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Russian Aid to Transdnestr Frozen

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Russia has frozen financial aid for Moldova's breakaway Transdnestr, saying the main bank of the pro-Moscow region had used the funds in money laundering schemes, Kommersant reported Friday.

The financial aid, provided by Moscow since 2008, stopped flowing last spring when Russia transferred 414 million rubles ($13.63 million) for the first half of 2010, the report said.

The cash is used to supplement the tiny pensions of the local elderly population. Monthly local payments of $15 to each of the region's 137,000 pensioners are popularly known as "Putinka" after Prime Minister Vladimir Putin.

But the Central Bank has warned Russian banks that Transdnestr's Gazprombank, through which Moscow transfers its aid, "takes part in improper financial operations ... of profit laundering," Kommersant said, citing sources in the Russian president's office.

The Central Bank also recommended that Russian banks freeze their financial operations with Gazprombank, the region's largest bank whose head is Oleg Smirnov, a son of Transdnestr's veteran leader Igor Smirnov.

Kommersant said Russia had repeatedly demanded that this bank and Transdnestr's central bank be independently audited.

Russian and separatist officials could not be immediately reached for comment.

Transdnestr, a narrow sliver of land between the Dnestr River and Ukraine, broke away from Moldova in 1990, fearing that its mainly Slavic population could be marginalized if Moldovans united with ethnic kin in Romania, a prospect that has never materialized.

The separatists fought a brief but bloody war with Moldovan troops in 1992. In 2006, Transdnestr voted in a referendum to become part of Russia. Moscow has 1,200 troops guarding its Soviet-era facilities and 450 peacekeepers in the region.

Russia also financially supports Georgia's breakaway South Ossetia and Abkhazia regions, which it recognized as independent states after fighting a five-month war with Tbilisi in August 2008.

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