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INDEPENDENT NEWS FROM RUSSIA

FSB Seeks to Classify Information About Russian Officials' Villas

By Peter Hobson

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The property database has been key in outing a number of people who are part of President Vladimir Putin's inner circle.

Top Russian bureaucrats have repeatedly been forced to watch pictures of their luxury mansions paraded in the press in recent years.

Stories of special facilities to house fur coats and multimillion-dollar villas belonging to officials whose official salaries are barely enough to afford an average apartment in central Moscow provoked derision and outrage from the public.

But authorities are planning a pushback. Many of the revelations were uncovered by anti-corruption activists using a public database of property ownership. So the FSB, Russia's powerful domestic security service, has drawn up legislation to make knowledge of who owns the country's mansions a secret.

On Tuesday, a government commission announced it had approved the project — marking the first stage on its way to becoming law.

Information in the database is currently open source and can be requested by anyone, as is common practice in developed nations. Easy access is good for business: Data on property ownership is used by real estate buyers and sellers, builders and in legal disputes.

But the FSB claims that people are abusing the system to target individuals, and gaining information that could be used for criminal purposes or defamation. It wants to limit access to the data to "competent government bodies," the RBC news agency reported Tuesday. Anyone wanting information would have to apply to these bodies for it. Real estate companies will have limited access to data on properties, but others will only get it with the permission of the owner, according to a government statement.

End of Entertainment?

That would likely put the kibosh on a series of lurid revelations about the wealth of Russian bureaucrats and bosses of state-owned companies, many of whom appear to have accumulated vast fortunes in the murky first decades of Russian capitalism.

The law is part of a crackdown on information flows, said Ivan Pavlov, a lawyer who headed the Freedom of Information Foundation, which campaigned for transparency in state bodies but stopped work earlier this year after becoming one of a number of NGOs declared a "foreign agent" by the Justice Ministry.

For the authorities it is "out of the question to allow people to doubt their integrity," said Pavlov.

The property database has been key in outing a number of people who are part of President Vladimir Putin's inner circle.

Take Nikolai Patrushev — the former head of the FSB and now Putin's security adviser — whose wife owns a mansion worth 1.1 billion rubles ($17 million) in Moscow's Serebryany Bor district, according to Alexei Navalny, an anti-corruption campaigner and politician.

Or President Vladimir Putin's spokesman, Dmitry Peskov, who Navalny has alleged lives in a house in an elite Moscow neighborhood worth $7 million, owns a watch worth $600,000 and honeymooned this summer on a yacht costing 350,000 euros ($400,000) per week to rent.

Navalny has, despite government pressure that has seen him repeatedly imprisoned, released and popularized a stream of revelations about the lifestyles of Russia's state elite. Each post is accompanied by pictures and documents, often taken from public databases.

In 2013, he published pictures of a vast mansion complex outside Moscow that he said belonged to Vladimir Yakunin, the former boss of state rail monopoly Russian Railways. Famously, the building was said to include a special cold storage facility to store Yakunin's wife's fur coats.

Sensitive Times

Those targeted may never have been happy about having their assets revealed, but the exposes are now coming as most Russians are getting poorer. Low oil prices and Western sanctions imposed last year over the conflict in Ukraine have driven the economy into recession and pushed 3 million more Russians into poverty in the first quarter of this year alone — one of the largest rises since Putin ascended to the presidency in 2000.

The FSB's legislation is aimed squarely at "limiting the ability of ordinary people to participate in these investigations," Pavlov said.

The very fact that the FSB is spearheading the legal change suggests that the authorities see the issue as one of national security, he added. The FSB had not made any comment on its proposal as of Tuesday evening.

"The FSB has again leapt to the defense of corruption and illegal enrichment," Navalny wrote on his blog Tuesday.

On the Make

On the surface, there has been a push for more transparency in the incomes of top officials and state company bosses in recent years. Many are now obliged to disclose their incomes and assets, not least because of campaigning by people like Pavlov. But Moscow's commitment to fighting graft is questionable. Russia never ratified article 20 of the United Nations Convention Against Corruption, titled "illicit enrichment," which demands that governments make a criminal offense a significant increase in the assets of a public official that they cannot explain.

Yekaterina Schulmann, an expert in legislative processes at the Russian Presidential Academy of National Economy and Public Administration, said it was likely that governmental bodies were split over the new law.

Ending free access to the property database would damage the real estate market, so ministries responsible for the economy may oppose or try to amend it, she said. The FSB is likely more concerned with public outrage if more officials' mansions are unearthed.

But aside from managing public relations, the FSB may also have a financial incentive to close the database. If the security service becomes the system's gatekeeper, it will be able to charge fees and sell information, both legally and illegally, said Schulmann.

If the law is passed, "the FSB will control the flow [of information]. ... For them it is a new market," she said.

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