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Putting the 'Crime' Back in Crimea

By Mark Galeotti

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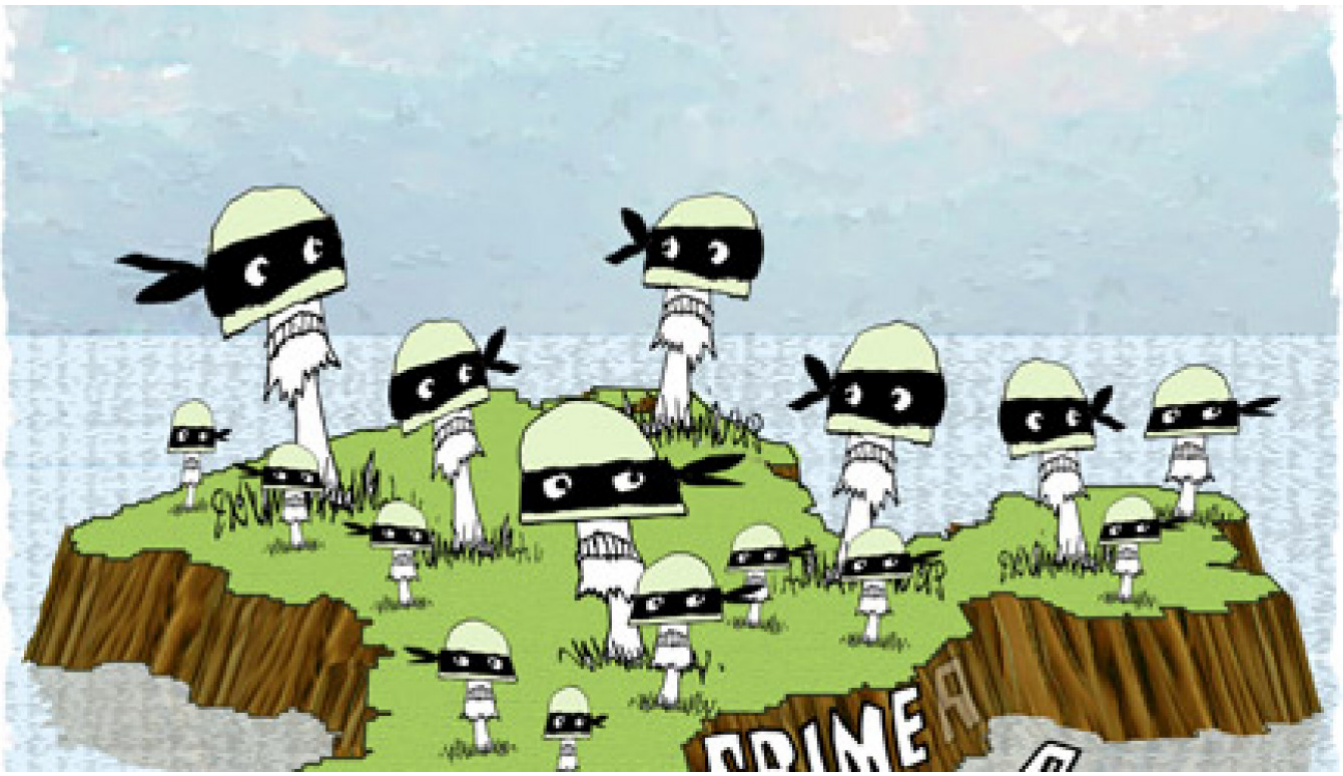

Criminals, the most ruthless of entrepreneurs, are often the first to spot a new opportunity. The latest hot market they want to corner? Crimea. The particular danger is that this competition will in turn spark deadly conflict in Moscow.

Crimea has long been a center of criminal activity and interest. Kiev neglected the region, and its local police rarely played well with their Interior Ministry counterparts in the capital. Besides which, the Black Sea Fleet was a virtual engine of criminal enterprise, especially in the 1990s, when its supply convoys — fortuitously exempted from both Russian and Ukrainian customs inspections — were infamously misused for smuggling of every kind.

Then, of course, the fleet was in disrepair and officers' salaries were both inadequate and in arrears. Since then, the fleet's position has improved and smuggling has become less overt and industrial in scale. Nonetheless, the Ukrainians continued to regard the presence of foreign territorial enclaves and uncontrolled military convoys as a genuine and serious problem, with military bases being used to warehouse counterfeit and criminal goods of every kind.

