The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Navalny's Fundraising Tricks

By Kevin Rothrock

August 17, 2013



Vladimir Zhirinovsky, leader of the Liberal Democratic party, said last week that Alexei Navalny should rot behind bars. "Let him die there, and be buried in the prison cemetery," Zhirinovsky fumed on Ekho Moskvy radio. Earlier that day, the Prosecutor General's Office announced it had partly corroborated Zhirinovsky's complaint. He warned earlier in the month that Navalny's online fundraising methods violated Russian campaign finance laws.

Prosecutors have identified 347 Yandex.Money transfers with foreign IP addresses deposited in electronic wallets belonging to Navalny and three of his confidants. The government claims that the non-Russian origin of those 347 transfers means the money came from foreigners, who cannot legally contribute funds to Russian political candidates.

In his own response, Navalny says his rising poll numbers made inevitable a new Kremlin-orchestrated attack on his campaign. Brushing aside accusations that he's accepted foreigners' money, Navalny says more than 1.2 million Russian citizens live outside the country, half a million are now traveling abroad during the summer and another few hundred thousand citizens living in Russia access the Internet via IP addresses based outside

Russia. "Our campaign is the most financially transparent," he said.

In addition to traditional offline bank transfers, Navalny has innovated two different ways to contribute money to his mayoral campaign using the Internet. The first method is relatively straightforward: his campaign has a Yandex.Money account, to which individuals can donate small sums directly, transferring funds to his official campaign bank account. Because of Yandex.Money's own regulations, these transfers cannot exceed 15,000 rubles ($450), which is also the maximum payment anonymous Yandex.Money users can make. In other words, Yandex.Money contributors to Navalny's campaign do not need to identify themselves as Russian citizens to Yandex, before sending Navalny their money.

Navalny's campaign corrects for this anonymity by requiring donators to provide identifying information in the memo section of every Yandex.Money transfer. If a particular contribution lacks all the legally required contributor data, the campaign reportedly refuses the donation.

Navalny has also promoted another rather dubious way to help his mayoral run. It's called "Credit Trust" and calls on Yandex.Money users to reimburse designated members of Navalny's entourage, who pledge 1 million rubles ($30,000) to the campaign.

From a formal legal perspective, such fundraising amounts to four individuals contributing 4 million rubles to Navalny's campaign. But for many, this tactic is a blatant exploitation of a loophole in Russia's campaign finance regulations.

Whereas Navalny's campaign screens Yandex.Money contributions for identifying data, campaign adviser Vladimir Ashurkov and his posse of million-ruble contributors perform no such verifications. Anyone with a Yandex.Money account, regardless of citizenship, can send them cash. As it turns out, Yandex.Money serves individuals with bank accounts in eight countries: Russia, Ukraine, Belarus, Kazakhstan, Azerbaijan, Estonia, Israel and Turkey. Ashurkov defends this donation scheme as a means to attract money from supporters deterred by what he euphemistically calls the "inconvenience" of identifying themselves.

Despite promoting "Credit Trust" themselves, Navalny's campaign advisers say they in no way endorse the project. Given the roles they play and how the plan works, however, it's difficult to view this denial as anything but an attempt to skirt the law. In fact, Navalny himself advertised "Credit Trust" in a July 24 LiveJournal post, encouraging people to send money to Nikolai Liaskin in connection with the program. If this doesn't count as an endorsement, what would?

More curious than such risky fundraising methods is the prosecutors' decision to implicate Navalny's campaign in Western funding. Why resort to such a Cold War-era, technologically illiterate attack when "Credit Trust" is suspicious enough on its own to merit an investigation of Navalny's campaign finances? If we take seriously the questions about "Credit Trust," the state's reaction is clumsy indeed.

Perhaps Navalny's supporters are right when they accuse the Russian government of being stuck in the Soviet ways. Today, maybe, they should be counting their lucky stars for such incompetence.

Kevin Rothrock is the project editor of Global Voices' RuNet Echo. A longer version of this story was published on Globalvoicesonline.org.

The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.

Original url: https://www.themoscowtimes.com/2013/08/17/navalnys-fundraising-tricks-a26858