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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Lee Wolosky to Rob Boone and Nerissa Cook (2 pages)	07/14/2000	P1/b(1)
002. paper	re: Diplomatic Strategy: Russian Crime and Corruption (8 pages)	ca. 07/2000	P1/b(1) KBH 2/27/2017
003. paper	re: Diplomatic Strategy: Ukrainian Crime and Corruption (1 page)	ca. 07/2000	P1/b(1) KBH 2/27/2017
004. paper	[Duplicate of 003] (1 page)	ca. 07/2000	P1/b(1) KBH 2/27/2017
005. paper	[Duplicate of 002] (6 pages)	ca. 07/2000	P1/b(1) KBH 2/27/2017

COLLECTION:

Clinton Presidential Records
 National Security Council
 Transnational Threats (Wolosky, Lee)
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FOLDER TITLE:

Crime Strategies-Russia and Ukraine

2012-1026-M
rs958

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
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- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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DECLASSIFIED
PER E.O. 13526
2012-1026-M (1.02)
2/27/2017 KBH

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* enhancing case work -
FBI / DOJ → not reflected
here / a lot more big
done

DIPLOMATIC STRATEGY: RUSSIAN CRIME AND CORRUPTION

Objective

Obtain Russian cooperation in an expanded fight against Russian crime and corruption.

* Drugs → S. Ivanov/
demand reduction
HHS - min. of
Health

The Problem

Along with the positive and historic opportunities created by the collapse of the former Soviet Union, a vacuum of legitimate authority developed that has led to a rapid increase in criminal activity in the New Independent States (NIS) as well as new types of criminal activity. The transition to a market economy has provided opportunities for economic crime that outpace the development of adequate regulating and enforcement institutions.

LE or Health
issue
Health Committee?
LEWG

The potential impact of crime and corruption on the transformation of Russia and the NIS is great. It undercuts the development of fledgling democratic and market economic institutions. Crime and corruption contributes to social instability. It discourages needed foreign investment. Most worrisome is the potential for the citizenry of Russia and the other NIS to equate crime and corruption with the emergence of democratic and economic reform.

MLAT -
heavy
next
wk.

Organized and transnational crime emanating from Russia and the other NIS also has the potential to affect U.S. and other western interests. Russian and former Soviet Union organized crime groups are gaining a foothold in the United States, engaging in a range of activities from drug trafficking and money laundering to prostitution and racketeering. Their techniques are increasingly violent and require an increasing amount of U.S. law enforcement resources to respond. Expanded illicit narcotics markets and routes are increasing the vitality of the trade and undercutting interdiction efforts and recent gains made elsewhere against money laundering and the export of precursor chemicals. Most ominous, there is the very real possibility that NIS organized crime could become involved in weapons-grade nuclear materials smuggling.

Things given
to us at
Sergei
meeting

↓
- export control
- nuclear policy

- money
transfer
systems
key

- arms
trafficking

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Money Laundering Law

- Long, Ross letter.
- Nov. 98 Lyon mtg.
- other multilateral?

⇒ An operational life component
Call DOJ

The magnitude of the Russian crime and corruption problem dictates that the United States respond quickly and decisively on the diplomatic, law enforcement, and intelligence fronts. As we proceed, we will need to be ever mindful of the reported penetration by Russian organized crime at all levels of the security and law enforcement agencies, and to choose our interlocutors carefully. Encouraging institutional reform will be of critical importance in overcoming this type of corruption.

The Initial U.S. Response

In 1994, the Clinton administration formed a policy steering group composed of the U.S. diplomatic, intelligence, and law enforcement communities to address the growing problem of Russian- and NIS-generated crime, and in September 1994 at the Washington Summit Presidents Clinton and Yeltsin committed their two countries to cooperate on joint efforts to combat crime. The program that the United States developed was four-pronged:

- We expanded U.S. rule of law programs and placed a new emphasis on assisting Russia and the other NIS with criminal justice reform;
- We provided law enforcement training which promotes the concepts of human rights and professional integrity;
- We promoted case work between U.S. and Russian law enforcement counterpart agencies; and
- We worked to institutionalize our cooperation with Russia and the NIS through the negotiation of law enforcement agreements that allow us to share information and cooperate in investigations, prosecutions, and the prevention of crime according to international standards.

