The dead man was an officer of the security team that had been sent to St Petersburg to guard the group of Moscow investigators who were working on the case there.[8] Thus supporters of Kumarin, whether officials or otherwise, were seriously intimidating not only witnesses in his case, but also the investigators.

Presumably to hit back and try to 'overcome the powerful administrative resources' deployed against them, the authorities facilitated in 2009 the appearance in the press of remarkably detailed exposés of the corruption—by Kumarin and others—of currently serving officials in the Procuracy. An especially striking example was an article about senior Procuracy

[6] See Bastrykin's lengthy interview in *Rossiiskaya gazeta*, September 7, 2009.

[7] Barsukov is the new official name that Kumarin obtained for himself in 2000, when he stepped up his efforts to legalize his businesses and develop the image of a law-abiding tycoon. See the anonymous editorial article, 'Zaderzhan Barsukov (Kumarin)', *Leningradskaya Pravda*, August 24, 2007, www.lenpravda.ru/gate.phtml?id=2089.

[8] This paragraph is based on O. Rubnikovich and V. Litovchenko, 'Zastrelen ofitser, otvechavshiy za bezopasnost' sledstvennoi gruppy po delu Vladimira Kumarina', *Kommersant*, January 16, 2009.

official David Kutalia that read like a criminal indictment of him.[9] The clear purpose was to intimidate such officials into abandoning their loyalty to Kumarin, as well as—a Bastrykin goal—to tarnish the reputation of the Procuracy. It was not apparently designed to go further and lead to the dismissal or arrest of officials like Kutalia, because such an attempt would have run into insuperable political and bureaucratic roadblocks. Thus Russian citizens who read the article and noticed that Kutalia did not sue for libel had to face the bitter truth that they lived under a system in which senior prosecutors could be publicly exposed as having committed major crimes, but could continue their careers with impunity.

Meanwhile, to try to calm the political atmosphere, some mercy was shown to key victims of the *silovik* war. In October 2008, Storchak was released from pre-trial detention after eleven months. A year later the ICP's case against him was rejected by the Procuracy as being too weak and sent for further investigation. In early November 2009, the Procuracy acted similarly regarding Bul'bov, who was freed after two years of detention. A month later, General Anatoly Bagmet of the ICP, who had been in charge of both cases, was dismissed. All these actions represented significant blows against ICP Chairman Bastrykin and small victories for Cherkesov and Kudrin, the main patrons of Bul'bov and Storchak.

However, in June 2010, as the shadowy groups in the political elite increasingly manoeuvred and probed to determine their strategy and tactics for the Duma and presidential election cycle that was due for December 2011 through March 2012, Putin and key cronies decided that Cherkesov, at least, needed to be fully disgraced. This, they hoped, would prevent him and his supporters from making political or media moves that might disrupt the election cycle, such as suddenly coming out in support of the re-election of Medvedev as president. Something of this sort could not be excluded, given the occasional reports about ties between Medvedev and Cherkesov, and about the latter's preference for Medvedev over Putin.[10]

In any case, in June 2010 Medvedev—probably on Putin's orders—dismissed Cherkesov from his post, publicly chastised him, and thus brought the *silovik* war to a decisive end in the Sechinites' favour.

[9] Sergei Nerestov, 'Skol'ko zarabotal David Kutaliya na reiderskikh makhinatsiyakh?', *The Moscow Post*, July 17, 2009, available at www.compromat.ru/page_28039.htm.

[10] See Pribylovsky's introduction to his *Vlast'-2010*, p. 8. Reportedly, also, Cherkesov supported Medvedev's economic program.

Since Cherkesov received no new position, his dismissal created a potential precedent.[11] For the first time in Putin's eleven years in power to that date, a formerly close crony was disgraced and ejected from the ruling elite, losing many official perks. At the same time, he was not deprived of his personal riches and property, and nor did his wife lose her media business, although the market may have devalued its capitalization. The strike against Cherkesov was a warning to any other cronies who might be considering stepping too far out of line. But it also showed that such behaviour was not unthinkable, and, in Cherkesov's case, it was not followed by imprisonment or expropriation. In line with the message of Cherkesov's expulsion, in April 2010 new charges were filed against Bul'bov. This suggested that he would be harassed indefinitely, unless he eventually agreed to give the desired testimony against Cherkesov and others.

