The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Putin Fires Defense Minister Amid Scandal

By Natalya Krainova

November 06, 2012



Shoigu running during a football match while campaigning for the United Russia party in Perm in November 2003. **Igor Tabakov**

President Vladimir Putin on Tuesday fired Defense Minister Anatoly Serdyukov in connection with a corruption scandal and appointed Moscow Governor Sergei Shoigu in his place.

Putin informed Serdyukov and Shoigu, a longtime ally who only became governor in May after serving 18 years as emergency situations minister, about the reshuffle during personal meetings at the president's Novo-Ogaryovo residence outside Moscow.

"You know about the situation that, unfortunately, has developed recently around the Defense Ministry," Putin said, according to a transcript of the meeting published on the Kremlin's website. "In order to create the conditions for an objective investigation of all the related issues, I have decided to relieve Defense Minister Anatoly Serdyukov of his duties."

Putin's spokesman, Dmitry Peskov, said Serdyukov was fired in connection with a corruption scandal that has engulfed Serdyukov since allegations emerged that an agency within the Defense Ministry had sold off military real estate to civilian companies at knockdown prices.

Putin said Shoigu was best suited to spearhead his ambitious plans to pump nearly $770 billion into overhauling the armed forces over the next decade. But the reason for Serdyukov's ouster might be more personal. Unconfirmed media reports have said Serdyukov's father-in-law, former Prime Minister Viktor Zubkov, was on the warpath over alleged marital indiscretions by his son-in-law.

Rumors have circulated in the Russian media that Serdyukov had been having an affair with a former aide, Yevgenia Vasilyeva, who was identified as a suspect in alleged fraud involving Serdyukov.

On Oct. 25, the Investigative Committee opened five criminal cases in connection with a $95.5 million fraudulent sale of real estate, land and shares owned by Oboronservis, a holding company that manages state suppliers to the armed forces and that Serdyukov chaired until last year. Investigators did not say when the alleged fraud had occurred.

On Tuesday, Investigative Committee spokesman Vladimir Markin said Serdyukov might be questioned in connection with the fraud cases, Interfax reported. Also Tuesday, a law enforcement source told Interfax that Vasilyeva, whose home was searched, might have left Russia.

Prime Minister Dmitry Medvedev on Tuesday called Serdyukov an "effective" minister, pointing to the military reforms he oversaw and praising the military operation in South Ossetia in 2008. But Medvedev said the criminal probe "has to be carried through to the end while the end has to be put by court."

Ivan Melnikov, a senior Communist Party official and State Duma first deputy speaker, called Serdyukov a "victim" of authorities who want to "gain points as if they were fighting corruption," Interfax reported Tuesday.

But nothing signaled that authorities would review Serdyukov's "destructive policy" in the ministry, Melnikov told the news agency.

Communist Duma Deputy Valery Rashkin pointed to the fact that under Serdyukov state defense orders were "periodically" not fulfilled, the number of military officers and modern military equipment was declining and hazing was on the rise while Serdyukov had been busy "ordering the design of the military uniform from a fashionable couturier," Interfax reported.

But Viktor Ozerov, head of the Federation Council's Defense and Security Committee, defended Serdyukov, saying the former minister "worked in the system of parameters that were set for him." He pointing out that military officers saw their salaries rise and housing constructed for them under Serdyukov, Interfax reported.

Rashkin blamed Putin and Medvedev for the Oboronservis scandal because they were Serdyukov's superiors, Interfax reported without elaborating.

Ozerov said Serdyukov's main mistake was making the ministry responsible for "extraneous

functions of the Federal Property Agency." He added, "This has lead to problems, including the corruption component."

The senator also blamed Serdyukov's lack of a military background for the ousted minister's failure to win respect of his top subordinates.

Liberal opposition politician Boris Nemtsov said Serdyukov's fate will "set the climate" in the Defense Ministry, which gets more than 2 trillion rubles ($64 billion) a year from the state budget, Interfax reported.

"The main and key question now is whether he [Serdyukov] will be held criminally liable or respectfully pensioned off, or sent to the Canary Islands or to the Maldives," Nemtsov said.

The Investigative Committee opened five criminal cases on Oct. 25 into allegedly fraudulent sales of Oboronservis property on charges of fraud and abuse of office and raided the offices of Oboronservis.

Investigators suspect that under the scheme, Defense Ministry officials chose prestigious Oboronservis properties, including some in Moscow, spruced them up with state funds and then sold them at below-market prices, often with money stolen from Oboronservis.

On Thursday, the Investigative Committee reported two arrests as part of the five fraud cases. It didn't say what charges each of the suspects faced.

One arrested suspect is Yekaterina Smetanova, former head of the Ekspert legal support agency, whom media reports named as an agent of the company Oboronservis authorized to sell Defense Ministry assets.

The other arrested suspect is Maxim Zakutailo, former head of a Moscow region storage depot used by the Air Force.

Investigators told the court that Smetanova, who had property and "connections" in Spain, could flee by military aircraft or influence the investigation, Interfax reported.

Zakutailo's lawyers have appealed his arrest, they told Interfax Tuesday.

Related articles:

- $95.5M Fraud Case Seen as Damaging to Defense Minister
- Serdyukov's Sad State of Affairs
- Defense Minister's Car Linked to 10-Car Pileup

Original url:
https://www.themoscowtimes.com/2012/11/06/putin-fires-defense-minister-amid-scandal-a19137