

# Fraud Breeding Terrorism

By [The Moscow Times](#)

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PYATIGORSK — Fraud and other financial machinations, not the absence of an ideology, is the real cause of terrorism and extremism in the North Caucasus Federal District, Alexander Khloponin, presidential representative to the region, said at a meeting Monday summing up results of prosecutors' work in the North Caucasus and Southern federal districts in the first half of this year.

"Everything that is happening in the North Caucasus, i.e. the breeding ground of terrorism and extremism, is less related to ideology and more related to divvying up financial resources available on the market," he said. The budget is damaged a lot by excise tax and VAT fraud, he said.

"The regional budget fails to collect about 8 billion rubles [\$275 million] in excises, including those on alcohol. I have not seen any related criminal cases. The damage from VAT fraud is nearing 10 billion rubles," he said.

"All that funds extremism, banditry and terrorism," Khloponin concluded.

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