Further, in July 2010 Zolotov was denied the promotion to head the Federal Guard Service (FGS) that he had reportedly sought for some time. The device used was simple. FGS head Murov was given a second extension beyond the statutory retirement age of 60, so that he could serve until he was 65.[12]

What, then, about the Sechinites? First, in June 2010, they were put on the defensive when the long delayed case of the smuggled Chinese consumer goods (which grew out of Tri Kita) at last began to move again. Although, mysteriously, as noted earlier, no FSS officers had been charged, the resurfacing of the case enabled journalists to remind readers of the revelations of 2005–2006 about the sponsoring and organizational role of the FSS, and about Putin's dismissal of generals subordinate to FSS Director Patrushev. As mentioned earlier, one of these, Anisimov, was a deputy-director and had been a close colleague of Patrushev over many years.[13]

[11] Medvedev's ukaz of June 13 was brief and cold: http://news.kremlin.ru/ref_notes/590. For an analysis of the dismissal see T. Stanovaya, 'Pervyi drug uvolen', June 20, 2010, politcom.ru/print.php?id=10301.

[12] Murov and Zolotov have been notably loyal to each other. Murov is probably not as wealthy as his colleague, but even if his official declaration of his assets is reasonably comprehensive, his family is remarkably rich. See his entry in Marina Litvinovich's data base: http://election2012.ru/reports/1/12.html.

[13] In the Chinese goods case, of the 36 implementers and small fry who were charged and described as an organized criminal group, 20 had fled abroad. (Two of these were named as being among the alleged leaders—former Federation Council senator from the

In late 2010, as the new election cycle loomed, it appeared that Putin was taking advantage of various opportunities to reduce Sechin's clout.[14] As we have seen, the process apparently started in September 2007 with a series of actions designed to intimidate his clan sufficiently that it would not be able to interfere successfully in a succession process that was bound to anger it. Among subsequent anti-Sechin moves, in April 2008, after Medvedev's election, Bogdanov once again denied persistent rumours that Surgut would be bought by Rosneft or Gazprom. He also painted a picture of himself and Surgut living contentedly as an independent company.[15] In May the erosion of Sechin's position took on a structural dimension with his previously mentioned job demotion. In addition, some of his political allies began to suffer setbacks.

Far East krai, Igor Ivanov, and former Far East krai legislator Gennady Lysak.) The other 16 were given access in 2008 to the 700 volumes of evidence compiled by the investigators (see the report in *Kommersant*, April 28, 2008). Then, in June 2010, four defendants charged with being among the group's leaders were finally selected for trial and presented with their indictments. The evidence concerned the mechanics of transporting and temporarily storing en route massive quantities of goods from China and South Korea. The lawyer of one of the indicted men noted that the investigation had been superficial and that 'in a smuggling case conducted over many years, for some reason there is not even a mention of the customs officials and FSB officials at the border, without whose participation the criminal activity described by the investigators could not have taken place.' Oleg Rubnikovich, 'Kontrabanda v osobo krupnom razmere dela', *Kommersant*, June 17, 2010, reproduced on compromat.ru the same day. Also reproduced there, beneath the article, are a second article about the case and a short account of a different case that had been separated from the main one. This reported that the former head of the Far East Customs Division, Ernest Bakhshetsyan, had just been sentenced to five years in a labor camp. He had allegedly organized a smuggling route through which, from August through December 2005, 515 containers of goods had passed, worth some $50 million. Infox.Ru, June 16, 2010.

[14]Vladimir Milov was the first commentator to trenchantly analyze this process. See his article 'Zakat kar'ery Igorya Sechina', part 1, April 7, 2011, at www.specletter.com/politika/2011-04-07/print/zakat-karery-igorja-sechina.html.

[15]See Bogdanov's lengthy interview, 'Est' beguny na korotkie distantsii, a my staiery', in *Kommersant*, April 29, 2008. The interview did not stop many experts from immediately forecasting that Surgut would soon be swallowed by Rosneft, while only a minority thought the status quo would survive. One expert expressed the view that major owners of Surgut were Timchenko and the Kovalchuk brothers' Bank 'Rossiya', and all three men had close ties to Gazprom. Thus Surgut had some resources with which to fight back against any Rosneft takeover attempt. See G. Shakirova and A. Topalov, 'Surgutneftegaz gotovitsya k Rosnefti', April 30, 2008, www.gazeta.ru/business/2008/04/30/2711580.shtml.