Initially, our joint efforts emphasized criminal matters. Corruption was not addressed directly as a matter of U.S. policy because of the highly negative reaction of Russia and other states to such discussions and our greater need at the time to "get our foot in the door" with these states on criminal matters.

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-3-

The preliminary stage of our anti-crime program has been completed, and working-level relationships with our Russian counterparts have been established. To strengthen Russian domestic support for reforms, to improve the investment climate, and to become an integrated member of global economic and security systems, Russia needs to move more decisively against organized crime and pervasive corruption. To encourage this result, our cooperation with the Russian government in fighting organized crime moved to an expanded, second phase. This phase also includes direct anti-corruption efforts because of the change in the readiness of the Russian public and government to address the issue of corruption.

Phase II Diplomatic Strategy

In September 1998 at their Moscow meeting, Presidents Clinton and Yeltsin called for the creation of a bilateral law enforcement working group to provide high-level policy oversight and coordination of joint U.S.-Russian law enforcement activities and to serve as an ongoing forum or communications channel that would allow both sides to raise issues of concern related to crime and corruption in a timely and efficient manner. The multidisciplinary, interagency U.S.-Russia Law Enforcement Working Group (LEWG) that resulted became part of the U.S.-Russia Joint Commission in December 1998, with its inaugural meeting held in Moscow in May 1999. The LEWG has four priority subgroups: legal sector reform; anti-money laundering; anti-corruption; and mutual legal assistance.

On the diplomatic front, the Administration through the LEWG should continue to pursue nine main tracks during this second phase of the anti-crime effort: 1) seeking Russian cooperation in support of key priorities; 2) increasing U.S. engagement with Russian political leaders on crime and narcotics issues to keep up the public pressure in Russia for action and to encourage Russia to become an equal player on the anti-crime front; 3) forging a more active role for Russia in multilateral anti-crime and anti-narcotics efforts; 4) encouraging the involvement of NGOs in Russia on anti-crime issues; (5) strengthening political will in the rest of the NIS to take appropriate steps against crime; (6) enlisting European and other key allies to work with the

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U.S. in combatting Russian and NIS crime; (7) engaging in public diplomacy to counter organized crime; (8) facilitating operational-level law enforcement efforts; and (9) encouraging systemic change in Russia to lessen the incidence of corruption and its impact on society, reform movements, economic growth, and investment climates. Specific actions should include:

Seeking Russian Cooperation on Key Priorities

- Emphasize to the Russians that the United States is prepared to advocate Russia's admission to the Financial Action Task Force (FATF) if Russia takes steps towards implementation of the 40 FATF recommendations, including, among other actions, passage of a money laundering law.
- Execute a phased approach towards the conclusion of law enforcement agreements and treaties. Push for approval by the Senate and Duma of the Mutual Legal Assistance Treaty (MLAT) signed in June 1999. Consider negotiation of an Extradition Treaty (Russian request) at a later date once a track record of cooperation under the MLAT is achieved and if Russia's legal infrastructure and human rights situation indicate.
- Explore what actions the Russian government could take in Russia simultaneously with any potential actions taken by the United States against Russian organized crime targets, possibly to include IEEPA actions.
- Encourage the Russians to enact domestic implementing legislation in support of the three UN Drug Control Conventions and to implement the three-year \$15 million antidrug program adopted in 1995, but not yet started.

Increasing U.S. Engagement with Russian Political Leaders

- ✓ • Insert anti-crime statements as a matter of course in Summit joint statements and press remarks made by the two Presidents.
- ✓ • Continue to use the Joint Commission as an avenue to resolve specific crime problems involving U.S. interests (e.g., commercial crime) and to advocate institution-building and the passage of key pieces of legislation.

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- Establish a sustained dialogue with key anti-crime and anti-drug officials in the new Putin administration, including bilateral exchanges on specific OC groups. ✓
- Assist Russian regulatory and enforcement officials in institution-building.
- Use the occasion of leadership and committee-level delegation visits from the Duma and the Federation Council to push for passage of key anti-crime and economic legislation.

