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Navalny Faces Foreign Funding Inquiry

By Ivan Nechepurenko

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Two demonstrators holding up a poster on Monday criticizing acting Mayor Sergei Sobyanin. **Evgeny Feldman**

The Prosecutor General's Office claimed on Monday that Alexei Nalvany's mayoral campaign might be financed from abroad, something that is against the law and could thus tarnish the main opposition candidate's image.

In a campaign that has seen many twists and turns, the move was widely interpreted as an effort to discredit Navalny's bid and thus undermine his growing popularity among the more conservative voters.

"This episode will be exploited heavily by state-run television, which will make many pensioners believe that Navalny is a crook backed by foreign governments," said Nikolai Petrov, a professor at the Higher School of Economics. "It is clear that Sobyanin is creating a situation that would suit him the most. Thus he refuses to participate in the debates, for instance."

Navalny himself has denied any wrongdoing, saying in his blog that his campaign finance methods fully complied with Russian law.

He said in a LiveJournal post on Monday that all payments to his campaign account were "absolutely legal." Navalny wrote that all donors had to indicate their full names and nationality and all transfers were checked by the Moscow Elections Commission. The donations where a patronymic or a birth date is not indicated have to be returned, he added.

But apart from direct transfers from supporters to Navalny's campaign account, in July one of Navalny's closest allies, Vladimir Ashurkov, a Wharton Business School graduate, announced an innovative scheme designed to make it easier to sponsor Navalny's campaign.

On his Facebook page he posted a receipt that showed he had transferred 1 million rubles ($30,300) to the campaign account, the maximum amount an individual can donate according to the Moscow's election law, and offered Navalny's followers to reimburse him via the Yandex.Money online payment system.

After Ashurkov collected 1 million rubles, he passed the baton to other members of Navalny's campaign team, including Nikolai Lyaskin and Konstantin Yankauskas, who used the same scheme.

The idea was to make it easier for potential donors to make their contributions. Unlike direct bank transfers, Yandex.Money offers many savvy ways to carry out a transaction, including using a credit card or via one of the thousands of payment terminals scattered around Russian cities.

As of Monday, Ashurkov had 201,000 rubles in his digital wallet, while Lyaskin had 58,000 rubles on his Yandex.Money account. Overall, Navalny has raised more than 31.5 million rubles ($955,000) for his campaign so far, in contrast to the 100.5 million rubles accumulated by Acting Mayor Sergei Sobyanin.

The prosecutors claimed that more than 300 foreign individuals and enterprises from the U.S., Finland, Britain, Switzerland and Canada had transferred money to Navalny allies' digital wallets.

President Vladimir Putin has repeatedly stated that the Russian opposition is being supported and financed by foreign governments.

All money transfers that exceed 15,000 rubles cannot be anonymous, according to Russian law. The sender has to disclose his identity, including nationality and passport details. But, according to Yandex.Money's spokesman, Asya Mulkumova, funds below this amount can be transferred anonymously.

"Payments below 15,000 do not have to be verified and thus can come from abroad. The prosecution refers to the fact that some payments had foreign IP addresses, but this can also be Russians transferring money from the countries where they spend holidays," she said.

Mulkumova also said the company has not received any requests from the prosecutors and thus did not withhold any information regarding its clients' accounts.

But even if Navalny's allies received small payments from abroad, they did not break any specific law, because these payments were legally separate from the money transferred by Russian residents to Navalny's campaign account, Nalvany's campaign chief Leonid Volkov said.

"Here, I will explain it one more time for you: Citizens Ashurkov, Lyaskin and others have transferred 1 million rubles each to Navalny's campaign account as a donation," Volkov said. "Thereafter, they disclosed their e-wallets in order for people to send them money if they wanted. They spent the funds that they had received on whatever they wanted to spend them."

But even if Navalny did not break the letter of the law, he still violated its spirit, said Igor Borisov, head of the Electoral Law Institute and former member of Russia's Central Electoral Commission.

"The law does not prohibit this kind of scheme, but it stipulates that election campaigns must be financed strictly by Russian residents," he said.

Vladimir Zhirinovsky, leader of the Liberal Democratic Party, said a criminal case must be opened following the inquiry in order for Navalny to receive an additional prison term to the five years he was sentenced to by a Kirov court in July. Zhirinovsky had earlier asked prosecutors to look into the financing of Navalny's campaign.

Volkov attributed the accusations to Navalny's growing popularity and the increasing livelihood that the election will have to take place in two rounds, with the Kremlin-backed Acting Mayor Sobyanin unable to garner more than half of the votes.

Five of six mayoral candidates are set for the campaign's first televised debates, which were broadcast live on Monday at 9 p.m. on the Moskva 24 channel.

Meanwhile, an anonymous organization that calls itself the Brothers of Navalny held two protests related to the Navalny campaign on Monday, Novaya Gazeta reported.

During one of them, activists wearing Guy Fawkes masks, popularized by the antitotalitarian movie V for Vendetta, unfurled a banner criticizing Sobyanin's refusal to participate in election debates near the City Hall building. The protesters were detained and subsequently released.

The second protest featured activists posting stickers at a police station in the Novo-Peredelkino district to protest against what they said was an attempt by police to threaten residents who placed a pro-Navalny banner on their balcony.

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