Sechin himself, having quarrelled increasingly often with Rosneft CEO Bogdanchikov over management issues, failed in September 2010 to get his own candidate appointed as the new CEO. Then he sabotaged himself by playing a key role in the bungling of a major deal between Rosneft and BP, and reportedly incurred Putin's displeasure. In any case he stepped down from the chairmanship of the Rosneft board in April 2011, after Medvedev instructed ministers in positions similar to Sechin's to resign from them.

At this point it seemed likely that although Sechin had suffered much less humiliation than Cherkesov, and probably retained significant influence with Putin, he and his declining group would not wield enough clout to cause Putin serious problems during the final preparations for the election cycle. In the event, the most powerful actors favoured Putin's return to the presidency, an outcome that gratified the Sechinites. Thus, soon after his inauguration in May 2012, he compensated Sechin handsomely for his exclusion from Medvedev's government by, on June 16, making him CEO of the powerful, newly created President's Commission on Questions of the Development of the Fuel and Energy Complex. As Mark Galeotti has pointed out to me, this also strengthened Sechin's emerging image as being more of an oligarch than a *silovik*. Further, Putin retained Sechin's close ally Ustinov as presidential commissioner for Russia's Southern Region (Okrug) and also appointed Ustinov's son Anton (Sechin's son-in-law) as a presidential Advisor (Sovetnik). Thus, as Putin hardened his line against the emerging opposition and their mass demonstrations of 2011–2012, key figures of Sechin's circle were fully back in favour.

PART IV

Russian Politics in 2012–2017 and Some General Conclusions

CHAPTER 15

Conclusion

Abstract Putin's original strategy in the early 2000s addressed real problems, and initially scored important successes. Wages, pensions, and foreign debts were soon paid on time, a fiscally strict macro-economic policy was set up, and some order restored to the country. However, as Cherkesov emphasized, policy implementation contained a potentially fatal flaw, which threw Russia off course. Privileged groups of ex-KGB *siloviki*, while occupying high administrative posts, developed their own business activities and accelerated the growth of an already pervasive system of corruption. Worse still, the groups started recklessly fighting each other, to try to seize the country's most lucrative assets. In this situation, Putin saw that only some rather sharp changes could preserve his power and wealth. These were to adopt a more aggressive, Russian-nationalist ideology, playing to popular feelings of deprivation of international status. This is what he has done with notable but undoubtedly not secure success in recent years.

Keywords Putin strategy · Corruption flaws · Great-power nationalism

From the start of Putin's rule his strategy was neo-Stolypinist.[1] He held that, first, order must be restored after the chaos of the Yeltsin period,

[1] Pyotr Stolypin, Russia's prime minister from 1906 to 1911, aggressively restored public order after the political upheavals of 1905–1906, making many arrests, but also conducted progressive reforms of the economy.

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which he compared to the years leading up to 1906 when Pyotr Stolypin became prime minister. Restoration required a 'guided democracy', Putin held, a government-oriented civil society, a recentralization of political power, and the creation of an effective executive branch (*vertikal' vlasti*). After these goals were achieved—which was later said to have been done by the mid-2000s—democracy would be able to start developing with less state guidance.

Cherkesov, in his articles of 2004 and 2007, discussed earlier, described a similar but less idealized strategy. He saw the 'corporation' of officials from the old KGB as having embraced their duty in 2000 to step forward and implement, as no-one else could, the tasks described by Putin. However, Cherkesov also highlighted a flaw regarding their implementation, which by the mid-2000s was throwing Russia off course, and would, if not corrected, ultimately bring disaster. This was the fact that privileged groups of ex-KGB *siloviki* had, while occupying high administrative posts, developed their own business activities and accelerated the growth of a pervasive system of corruption. Worse still, the groups had started fighting each other, recklessly and with impunity, to try to seize the country's most lucrative economic assets. Cherkesov concluded that unless this process was stopped and the corporation withdrew from politics, catastrophe would befall the country.