Enhancing Russia's Role in Multilateral Organizations

- Elicit Russian support for G-8, UN, COE, OECD, and OSCE initiatives, including initiatives relating to intellectual property rights (IPR), alien smuggling and counterfeiting; border security; high tech crime; money laundering; and narcotics trafficking; and other follow-on projects in support of the G-8 40 recommendations.
- Elicit Russian support for completion of the UN Transnational Organized Crime Convention and followon UN Corruption instrument.
- Elicit Russian support for the implementation of specific activities under the Citizens Security Declaration of the UN Crime Commission.
- Elicit Russian support as a co-sponsor of the UN Declaration on Corruption and Bribery in Transnational Commercial Activities.
- Seek Russia's support for implementation of the 1988 UN Convention to be the central focus of the June 1998 Special UN Session on Drug Control.
- Elicit Russian support to counter an effort by some UN members to seek UN approval for government-sponsored programs which provide heroin to addicts.
- Urge Russian support for implementation of an antidrug assistance program for Russia sponsored by the UN Drug Control Program (UNDCP).

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- Seek Russian cooperation in multilateral efforts to control chemical precursors used to produce illicit drugs.
- Explore whether the OSCE could be a useful forum for promoting selected anti-crime measures (e.g., border control).
- Explore whether the NATO Special Committee should expand ad hoc consultations with Russia to include cooperation in the fields of counternarcotics and other anti-crime activities.

Developing Russian NGOs

- Engage Russian NGOs to encourage their involvement in anti-crime and anti-narcotics activities.

Building Political Will in the Rest of the NIS

- Intensify contacts with the political leadership in other NIS countries on anti-crime and anti-narcotics activities, especially efforts to improve border control; transparency in the financial sector; strengthening institutions against corruption; and combatting transnational criminal organizations.

Enlisting Support of Third Countries

- Directly engage with third countries which have substantial equities or interest in Russian and NIS crime issues, such as Germany, the United Kingdom, Poland, Sweden, Finland, Italy, Cyprus, Austria and Israel, to develop strategies with them that effectively combat the influence of Russian and NIS criminal activity in their countries, in their financial systems, and at their ports of entry and borders. ✓

Engaging in Public Diplomacy

- Explore options for working with the media, American business, NGOs, and NIS governments, as appropriate, to heighten awareness of organized crime activities.

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Facilitating Operational-level Law Enforcement Efforts

- Identify known or suspected organized crime figures, groups, and affiliated businesses both in the U.S. and overseas through the Russian Business Investigative Initiative (RBII) and TIPOFF programs. Strengthen RBII and TIPOFF programs as effective means of watch listing suspected criminals and advising responsible officials when criminals are spotted by consular officers at posts abroad or at ports of entry.
- Provide timely information and investigative support to consulates to enable them to recognize visa applicants that are involved with NIS organized crime.
- Exchange information with domestic and foreign law enforcement agencies that have a mutual interest with the U.S. Government pertaining to the targets identified through the RBII and TIPOFF programs.
- Investigate and seek criminal prosecutions against applicants, persons, and businesses that are involved in organized business fraud.
- Strengthen the visa denial system as a powerful counter crime tool. Curb the expansion of Russian organized crime into the United States by denying visas to individuals identified as OC figures or representatives with OC interests. ✓
- Continue to send a strong signal worldwide message that the USG is determined to maintain the integrity of the U.S. visa and visa issuing process.
- Seek criminal prosecution of organized crime groups and individuals, both U.S. and foreign based, who attempt to manipulate the visa issuance process through fraud or to use U.S. visas to facilitate other criminal acts.
- Strengthen U.S.-Russian mutual legal assistance by providing education programs for Russian law enforcement officials on the mutual legal assistance process and

Visa
Scams
State/CA's
Dip. Security

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- 8 -

seeking senior and consistent Russian central authority point of contact for current MLAA and future MLAT (once ratified) cases.

Encouraging systemic change to lessen the incidence of corruption and its impact

- See separate document.

Attachment 1 contains a summary report of the May 2000 U.S.-Russia Law Enforcement Working Group meeting that includes specific priority actions to be carried out in the near-term. Attachment 2 provides an overview of U.S. assistance programs in support of this strategy. Attachment 3 details an anti-corruption strategy.

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ANTI-CORRUPTION ACTION PLAN:**EASTERN EUROPE AND EURASIA****Objective**

Encourage systemic change in Eastern Europe and Eurasia which will lessen the incidence of corruption and its impact on society, reform movements, economic growth, and investment climates.

Context

People in the region and the international community view corruption as being widespread throughout Eastern Europe and Eurasia. Russian law enforcement authorities, for example, report that corruption touches all levels of government in Russia and has increased in incidence and degree over the past several years. Law enforcement and judicial officials who investigate and prosecute corruption are often themselves corrupt.

