

Kremlin Foes Advise U.S. on Sanctions as Oligarch List Looms

January 26, 2018



(Bloomberg) — Some of Vladimir Putin's longest-standing critics have found what they hope will be a new tool to pressure his regime: They're giving the U.S. Treasury advice on whom to include in a new list of Kremlin-connected oligarchs to target for possible future sanctions.

A trio of opponents has found a receptive ear in Daniel Fried, formerly the State Department's coordinator for sanctions policy, who's been offering ideas on the list to former colleagues now working on it. Just how much influence they've had could become clear Jan. 29, when the roster is due. Though it could be delayed, Russia's richest are already anxious at the prospect they might be included.

“A Russian businessperson has to ask themselves, am I part of the Putin machine?” Fried said. He’s consulted on the list with Andrei Illarionov, a former Kremlin aide who now describes the regime as “semi-totalitarian,” Andrei Piontkovsky, who’s compared Putin’s Kremlin to mafia boss Al Capone, and Anders Aslund, a Washington-based economist who’s described it as “kleptocratic.”

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The men “have criticized Putin’s aggression abroad and authoritarianism at home. Are all such persons disqualified from discussing ways to counter it?” Fried said.

‘Economic war’

Their participation has added to the alarm in Moscow over the list, which has already drawn threats of possible retaliation from Russian officials. Andrey Kostin, the head of state-owned VTB Group called the sanctions -- which have also hit his bank -- “economic war” in an [interview](#) with Bloomberg TV at the World Economic Forum in Davos this week.

The list was mandated in a [law](#) passed last summer, over White House objections, that made it harder to lift the sanctions imposed over the Ukraine crisis and called for more restrictions to punish Russia for alleged meddling in the 2016 election. The law mandated Treasury produce a report listing “the most senior foreign political figures and oligarchs in the Russian Federation, as determined by their closeness to the Russian regime and their net worth.”

A Treasury spokesperson declined to comment on the process beyond saying that it’s working with the Director of National Intelligence and State Department on the oligarch list.

Though the list doesn’t impose any immediate sanctions, Russia’s rich and powerful have been [scrambling](#) to find ways to avoid landing on it, according to tycoons and lawyers involved in the efforts. The fact such longtime foes of the Kremlin were providing advice has only added to the worry.

“These are odious characters,” said Konstantin Kostin, a political consultant to the Kremlin, referring to the Putin critics. “What’s needed here is work by experts who can do an objective job.”

‘Hundreds’ of names

While the group’s proposals to Treasury don’t list specific individuals, “everybody knows many of the names,” said Aslund. He says the list should include 40-50 people to maximize impact. “To name and shame you don’t want too many,” he said. Illarionov, on the other hand, called for “hundreds.” The law requires that family members also be included, with assessments of their holdings.

Congress won’t be satisfied with less than 100 names, said a person in the U.S. legislature involved in the process.

“Those who wind up on the list will close ranks around Putin, but hundreds of others will get scared,” said Mikhail Khodorkovsky, who was Russia’s richest man until the Kremlin stripped him of his Yukos oil giant and convicted him on fraud charges. “Forty to sixty names in the ‘Kremlin list’ is enough to scare the rest.”

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Fried and the three Putin opponents outlined their approach in a [November article](#) on the website of the Atlantic Council, the Washington think tank where Fried now works.

“We provided them with a framework” for building the list, Illarionov said.

Close Putin friends who’ve already been sanctioned -- such as billionaires Gennady Timchenko and Arkady Rotenberg -- are obvious candidates for inclusion. Children of Kremlin insiders and top officials who’ve gotten jobs at state companies are another category, along with “people who are holding money for Putin,” Aslund said.

Among the so-called golden children who haven’t yet been sanctioned are Sergei Ivanov Jr., CEO of diamond miner Alrosa and the son of the ex-presidential administration chief, and Dmitry Patrushev, CEO of state-run lender Rosselkhozbank, whose father Nikolai is secretary of the Kremlin’s Security Council.

Billionaire Listing

The November article advised using leaked offshore data from the Panama Papers and research by the Russian edition of Forbes to pick the names. These could include metals billionaire Alexey Mordashov and Senator Suleiman Kerimov -- who’s facing French money-laundering charges -- and Nikolai Shamalov, a longtime Putin friend.

So far, only two potential targets have been publicly named: Putin ally Prosecutor General Yuri Chaika and billionaire Alisher Usmanov, whom four U.S. senators cited in a Jan. 17 letter to the State Department.

Other likely candidates include VTB’s Kostin and billionaire Oleg Deripaska, according to the congressional source. Banking-and-oil tycoons Mikhail Fridman and Petr Aven might also be on it, he said.

A spokeswoman for Deripaska, a metals magnate who’s had difficulties in the past getting a U.S. visa, declined to comment, as did Fridman and Aven.

One silver lining for Russia’s billionaires is that the list could be mostly classified, limiting its impact, according to the person in Congress.

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