Against this background, it should first be said that Putin's original strategy addressed real problems. And initially, as Cherkesov agreed, it scored important successes. Wages, pensions, and foreign debts were soon paid on time, a fiscally strict macro-economic policy was set up and maintained, and a measure of order was restored to the country. Putin's popular approval rating shot up to a high level and stayed there until 2011–2012, when it temporarily slipped. However, from 2003–2004 onwards, the trends identified by Cherkesov and documented in his articles had developed steadily. As polls consistently showed, popular disillusion with political and economic institutions often became deep, even as living standards, fuelled by the sixfold increase in the world price of oil over the four years from 2004, steadily rose. In 2008, the world financial crisis struck and fairly soon living standards declined, accompanied, as in other countries, by a worrying, if temporary, rise in unemployment.

What conclusions can be drawn here? First, techniques that are effective for a mafia leader, like covertly fomenting suspicion, aggression and hatred between groups of subordinates, produce bad government. How can the executive hierarchies of a country's police, security, and prosecutorial

systems function effectively if assorted, self-appointed groups of their leaders are ferociously denouncing and fighting each other, in order to appropriate official positions, assets of the state, and companies of private individuals? How can a council of ministers rule in such a context?

In Russia, the executive branch that, in the first years of Putin's presidency, took some steps towards becoming a cohesive and predictable mechanism—a desirable *vertikal' vlasti*—went into steady decline in the mid-2000s. This did not stem only from the gradual undermining of fragile democratic institutions in the early 2000s, the resulting spread of authoritarian ways, and repeated inundations of corrupting oil cash from abroad. Putin's deliberate promotion of administrative dysfunction so that the leader could feel secure seriously exacerbated an already deteriorating situation. The mechanisms that had begun to provide the sort of regular vertical and horizontal interactions required by a cohesive state tended now, with increasing frequency, to malfunction.

To be more specific, as we have seen in this book, law-enforcement agencies fought each other like criminal gangs, for years on end, using murder on occasion, over the profits to be made by seizing control of oil companies, by smuggling furniture from Germany and consumer goods from China, by forcibly installing their own man to head agencies such as the Customs Service, by covertly operating a chain of underground casinos, by temporarily seizing private banks to drain them of their cash, and so on. In addition, Putin helped *silovik* faction A (the State Committee for the Control of Narcotics (SCCN)) to fight faction B (the Sechinites) by giving A the authority to tap B's phones. Then he created a new prosecutorial body headed by a B supporter, the Investigations Committee of the Procuracy (ICP), which proceeded to arrest A's general who had carried out the Putin-approved phone-tapping. In response, understandably, A's leader (Cherkesov) criticized Putin in print, though not by name, for having, quite simply, betrayed his general (Bul'bov).

These are just samples of the sorts of corruption and dysfunction that are documented in this book. They stem in part from the traditional, historical vices of Russian government. But they also have a potent admixture of methods that evoke the Italian Mafia, with its clans, its chieftains, its feuds, and its chief of all the chiefs (capo di tutti capi), whose job is to mediate and balance, maintain his personal authority, and keep the feuds, which are useful to him, within certain limits. As noted earlier, however, the Italian Mafia has not wanted to rule Italy. It has preferred to be a parasite on the country's economy, polity and society. Its modus

operandi has worked well for this. Meanwhile, Putin's modus operandi is too Mafia-like for him to be able to rule Russia effectively.

Not surprisingly, then, as time went by, an increasing number of individuals and groups began to see or sense that the Putin system was fundamentally unsound. Why, they asked, were the *silovik* groups that held a large share of power as corrupt or more corrupt than the business world? Why did they enjoy even more impunity? Why did they use violence as ruthlessly as the Russian mafia did? And why were a growing number of media articles able to document how the *silovik* and other groups were systematically, in a variety of ingenious ways and with Putin's connivance, stealing money from the state? Were Russians actually living in a state run by the mafia? Were their rulers focusing on their own private interests and merely paying lip-service to the national interest? And could such a degenerate system do other than stagnate and eventually collapse? These were the questions increasingly addressed on the Internet and Ekho Moskvy (Moscow Echo) radio, in low-circulation publications, at demonstrations, and in seminars and conversations in Russia's cities and towns.

A few weeks after Putin announced in September 2011 that he and Medvedev had decided a few years ago that he would run for president in 2012 and then appoint Medvedev as his prime minister, these questions and associated feelings of protest deepened. Through his implicitly contemptuous words, Putin provoked an outcry in certain sections of the elite, the middle class and even the wider public. In their eyes he had finally lost his aura of legitimacy and thus of invincibility. His ability to control elite groups declined. Thus, in December 2011 and February 2012 in particular, mass demonstrations against his rule and the manipulation of the December Duma elections were held in some 80 cities, with up to 100,000 attending in Moscow.