Corruption weakens the development of democracy generally and the ability of governments to conduct normal business on a day-to-day basis in an effective and cost efficient manner. Corruption undermines economic reform and impedes trade and investment, privatization, small business, and the integration of these countries into the global economy. It is linked with organized crime, especially money laundering and other financial crimes such as extortion and bribery.

To a large extent, corruption in the countries of Eastern Europe and Eurasia flourishes because of the vacuum in institutions, legislation, and regulations which was created by the breakup of the Soviet Union. The existing environment of incomplete and partial reform exacerbates corruption in the region.

Addressing the issue of corruption requires systemic change, including: political will; a viable structure of incentives; a solid legislative and enforcement base; appropriate regulatory and financial institutions; a culture of transparency and good governance; civil service reform; and a full array of non-governmental organizations to provide interest group checks and balances, including a media that is not afraid to expose corruption in the highest places. In addition, there are shorter-term initiatives which should also be encouraged, including several related to regulatory and ethics reform. Finally, corruption needs

to be viewed by the public as undermining democracy, respect for human rights, and the rule of law.

The U.S. Response

We have been engaged with the countries of the region in a fruitful collaboration on anti-crime efforts since 1994, building on earlier assistance programs to the judicial sector designed to foster a rule of law society. Initially, our joint efforts emphasized criminal matters. Corruption was not addressed directly as a matter of U.S. policy because of the highly negative reaction of Russia and other states to such discussions and our greater need at the time to "get our foot in the door" with these states on criminal matters. A second phase of cooperation began in January 1996 when we expanded our joint efforts to include crimes against business. In 1997, the time appeared ripe to move to a third phase of cooperation, that involving direct anti-corruption efforts. This situation arose because of a change in the readiness of the Eastern Europe and Eurasia publics and governments to address the issue of corruption.

Countries of Focus

Our current efforts are focused on developing anti-corruption strategies and programs in the Russian Federation, Ukraine, and Georgia. Both Ukraine and Georgia have approached the United States asking for anti-corruption assistance. All three countries attended the Vice President's February 1999 Global Forum on Fighting Corruption. World Bank diagnostics have been conducted recently in Ukraine and Georgia; a timetable for a diagnostic program to be conducted in Russia in 1999-2000 is being discussed with the Russian Government.

Our efforts will be broadened to include other countries in the region as resources, needs, and contingencies dictate.

General Approach

Our overall strategy calls for a multidisciplinary approach and the promotion of five key tools to fight corruption:

- Enactment of effective legislation to deal with corruption, organized crime, and money laundering.
- Development of enforcement mechanisms, including through reform of law enforcement agencies and judicial authorities.

- Use of the media and nongovernmental organizations to garner public support for a successful fight against corruption.
- Adoption of best or effective practices such as those tabled at the Global Forum to provide a solid foundation or blueprint as these countries develop their own anti-corruption strategies.
- Use of proven analytic techniques (such as the World Bank's diagnostic program) to provide assessments of the weaknesses in specific institutions and the costs to society of corrupt practices.

Specifically, our strategy aims to develop ethics codes for the government and business sectors; to enhance the transparency and predictability of regulatory and administrative processes and procedures affecting trade and business; to support the development and implementation of procurement regulations and procedures; to implement improvements concerning investor protection, corporate governance, shareholder rights, and capital market regulation and supervision; and to assist in the development of record-keeping and oversight mechanisms to combat financial crime and money laundering. The initiative also focuses on the development or strengthening of "second wheel" activities such as independent media, NGO and civil society participation, and other oversight mechanisms.

Specific Mechanisms/Actions

A. Bilateral

Russia:

- Seek high-level policy dialogue on corruption, including at joint commission meetings. Engage with selected legislators and regional leaders.
- Include discussion in economics dialogue on developing appropriate structure of compensation for government officials and promoting transparency and operational standards to counter insider trading and related corrupt practices in the financial services sector.
- Coordinate anti-corruption efforts through the Law Enforcement Working Group and the Business Development Committee of the U.S.-Russia Joint Commission.

- Complement anti-corruption efforts with strengthened anti-money laundering and legal sector reform efforts.
- Engage in regular consultations with the U.S. business community in Russia on anti-corruption issues.
- Bolster programmatic response subject to availability of funding. (See agency programs below.)

