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Governor Belykh's Arrest Has Russian Elite on Edge

By Mikhail Fishman

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For the last decade, regional governors in Russia are usually appointed apparatchiks, with faces unrecognizable outside their home territory. There are some exceptions to the rule, like Ramzan Kadyrov, the leader of the republic of Chechnya. Another rare exception was Nikita Belykh, the governor of the Kirov region, a typical middle-of-nowhere province in Central Russia.

Belykh is well known across the country. Unusually for a governor, he socializes with journalists, and is popular with them. Young, progressive and a former liberal opposition leader, he's also connected to prominent politicians like Anatoly Chubais and Alexei Kudrin. His arrest will have come as a shock not only to them, but also a wider Moscow political class.

It could, as they must have realized, have been one of them.

Taking the Bait

The exact circumstances of the arrest are confusing. A photo released by the country's Investigative Committee shows Belykh in a Moscow restaurant looking pale and grim. In front of him are stacks of cash. Another photo shows the governor's hands covered in luminescent ultraviolet ink, allegedly proving his contact with the money.

Following the arrest, Vladimir Markin, the outspoken mouthpiece of the Investigation Committee was gleeful. "Bribes have no smell," he wrote on the committee's website. "But they do glow sometimes."

Belykh has been charged with accepting a bribe of 400,000 euros ($444,000) to protect the interests of the Novovyatsky Ski Factory and Forestry Management Company, based in Kirov. Belykh has pleaded innocent to the charges, and said he was the victim of an elaborate setup. He has been locked up in the infamous Lefortovo prison in northern Moscow. On June 29, his lawyer announced that he would be going on hunger strike.

Indeed, Markin had reasons to celebrate. Belykh is the third Russian governor to have been sent to Lefortovo within the last year. The first to be imprisoned was Alexander Khoroshavin, leader of the far eastern Sakhalin island. State TV paid special attention to Khoroshavin's collection of expensive watches. He was arrested in March 2015 on corruption charges. Then, in September 2015, Vyacheslav Gayzer, governor of the Komi republic, also landed in Lefortovo. He was accused of leading a crime gang.

Both cases have been hard to prove, analysts say. But with Belykh, the situation is different: Law enforcement claims to have caught him red-handed. According to his appointed lawyer Sergei Teterin, the governor took the money for "financial support intended for reconstruction in the region."

The Converted Liberal

Belykh's path to governorship was unusual. A successful entrepreneur and financier, Belykh already had experience as a vice governor of the northern region of Perm. In 2005, he was elected the leader of the Union of Right Forces, Russia's prominent reformist opposition of the early 2000s. Three years later, at the age of 33, he was offered the governorship by newly elected President Dmitry Medvedev after his party suffered a humiliating defeat in the recent parliamentary election.

Unlike other governors, Belykh was allowed to work without being a member of the ruling party. "For me there were no bans in place," he later said. Opposition leaders would become frequent guests in Kirov, and in 2009, Belykh appointed Alexei Navalny, already a renowned activist, as his adviser.

When Navalny — who by that time had left Kirov — was charged with embezzlement in 2011, Belykh's administration was forced to cooperate with the government's prosecution in what was widely seen as a politicized case.

"I haven't had much of a warm spot for Belykh since then," Navalny wrote on his blog after Belykh's arrest. "But I can hardly imagine him accepting that amount of cash in a Moscow

restaurant as a bribe."

A Crook and an Investor

According to Novaya Gazeta, the Navalny connection played a role in Belykh's arrest. The Federal Security Service (FSB) first became interested in the Kirov governor while searching for evidence against Navalny in 2012, the paper reported.

The case against Belykh is reportedly built around evidence provided by two businessmen: Albert Laritsky, former owner of the Novovyatsky ski factory, and Yury Sudhaimer, a German national of Russian descent and its current owner.

According to two sources who knew him personally, Laritsky is a "crook." "I always told Nikita not to deal with him," one told The Moscow Times. A former manager at the ski factory said Laritsky embezzled funds loaned for the factory's modernization to his personal accounts in Swiss banks since 2009. Laritsky would later blame the factory's CEO Vladimir Sysolyatin for the fraud. According to Sysolyatin, "he convinced Belykh it was my fault. He set me up."

Sysolyatin was later acquitted of all charges in local court. Laritsky was arrested and sent to Lefortovo prison in June 2015. In jail, Laritsky started cooperating — "to cover his ass he would turn in whomever," said a former factory manager.

Sudhaimer is a different kind of businessman. A successful entrepreneur, he took over the ski factory in 2013 after Laritsky failed to repay investment. "Sudhaimer was very angry", the former manager says. Soon after arriving, he dismissed management at both the factory and at the Kirov Forestry Management Company — another of Laritsky's assets that had come into his possession.

According to an Interfax news agency source, it was Sudhaimer who brought 150,000 euros ($166,000) to the Moscow restaurant. This was the final installment of a larger bribe, investigators said; the rest was handed over to Belykh in 2014.

According to source in Kirov, Sudhaimer did meet with the governor regarding a forestry enterprise. It is not clear why he might want to participate in the setup, if indeed he did.

"There is something we clearly don't know," a former factory manager says.

Changing the Rules

It is well known Belykh is wealthy and he is not alone among Russian governors in this regard. He has a background in business, and has reportedly remained active in various ventures — again, as many do.

Cash payments are quite common, too — this is especially true in regard to election spending. In Russia's authoritative tradition, the governor is responsible for securing proper election outcomes. With elections scheduled for late September, cash is widely used to this end.

But the rules of the game are changing, says political analyst Abbas Gallyamov. Earlier this year, he recalls, Chelyabinsk vice governor Nikolai Sandakov was arrested for allegedly taking

a bribe in cash in what was a routine election donation. Belykh's arrest, though, is a matter on a totally different scale.

Following his detention, analysts started talking about an exemplary anti-corruption campaign, designed to draw Russian society's mind from economic crisis. "Around a year ago, the Kremlin set a new policy that the battle against kleptocrats should lead to credible cases," a well-connected political consultant says. With Belykh, says political analyst Mikhail Vinogradov, investigators apparently have a good case to sell, and he has no one to stand up for him in front of Putin.

"Sometimes a bribe is just a bribe," Markin triumphed.

In fact, in Russia's reality of overwhelming corruption, the opposite is usually the case. What looks as a bribe revealed by the law enforcement is never just a bribe. Almost universally, high-placed officials and businessmen are breaking laws and feeding off the system. A select few land in trouble.

Now, as a Kremlin insider admits, "no one can feel safe."

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