Many of these people now saw that Putin's manipulative style of rule had made him seem more powerful than he actually was. It had tended to mask the extent to which he ultimately depended on elite groups, notably those discussed in this book. It had also masked the ways in which the factional wars and official manipulations had been undermining the legitimacy of his regime.

In the absence of a strong civil society, Putin had been ruling through a system of informal *ponyatiya* (personal understandings). These turned political institutions into superfluous facades that came close to mimicking their Soviet equivalents. Real decision-making took place behind

closed doors, where powerful *siloviki* and tycoons manoeuvred and fought, with Putin as the mediator, referee, and manipulator-in-chief. Instead of a free and diversifying market, Putin's rule had gone beyond Yeltsin's in creating an economy dominated by a few hundred individuals skilled at using the *ponyatiya* and operating in an environment of hustle, blackmail, actual or latent violence, and support of the status quo.

In this situation, Putin saw that only some rather sharp changes in his system of rule could preserve his power and wealth. These changes were to adopt a more aggressive, Russian-nationalist, outward-looking ideology which held that the Western world was intent on weakening and humiliating Russia, and that, in fact, Russia was succeeding in its goal of becoming once more a world power that could not be treated like this. Tiny Georgia had already, in 2008, been militarily invaded and partially dismembered, to show it that it could not join NATO or the European Union. Then, in 2014, much more powerful Ukraine, suborned by the West in Russia's eyes since 1991, was drastically weakened and humiliated by the Kremlin's invasion and annexation of Crimea and by the invasion of South-East Ukraine. And even Syria, from 2015, was subjected to persistent Russian military intervention, to shore up the brutal, but wobbly dictatorship of Bashar al-Assad.

All this was accompanied by Putin's aggressive behaviour as a new sort of Russian tsar. He refused to conform to Western and international norms. He tightened his authoritarian rule, threatened more insistently neighbors like the Balts with his strengthened military, and imprisoned or murdered new opponents.

Much to Putin's relief, this sharply toughened strategy proved popular with much of the people. His approval ratings returned into the 80s, and he could breathe again.

However, two major problems arose. The first concerned the opposition. In 2015 his most persistent, authoritative, and increasingly popular critic Boris Nemtsov, a former deputy prime minister, had to be murdered close to the Kremlin walls. This set off a storm of domestic and international outrage. And his 'replacement' as chief Putin critic, the young Aleksei Naval'ny, though harassed by numerous short terms in jail, often on trumped-up charges, grew steadily stronger. Naval'ny was skilled at developing a team of assistants, who painstakingly compiled documents and analysis of the corruption of top officials, notably a massive report, with photographs, of Dmitri Medvedev's palaces, yacht, and other properties around the country. This calculated that Medvedev

was worth billions of dollars. While the report was at once all over the Internet, it met with a stony silence from the prime minister himself.

The young critic Naval'ny, who accurately calls himself a nationalist democrat, has also formed his own Progress Party, writes a blog, ran for Moscow mayor in 2013 and got 27% of the vote (in reality considerably more, he claims), organizes mass demonstrations in various parts of the country, and has long called Putin's United Russia party 'the party of crooks and thieves', a tag that has caught on.

Putin appears to be deeply worried about Naval'ny's political influence, and afraid of locking him up for more than a couple of weeks. He evidently fears provoking a dangerous backlash that could easily be worse than the one of 2011–2012 against himself and Medvedev. He has banned his Kremlin colleagues from ever mentioning Naval'ny's name, though sometimes he has to be referred to indirectly. However, while Putin pretends that he does not exist, Naval'ny's fame and ideas are spreading steadily around the country.

Putin's second major problem has been that his famous *vertikal' vlasti*—or efficiently centralized state apparatus—soon reverted to its bad old habits. Local authorities, once more, did things quietly in their own ways, almost always tending towards corrupt practises that would benefit the local leaders and their cronies personally. In 2017, through October, Putin tried to halt this practise by firing about one eighth of the regional governors and threatening to give one of them a prison term. This seemed unlikely to have much effect, since the fired individuals would be cared for by their colleagues, with whom they had been sharing their corrupt income. The harsh medicine would not last long.