Ukraine:

- Seek high-level policy dialogue on corruption, including at joint commission meetings.
- Include discussion in economics dialogue on developing appropriate structure of compensation for government officials, especially judicial and law enforcement officials.
- Coordinate anti-corruption efforts through the Law Enforcement Working Group and the Trade and Investment Committee of the U.S.-Ukraine Binational Commission.
- Complement anti-corruption efforts with strengthened anti-money laundering and legal sector reform efforts.
- Engage in regular consultations with the U.S. business community in Ukraine on anti-corruption issues. Support constituencies that have an interest in anti-corrupt practices (e.g., private businesses and new entrepreneurs, accountants, NGO's and other grass roots organizations, independent media, etc.).
- Continue programmatic support for legal reform and law enforcement programs, subject to availability of funding and effectiveness review. (Current programs support the mobilization of NGO's, local government, and media to combat corruption and publicize successes.) Develop programs with NGO's to monitor law enforcement practices.

Georgia:

- Seek high-level policy dialogue on corruption by including corruption as a key element of the "5-point plan" between Georgia and the U.S. to support reform in Georgia. (Currently under consideration: support for an

independent anti-corruption commission and civil service reform.)

- Seek to establish a Georgian law enforcement anti-corruption task force to complement the work of the anti-corruption commission.
- Include discussion in economics dialogue on developing appropriate structure of compensation for government officials.
- Intensify U.S. Embassy efforts with the executive, legislative, and judicial branches to promote institutional reform in Georgia (e.g., USAID support helped to institute qualification exams for new judges in Georgia).
- Bolster programmatic response subject to availability of funding. (See agency programs below.)
- Complement anti-corruption efforts with strengthened financial enforcement and legal sector reform efforts.

B. Multilateral

- Assess the feasibility of adding a corruption subgroup to the G-8 Senior Experts Group on Crime (the "Lyon Group"). Support Yeltsin's G-8 crime ministerial scheduled for October 1999.
- Advocate Russia's admission to the Financial Action Task Force (FATF) if Russia takes steps towards implementation of the 40 FATF recommendations, including passage of money laundering legislation. Explore feasibility of Ukrainian and Georgian admission to FATF.
- Explore with the World Bank, EU/Council of Europe, OECD, and OSCE and other multilateral institutions, donors' groups, and neighboring countries, such as Poland, possible areas of cooperation; avoid duplication of effort.
- Encourage countries to become signatories to the OECD Anti-bribery Convention and to implement the OECD Recommendations.
- Work with the World Bank to develop post-diagnostic implementation programs in Russia, Ukraine, and Georgia.

- Seek the support of Russia, Ukraine, Georgia and the other countries of the region for either a separate corruption protocol to, or specific corruption section in, the UN Crime Convention.
- Promote Russian, Ukrainian, Georgian, and other countries' active involvement in the Year 2000 Global Forum in Netherlands, as well as adoption of effective or best practices to fight corruption.

Agency Programs

The United States has a variety of activities and programs underway to strengthen the rule of law, promote transparency and good governance, develop a robust civil society, and fight corruption in Eastern Europe and Eurasia. These programs are carried out by a variety of U.S. agencies, including the Department of Commerce, the Agency for International Development, the United States Information Agency, the State Department's Bureau for International Narcotics and Law Enforcement Affairs, the Department of Justice's Overseas Prosecutorial Development Assistance and Training Office (OPDAT), the Federal Bureau of Investigation, and the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and Office of Technical Assistance, among others. Our programs target reformist regions in Russia (through the State Department's Regional Investment Initiative) and Ukraine (and also in Kazakhstan).

Specifically, we are designing our programs to: (1) introduce government, judicial, and business ethics concepts and to encourage ethical conduct; (2) support adoption and implementation of codes of conduct for legislative, government, and judicial officials and for the police, journalists, and the business communities; (3) support deregulation and steps to enhance the transparency and predictability of regulatory and administrative processes and procedures affecting trade and business, including those associated with customs; (4) support the further development and implementation of procurement regulations and procedures; (5) support civil society, public and business education, the media, and public/private anti-corruption coalitions and business associations; (6) support efforts to develop effective mechanisms (judicial, administrative, or otherwise) to address claims of arbitrary and illegal governmental actions and to resolve commercial disputes; (7) strengthen enforcement mechanisms, including the capacity of the courts to enforce the laws (e.g., through a marshal or

bailiff service) and the development of record-keeping and oversight mechanisms to combat financial crime and money laundering through strengthened financial services sector regulation, administration of tax laws, and financial enforcement; and (8) promote financial accountability and financial management, especially at the municipal/local levels.

