

Bribe Case Ends for U.S. Cold War Hero

By [The Moscow Times](#)

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Giffen leaving a New York court after being sentenced to time served. **Jessica Rinaldi**

NEW YORK — A businessman once accused of bribing officials in Kazakhstan with tens of millions of dollars was praised as a Cold War hero Friday by a judge who said he helped thousands of Soviet Jews emigrate to the West.

U.S. District Judge William H. Pauley III made the comments about James Giffen, 69, as he sentenced him to time served for a guilty plea to a misdemeanor tax count.

The judge said he delved deeply into classified information for an accurate portrait of a man whose March 2003 arrest generated headlines around the world as he was accused in a 65-count indictment of paying \$78 million in bribes to Kazakh officials.

Pauley said investigators and prosecutors did not know the classified information when Giffen was originally charged with violating the Foreign Corrupt Practices Act, along with mail, wire fraud and money laundering statutes.

“Suffice it to say, Mr. Giffen was a significant source of information to the United States government and a conduit for secret communications with the Soviet Union and its leadership during the Cold War,” Pauley said. “He undertook that effort as a volunteer and was one of the only Americans with sustained and reliable access to the highest levels of Soviet officialdom.”

In 1980, Giffen helped facilitate the emigration of thousands of Soviet Jews to the West, Pauley said. After the Soviet Union collapsed, Giffen turned his interest to the new Republic of Kazakhstan and became a trusted adviser to that country’s president, the judge said.

Giffen used his expertise to advise Kazakhstan on foreign investments and provided advice on economic development, helping the country develop its vast natural resources, Pauley said.

“In doing so, he advanced the strategic interests of the United States and American businesses in Central Asia,” Pauley said. “Throughout this time, he continued to act as a conduit for communications on issues vital to America’s national interest in the region.”

The judge said Giffen’s arrest as he was about to fly to Paris from Kennedy International Airport caused an end to important relationships he had built up over a lifetime and forced him to spend millions of dollars on legal expenses that he otherwise “could have spent on his family and charitable pursuits.”

Pauley said Giffen’s wealth had dwindled with the filing of the indictment, which prevented him from traveling internationally and caused him to face the possibility of spending the rest of his years in prison. He was required to post \$10 million bail until prosecutors dropped the serious charges earlier this year.

“In the end, at the age of 69, how does Mr. Giffen reclaim his good name and reputation?” the judge asked. Pauley praised the government for reassessing the case and dropping the most serious charges.

Separately, the judge ordered Mercator Corporation, a small New York merchant bank controlled by Giffen, to pay a \$32,000 fine for giving two snowmobiles each worth \$16,000 in 1999 to a high-level Kazakh official to seek an advantage in contracts. The bank had pleaded guilty to violating the Foreign Corrupt Practices Act.

Pauley said Mercator estimated that it has incurred nearly \$10 million in expenses and lost at least \$30 million in profits in the prosecution.

The case stemmed from an investigation by the Internal Revenue Service and the FBI into the relationships between Kazakhstan and U.S. executives as lucrative oil deals were negotiated during the 1990s.

The prosecution’s biggest catch was a former senior Mobil Oil Corporation executive, who was sentenced to three years and 10 months in prison in 2003 after admitting he evaded taxes on more than \$7 million he earned negotiating oil deals.

An indictment announced against Giffen seven years ago had accused him of making more than \$78 million in bribes to two senior Kazakhstan officials in connection with six oil transactions in which four U.S. companies acquired valuable oil and gas rights in Kazakhstan.

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