To try to keep the Kremlin circles in check, in 2017 Putin also made more high-level personnel changes than usual, though he did nothing that would hurt his own cronies. He also had one official, Aleksei Ulyukayev, Minister of Economic Development and a doctor of economics, who had been arrested in 2016, put on trial for alleged bribery. However, while Ulyukayev accused Putin of framing him, the dubious case stalled indefinitely, with the defendant still in prison. Clearly Putin could not decide what to do with him.

The same may be true about the 2018 election for who is to be Russia's president for the next six years. Putin, having ruled now for 18 years, must still decide whether or not to run himself. And he must also decide how to handle the Naval'ny factor. These are big and worrying issues, to which there are no easy answers.

In my view, the future of his regime remains murky. Its underlying weaknesses have not changed. Also, his divide and rule tactics within the elite are still required and used by him, though with diminishing effect. Moreover, the low standard of living is hardly rising, the health system is failing, and discontent with his foreign military adventures in Ukraine and Syria is starting to provoke protest. In sum, Russia is living beyond its means, and the future of its biggest asset, oil exports, appears to be on a continuously downward path. This augurs poorly for the economy.

Another rather new problem stems from the recent increase in the role of the military. This gives its various services and their leaders considerably greater power and influence than they had before, a trend that inevitably decreases the power and influence of the oligarchs and the civil leaders at the federal and lower levels. Whether Putin can handle the resulting tensions and conflicts remains to be seen.

Indeed, to conclude, the legitimacy of Putin's system—shown in this case study to be fragile—will, it seems, inevitably be challenged more directly in due course, and maybe sooner rather than later. To put it bluntly, some intellectual and popular groups, and also elements of the regime, see Russia to be moving into what can only be described as a political, economic, and social dead-end.

Appendix: Notes on Key Players

Sechin's Silovik Grouping

Main Players

Igor Sechin: Deputy-head of the Presidential Administration (1999–2008), chair of the Board of Directors of Rosneft (2004–2010), deputy prime minister for industry (2008–2012), CEO of Rosneft and CEO of presidential commission on strategy for energy and ecological security (both since 2012).

Vladimir Ustinov: Procurator-general (2000–2006), minister of justice (2006–2010), made presidential commissioner in the southern federal *okrug* in 2010.

Nikolai Patrushev: Chairman of the FSS (1999–2008), made secretary of the Security Council in 2008.

Viktor Ivanov: Deputy-head of the Presidential Administration and assistant to the President for personnel (2000–2008), head of the state drug-control agency—SCCN (since 2008).

Aleksandr Bastrykin: Chairman of the Investigations Committee of the Procuracy (2007–2010), then of the renamed Investigations Committee of Russia (since 2010).

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Sympathizers

Sergei Naryshkin: Head of the government administration (2004–2008), deputy prime minister (2007–2008), head of the Presidential Administration (2008–2011), made Speaker of the Duma in 2011.

Mikhail Fradkov: Head of the Federal Tax Police (2001–2004), prime minister (2004–2007), made head of the foreign intelligence or SVR in 2007.

Viktor Zubkov: Head of Federal Financial Monitoring Service (2004–2007), Prime Minister (2007–2008), made Chair of Board of Directors of Gazprom in 2008.

The Cherkesov–Zolotov Silovik Grouping

Main Players

Viktor Cherkesov: Presidential commissioner of north-western federal *okrug* (2000–2003), head of the state drug-control agency—SCCN (2003–2008), head of Federal Agency for the Procurement of Arms, Military and Special Technology, and Material Equipment until dismissed (2008–2010), Communist Party deputy in the Duma (since 2011).

Viktor Zolotov: Businessman, partner of Tsepov until his murder in 2004, head of Presidential Security Service (2000–2013), then deputy head of the MVD Internal Troops.

Roman Tsepov: Captain in MVD Internal Troops until 1991, CEO of the Baltik-Eskort security agency in St Petersburg and fixer for Putin, until his murder (1992–2004).

Vladimir Kumarin: Organized crime figure, shadow majority owner of Petersburg Fuel Co. since 1994, arrested in 2007, sentenced to 14-year jail term in 2009, and to a 15-year term in 2012.