We also seek to promote systems of checks and balances in all elements of the bureaucracy through programs designed to address privatization; regulation; accounting; federal, regional, and local transparency; conflict of interest rules and institutions; and separation of the judiciary and procuracy.

Finally, we use our assistance and cooperative programs to support three priority policy areas: development of anti-corruption legislation; cooperation on combating economic and related crimes; and establishment of internal control units in law enforcement agencies. This support includes providing direct technical support on legislation, regulation, and operational guidelines to these internal control units in appropriate law enforcement and other ministries and the judiciary.

Overviews of our current anti-corruption programs in Russia, Ukraine, and Georgia are attached:

Anti-Corruption Programs in Russia

- The Department of Commerce's (DOC) Commercial Law Development Program (CLDP) addresses corruption issues from two perspectives: law enforcement and trade policy. CLDP's law enforcement activities, which are funded by the Department of State's Bureau for International Narcotics and Law Enforcement, have included seminars for Russian government and business entities on ethics and strategies for fighting corruption. The CLDP is also coordinating the Working Group for Combating Crimes Against Business of the U.S.-Russia Business Development Committee (BDC). This Working Group has conducted a series of seminars for Russian and U.S. businesses on ethics and strategies for fighting economic crime and published a database of law enforcement resources in Russia. CLDP's assistance program supporting Russia's accession to the World Trade Organization (WTO), which is funded by the U.S. Agency for International Development (USAID), promotes transparency through its procurement and other trade-related regulatory reform initiatives.
- The Commerce Department-chaired Business Development Committee is also implementing three Rule of Law for Business projects developed jointly with Russian judicial and government agencies: (1) a Handbook on Russian Commercial Arbitration; (2) recommendations for Russian judges on recognition and enforcement of domestic and foreign arbitral awards; and (3) a set of widely-accepted Principles of Business Conduct and Corporate Practices in commercial transactions.
- The U.S. Agency for International Development works with Russian non-governmental organizations (NGOs) focused on fighting corruption. Plans are under way to provide assistance in the field of judicial ethics, enforcement of court judgments, government procurement reform, and World Trade Organization transparency standards. Multilateral initiatives with the OECD are also under consideration.
- The Department of State's Regional Investment Initiative (RII) includes the provision of investment advisers to regional administrations, who stress the importance of transparency and public accountability in creating a climate conducive to investment. Funding has also been provided by the RII to American University-sponsored

centers for the study of crime and corruption in the Russian Far East.

- The U.S. Information Agency's (USIA) Community Connections program provides for business internships that expose Russian participants to western business ethics. Approximately 2600 Russians have participated in the program. In conjunction with the Eurasia Foundation, USIA gives grants to local organizations, such as the Primorskiy Regional Youth Union of Lawyers, to develop materials for local law schools on methods of preventing corruption.
- The Department of Justice's Overseas Prosecutorial Development Assistance and Training Office (OPDAT) provides training for line prosecutors in addition to high-level members of the procuracy on combatting corruption. OPDAT grantees, ABA-CEELI and American University (AU), have been working together to conduct a series of anti-corruption programs in Moscow with high-level government officials for the past year. ABA-CEELI has conducted anti-corruption programs for the Russian judiciary throughout the country. AU through its organized crime centers has conducted training and published reports on the need to combat public corruption.
- The Federal Bureau of Investigation (FBI) conducts courses for Russian officials dealing with techniques for the investigation of public corruption.
- The Department of the Treasury's FINCEN works with Russian authorities to assist in the development of money laundering legislation and the creation of a Financial Intelligence Unit for the surveillance of large-scale transactions.

