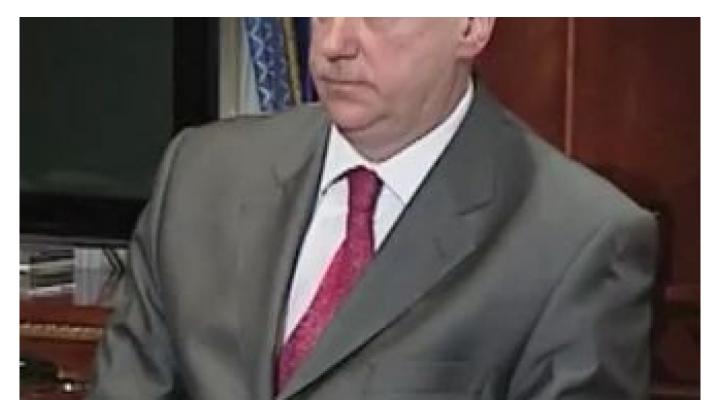


Bastrykin Calls for Creation of Financial Police

By Irina Filatova

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Alexander Bastrykin

First there was the police. Then the traffic police and the tax police. Now Russia's top investigator wants to establish the financial police.

Alexander Bastrykin, head of the Investigative Committee, said Thursday that a financial police force should be formed to prevent illegal capital flight and government corruption by monitoring spending in state-owned companies and government organizations.

An ongoing investigation into multimillion-dollar embezzlement in the Defense Ministry proved the need for more effective control over spending in the public sector, Bastrykin said at an annual meeting devoted to the results of the Investigative Committee's work last year.

The power to monitor spending and handle state property would be withdrawn from "most federal and local government agencies and state companies and organizations" and handed

over to the new agency, said Bastrykin, Interfax reported.

Bastrykin's own agency was created in early 2011 when it was separated from the Prosecutor General's Office.

Bastrykin's proposal is an elaboration on an idea that he voiced last year while pushing for the establishment of the finance police as part of the Federal Service for Financial Monitoring. The new agency, if created, could report directly to the president or the prime minister, he said at that time.

But the initiative didn't find support from anti-corruption campaigners like Kirill Kabanov, who heads the nongovernmental National Anti-Corruption Committee. The new layer of bureaucracy would be cumbersome and unlikely to justify the cost of creating, he said.

He also said there's actually no need to form a body to control spending in the public sector amid government efforts to sell off state property under its privatization program.

A more effective way to combat corruption and control state spending, he said, would be to better coordinate the forces of existing agencies like the Interior Ministry, the Economic Development Ministry and the Federal Property Management Agency.

But Bastrykin said change was needed in the current system. He berated the Defense Ministry departments that oversee the ministry's spending as inefficient, saying this was the main reason why law enforcement agencies failed to uncover financial violations for a long time.

The Investigative Committee in late October opened five criminal cases into large-scale embezzlement at Oboronservis, a Defense Ministry subsidiary that manages state military suppliers. The investigation cost Defense Minister Anatoly Serdyukov his job.

Kremlin chief of staff Sergei Ivanov, who attended Thursday's meeting, called for the Investigative Committee to pursue corruption cases regardless of the seniority of the suspects.

"There are no and can't be any untouchables," Ivanov said. "We need to act decisively, without looking back at the ranks."

He also urged investigators to improve the quality of their work, saying the population "expects greater efficiency."

Bastrykin promised to do his best on the Oboronservis case.

Corruption cost the armed forces more than 7.5 billion rubles (\$246 million) last year, and the bulk of criminal cases opened into the Federal Border Service, the Federal Guard Service and the Defense Ministry, according to the Investigative Committee.

The number of military corruption cases opened by investigators increased by 8.4 percent last year compared to 2011, said Alexander Sorochkin, head of the Investigative Committee's military department.

A growing number of bribery cases is a matter of "particular concern," he said at the meeting,

RIA-Novosti reported.

Overall, corruption cost the federal budget 21 billion rubles (\$690 million) last year, Prosecutor General Yury Chaika said Wednesday.

Also Wednesday, Central Bank Chairman Sergei Ignatyev said that \$49 billion was illegally spirited abroad last year, more than half of which was transferred by "one well-organized group." Ignatyev did not elaborate in his comments made to Vedomosti.

Bastrykin said Russian legislation should be amended to introduce criminal liability for organizations and the confiscation of property to compensate for losses from economic crimes. He referred to the experience of the U.S. and European countries, which have used similar measures for some time.

Meanwhile, anti-corruption campaigner Kabanov said the authorities should put more focus on problems like money laundering and tax violations. While the need to tackle financial wrongdoing in the public sector is clear, the other crimes require more attention, he said.

One effective option to investigate those cases, Kabanov said, would be to create a separate department within the Federal Tax Service, which has a good experience in dealing with such problems.

He did not say whether he would support the revival of the tax police, a much-reviled agency that Putin dissolved exactly 10 years ago next month.

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