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Scared Deputies Look for U.S. Safehouses

By Alexei Bayer

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Anti-corruption crusader Alexei Navalny revealed that one of the leaders of the ruling United Russia party, State Duma Deputy Vladimir Pekhtin, owns two residential properties in Miami Beach, Florida. Despite being publicly listed as an owner, Pekhtin has claimed that the real estate belongs to his son, but he nevertheless asked to be relieved of the chairmanship of the Duma's ethics committee until the matter is investigated.

For his Russian constituents, the story raises a number of issues — legal as well as ethical — such as why these properties were never declared, or where the $2 million to purchase the real estate came from. Equally interesting is why so many Duma deputies who like to proclaim their undying love for Russia and paint the U.S. as its enemy secretly purchase residential properties in the United States.

The answer is obvious: They are scared. Last year's street protests have ebbed, but discontent and resentment continues to build under the surface. Without a release valve,

the growing pressures will eventually blow the country up.

Moreover, the regime of President Vladimir Putin, after 13 years in power, is starting to show signs of aging. The ruling elites' hold on reality is becoming tenuous, as evidenced by a spate of absurd bills the Duma has produced in recent weeks. Although the bills have been unanimously supported, individual deputies are no fools, especially when it comes to their own safety and financial security.

In fact, everybody connected to the regime is starting to think about a personal exit strategy. It seems that corruption at all levels has increased since Putin's return to presidency last year. Russian bloggers have identified other leading Duma deputies who might own property in the U.S. Clearly, the pillars of the regime are looking to take money out of the country and create a base where they could decamp if the situation in Russia turns against them.

If so, this would certainly raise a thorny ethical dilemma for the U.S.. Washington is leading the rest of the world in standing up to official corruption in Russia. It is the first country to pass a Magnitsky act. Under this law, Russian officials implicated in lawyer Sergei Magnitsky's wrongful death in pretrial detention will be denied entry to the U.S. and have their assets frozen.

A more important issue is what to do with members of the Putin regime such as Pekhtin, who are not covered by the Magnitsky Act, which targets human rights violators. As bad as it smells, these government officials still are a valuable economic resource for the U.S. They invest in Florida real estate, which remains depressed after the 2008 financial crisis, and help the market recover. They also pay high property taxes. Navalny calculated that Pekhtin and son forked over $20,000 in property taxes last year, which no doubt came in handy, given the dire fiscal straits of U.S. municipalities.

What would happen, then, if the current regime in Russia crumbles and the next government brings charges against corrupt officials? Will Washington honor the Kremlin's extradition requests? It would be one matter if the next regime were led by Navalny or another opposition member. In that case, the U.S. would probably oblige. But what if the Putin regime were replaced by an equally corrupt clique that merely wants to settle scores with the competition?

Whatever U.S. authorities decide, in the meantime, Russia's corrupt politicians and bureaucrats may find it a lot safer to buy property elsewhere — for instance, in China.

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