Anti-Corruption Programs in Ukraine

- The U.S. Agency for International Development (USAID) focuses on judicial strengthening and creating partnerships between civil society and government structures, particularly at the municipal level. The partnerships seek both to monitor and promote public awareness of corruption and to develop feasible mechanisms to make the enabling environment for corruption less attractive. Such "Partnerships for Integrity" have been created in Lviv and Donetsk, with a third planned for Kharkiv. A legal advocacy center providing basic information about corruption recently opened in Donetsk. USAID also promotes judicial integrity through training, particularly in the commercial court structures.
- The United States Information Agency (USIA) addresses corruption through targeted information outreach and exchange programs, including those for businesspeople, legal professionals, scholars, and students in the legal field. A series of TV coops on "integrity" will be conducted next year under the auspices of the U.S.-EU Transatlantic Initiative for Ukraine. FREEDOM Support Grant visits have been arranged for Ukrainian judges and senior law enforcement officials on criminal procedure and organized crime, issues that relate to corruption. The USIS Kiev Information Resource Center (IRC) distributes specialized articles and pamphlets on corruption to legislators, government officials, and scholars/experts. Under the Fulbright program, a Ukrainian scholar conducted research on economic crime, including corruption. Corruption and ethics issues are addressed in Community Connections exchanges for businesspeople, legal professionals, local government officials and NGO leaders.
- The Department of State's International Narcotics and Law Enforcement Affairs Bureau (INL) supports U.S. federal agency efforts to fight corruption in Ukraine through funding of courses designed to promote ethics, transparency, and integrity of the judiciary and procuracy.
- The Department of Justice's Overseas Prosecutorial Development Assistance and Training Office (OPDAT) provides training for line prosecutors on combatting corruption. Training includes operative procedures as

well as international norms. ABA-CEELI has conducted anti-corruption programs for the judiciary. AU's organized crime center in Khakyiv has conducted anti-corruption programs for a broad spectrum of the Ukrainian legal community.

- The Federal Bureau of Investigation (FBI) has conducted courses for Ukrainian officials dealing with techniques for the investigation of public corruption.
- The Department of Commerce, including its Commercial Law Development Program, focuses its anti-corruption efforts in Ukraine on promoting WTO accession and transparency as it relates to trade and investment.

Anti-Corruption Programs in Georgia

- The U.S. Agency for International Development (USAID) and the World Bank supported the Government of Georgia's June 1998 Integrity Conference that explored problems of public sector corruption. Partially as a result, the Government of Georgia created a multilateral Anti-Corruption Working Group, with USAID and Department of Justice as official USG representatives. USAID has also supported Georgian legislative efforts in the areas of business licensing procedures, enforcement of court judgments, and comprehensive administrative codes. The agency has also supported the establishment of new judicial training and qualification procedures, the first such program in the NIS. Two new appellate courts, 176 new judicial appointments, and a new court administration have been established as a result. USAID technical assistance has also supported the development of the Georgian NGO community, a key player in the development of the country's anti-corruption efforts.
- The U.S. Information Agency (USIA) supports the Georgian Institute of Public Administration (GIPA) that has drafted a code of ethical conduct for graduates and includes ethics in government courses in its curriculum. FY 98 and FY99 USIA IV programs for budget personnel from the Parliament and Ministry of Finance offered practical training in budget forecasting and devolution of spending authorities, with a strong emphasis on transparency in government operations. USIA is also supporting a new IV program on civil service reform in the Georgian Chancellery. This program will be followed up with World Bank funding for a U.S. adviser to work in Tbilisi on civil service reform. USIA is working with the Georgian government, Eurasia, and Soros to support the establishment of a journalism school to be taught by U.S. faculty with the idea that good journalism inhibits corrupt practices. The Community Connections program for business people and policy makers exposes Georgians to ethics principles for business and government. USIA educational programs—from the high school to graduate to post graduate levels—place Georgians in environments free from the corruption that routinely plagues educational institutions in Georgia. Graduates of the Muskie programs include the Minister of Finance, the Chairman of the Legal and Constitutional Reform Committee in the Parliament, and the Deputy Minister of Trade. USIA also plans to institute two university partnerships on the undergraduate level—one in business administration and

one in public administration—that will be instruments against corruption. USIS Tbilisi Information Resource Center (SCIR) provides information on anti-corrupt practices to a variety of government officials and institutions, academic institutions, and NGOs.