However, the "civilian" criminals were not to be outdone. Crimea's political and economic structures were infamously interconnected with its underworld. Simferopol's Salem and Bashmaki crime gangs of the 1990s ran protection rackets, smuggled drugs and assassinated each other. During this time Crimea had Ukraine's highest murder rate per capita.

After an upsurge in violence in 1996, both gangs seemed all but destroyed. In reality, they largely transitioned into white-collar criminality, taking over businesses, running corruption and embezzlement schemes and buying up land.

They were tremendously successful at this, and were able to find common cause with other elements of a thoroughly dirty local elite in trying to ensure that Kiev's authority over Crimea was minimal.

Now that Crimea is part of Russia, there is little evidence that Moscow plans to attack these cozy circles of corruption, crime, politics and business. Quite the opposite, it seems happy to co-opt them as local agents.

For example, Sergei Aksyonov, Crimea's hurriedly-elevated prime minister, has been repeatedly connected with the underworld.

In 2009, Mikhail Bakharev, first deputy chair of the Russian Society of Crimea, produced police reports which identified Aksyonov as a middle-ranking lieutenant in the Salem gang, known by the nickname "Goblin." Aksyonov denied the accusation and challenged it in the courts, but ultimately his suit was dismissed on appeal as without merit.

More generally, while the local police apparatus has been transferred to the Russian Ministry of Internal Affairs, no attempt has been made to bring in outsiders to clean house, despite the concerns of some senior figures in Moscow. Sergei Abisov, Crimea's interior minister, and Colonel Dmitry Neklyudov head of the region's police, are both locals who defected to the secessionist side early in the crisis.

Ultimately, though, Moscow wants to ensure Crimea's smooth transfer into the Russian Federation's embrace, which precludes a purge of the Crimean elite. It is also keenly aware that many of the non-state actors in eastern Ukraine are either corrupt business-political figures or else outright gangsters.

It would damage relations with these elements if Russia appeared to be cracking down on their counterparts in Crimea.

However, Russia's easy going approach goes beyond benign indulgence. Since annexing the peninsula, Russia has promised to spend billions of dollars on Crimea's development, much of it on the kind of projects that give organized crime ample opportunity to profit.

The grandiose mega-project that is the $5.5 billion Kerch Strait Bridge, for example, could lead to a cornucopia of corrupt construction deals. A proposal to open up a new casino and leisure complex, meanwhile, could attract money launderers, loan sharks and purveyors of every vice.

However, perhaps the most serious and potentially important development is the rise

of Sevastopol as a regional smuggling hub. Odessa has and still is — regardless of the current hostilities — the key Black Sea smuggling center for Russian organized crime. Goods of every kind flow in and out of its port, including increasing amounts of Afghan heroin and counterfeit goods.

However, Crimea gangs are eager to see Sevastopol challenge Odessa for a share of this extremely lucrative business. These gangs are already, in effect, offering discounted rates and preferential terms to their counterparts in the Russian heartland. Even for gangsters in the midst of incipient civil wars and geopolitical confrontations, the mechanisms of the market are alive and well.

That this is an appealing business opportunity is already evident. According to police sources, a smotryashchy, or representative, of the Moscow-based Solntsevo network has been sent to Crimea. In effect, he could be considered Solntsevo's ambassador to the region.

However, criminal gangs' expansion into Crimea brings serious potential risks. If Crimea emerges as a new frontier for the Russian underworld, the competition it creates could spark a more generalized gang war, albeit one likely to be focused on Moscow where the main networks involved in transnational trafficking tend to be based.

The underworld status quo is relatively brittle, full of hungry upstarts and deep feuds, as well as unbalanced by new money flowing into some gangs' coffers thanks to the growing and massive trade in Afghan heroin. Gang wars nearly broke out after in 2013 after -veteran godfather Aslan Usoyan, know as Ded Khasan, was murdered in Moscow. Further competition in Crimea could shatter the already fragile underworld peace.

Competition in Crimea helps explain last week's high-profile police operation when commandos broke up a skhodka — a sit down or criminal summit of mainly Georgian gangsters.

The main issue they were discussing was precisely how they were going to muscle into the Crimean underworld. The robust police action was probably in part a warning both that the ethnic Russian gangs have first claim to the region, but also that the state is watching them.

The risk, after all, is that competition over the Crimea will spill over into the kind of wider conflicts already seen over Sochi. The annexation of Crimea could lead to renewed violence on the streets of Moscow.

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