Andrei Novikov: Career MVD officer, demoted in 2006 from MVD deputy minister to head of the CIS's Anti-Terrorism Center in Minsk.

Sympathizers

Yevgeny Murov: Made head of the Federal Protection Service in 2000.

Oleg Deripaska: Aluminum and automobile tycoon close to the Kremlin since 1990s.

Yuri Chaika: Minister of Justice (1999–2006), procurator-general (since 2006).

Figures with Greater or Lesser Elements of Autonomy

Roman Abramovich: Tycoon close to the Yeltsin family, reportedly a business partner of Putin, putative coordinator of a secretive, wealthy grouping opposed to hardliners.

Sergei Ivanov: Minister of defense (2001–2007), first deputy prime minister (2005–2008), deputy prime minister (2008–2011), head of the Presidential Administration (since 2011).

Dmitri Medvedev: Chair of Gazprom board (2000–2003), head of Presidential Administration (2003–2005), first deputy prime minister (2005–2008), president (2008–2012), prime minister (since 2012).

Aleksei Kudrin: Minister of finance, then also deputy prime minister, until dismissed for insubordination (2000–2011); head of the independent Committee on Civic Initiatives (since 2011).

Glossary

AFSS (UFSB in Russian): Administration of the Federal Security Service

CFER: Committee on Foreign Economic Relations

Clan: a group of powerful or influential people who support a single political leader (or a duo)

Clientelism: a form of political system dominated by individuals, not parties or ideologies. The most powerful individuals attract numerous 'clients', who believe that these individuals will best promote their material and political interests

DACOC: District Administration for Combating Organized Crime (RUBOP in Russian)

The Duma: the Russian parliament of elected representatives; in recent years virtually all its members have come from Putin-approved parties; so it almost invariably votes for his policies

FCS (in Russian FTS): Federal Customs Service

Federal Guard Service (FGS, or FSO in Russian): the service that guards Russia's official buildings

Foreign Intelligence Service: FIS (or SVR in Russian)

FSS (FSB in Russian): Federal Security Service, the secret police in post-Soviet Russia (see KGB)

General Procuracy (GP): the influential organization that investigates suspected crimes all over Russia, but, since 2007, much reduced in size and power (see ICP below)

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ICP (SKP in Russian): the Investigations Committee of the Procuracy, a powerful service of 18,000 officials with the right to initiate investigations that Putin broke off from the GP in 2007, in order to be able to play it and the GP off against each other; a sort of attorney-general's organization; in 2010 renamed the Investigations Committee of Russia

Internal security system: this consists of several dozen intelligence and related bodies that are mostly specialized, but designed in part to spy on each other

KGB: Committee for State Security, the secret police under the Soviet system (see FSS)

kompromat: material (true or invented) that compromises someone, especially in the eyes of the law

krysha: a person or group that provides an individual or group with political or other protection

MIA (GRU in Russian): Main (Military) Intelligence Administration

MVD: Ministry of Internal Affairs, the regular police

okrug: large administrative region; Russia now consists of eight federal okrugs

Petersburg Fuel Company: PFC (or PTK in Russian)

ponyatiya: the unwritten understandings that govern the workings of clans, substituting for law; they are determined by the clan leaders, and change over time; Putin and his closest cronies set the most important *ponyatiya*

Presidential Security Service (PSS, or SPO in Russian): body that guards the president

reiderstvo: the practice of appropriating by force for little or no payment the property of a less powerful individual

SCCN (GKKN in Russian): State Committee for the Control of Narcotics

Silovik: word used here as a noun or an adjective regarding Russians who are serving, or have served, in the secret police or other armed agencies; the plural of the noun is *siloviki*

***Silovik* war**: a war with political and material goals between different *silovik* clans

Tandem: term for the partnership between Putin and Dmitri Medvedev that existed from 2008 to 2012, when Medvedev was president of Russia, but Putin was its more powerful prime minister

vertikal' vlasti: literally 'the vertical structure of authority', this was a phrase introduced by Putin in 2000 to mean a strong, centrally organized state in which the local authorities would obediently follow central instructions

Yukos case: case of the huge oil company Yukos, which was appropriated from its prime owner Mikhail Khodorkovsky, following his arrest in 2003 for posing a potential political threat to Putin; owning it then became an object of fierce political infighting, won by Sechin

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