- The Department of State's International Narcotics and Law Enforcement Affairs Bureau (INL) supports U.S. federal agency efforts to fight corruption in Georgia through funding of courses designed to promote ethics, transparency, integrity, and professionalism. INL funds the Department of Justice to conduct courses in Georgia that deal with legal ethics as well as the long-term assignment of a Resident Legal Advisor (RLA) in Tbilisi.
- The Department of Justice's Overseas Prosecutorial Development Assistance and Training Office (OPDAT) provides courses on combating public corruption to senior-level Georgian law enforcement personnel. The courses cover international standards of conduct for law enforcement personnel.
- The Federal Bureau of Investigation (FBI) conducts courses on ethics for Georgian officials.

U.S.-Russia Law Enforcement Working Group
May 16-17, 2000, Session
Summary Report

The U.S.-Russia Law Enforcement Working Group (LEWG) of the U.S.-Russian Joint Commission held its second annual meeting on May 16 and 17, 2000, in Washington. May 16 was devoted to a plenary session at the Department of State. On May 17, the Russian delegation visited individual U.S. law enforcement agencies, including the Secret Service, the Drug Enforcement Agency, and the Customs Service.

Deputy Assistant Secretary of State Rob Boone and Deputy Assistant Attorney General Bruce Swartz co-chaired the U.S. side. Leonid Skotnikov, Director of the Legal Department of the Ministry of Foreign Affairs (MFA), chaired the Russian side. Eduard Malayan, Deputy Director of the MFA's North America Department, served as the Russian deputy co-chair.

The sides reconfirmed that priority attention should be given to cooperative activities in four areas: legal sector reform in Russia; money laundering; corruption; and mutual legal assistance. They agreed to exchange points of contact for each of these four subgroups. The delegations explored the possibility of broadening their counterdrug cooperation, building upon a proposal made earlier by Russian Deputy Foreign Minister Mamedov and focusing on efforts to address the demand side of the drug issue. The delegations also explored ongoing joint activities in a variety of law enforcement areas, including organized crime, trafficking in human beings/alien smuggling, auto theft, intellectual property rights, environmental crime, high tech crime, customs, and white collar crime. The sides noted the benefits to be derived from coordinated bilateral and multilateral efforts.

Legal Sector Reform

The U.S. side detailed plans for a new regional rule of law program in the Tomsk region, which would be formally announced at the upcoming June Moscow Summit. While still in the formative stage, components of such a program might include law enforcement training and institution building, judicial partnerships, strengthening of court management and administration, public legal education, distance learning through such mechanisms as the Internet, commercial law development, and community policing activities. The Tomsk initiative, if successful, could serve as a model for other Russian regions as they strive to strengthen rule of law institutions. The U.S. side also expressed support for the

new Russian Judicial Training Academy and offered assistance with curriculum and course development and faculty training, among other areas. In addition, the U.S. side stressed the importance of enactment of key pieces of anti-crime legislation in Russia, including a criminal procedure code and laws on corruption, organized crime, and money laundering.

The Russian side noted that legal sector reform began in Russia in 1993 and that a legal framework now existed under which Russian institutions acted. Russian priorities include modifying existing and draft legislation and criminal codes to take account of new institutions and concepts (e.g., bailiff service, jury trials); developing new methods to deal with new types of crime, such as drugs, illegal migration, and money laundering; and computerization of the Russian court system. In this latter regard, the Russian delegation asked for U.S. assistance, and the U.S. agreed to explore this possibility with the World Bank, which has provisionally agreed to undertake limited computerization.

Corruption

The U.S. side explored the key components that make for an effective national anti-corruption strategy, including among others: enactment of anti-corruption legislation, use of effective practices and self-evaluation, implementation of procurement reform, creation of internal oversight institutions at the federal/regional/local levels, strengthening shareholder rights and enforcing sound corporate governance, ensuring free access to information on government activities, implementation of World Bank diagnostic recommendations, and support for independent media and a robust NGO community. The U.S. offered to explore these components in greater detail with the Russian side, and asked for an interlocutor to head the LEWG corruption subgroup on the Russian side.

On the multilateral front, the U.S. side explored the variety of ongoing and upcoming initiatives addressing corruption, including those involving the Global Forum, the UN, the G-8, the OSCE, and the OECD. The U.S. highlighted the June 5 OECD "outreach" seminar in Paris to which selected non-OECD countries, including Russia, will be invited and where the OECD will explain the obligations associated with acceding to the OECD Bribery Convention.

On the bilateral front, the U.S. highlighted several USG programs that are focused on preventing corruption before it occurs. The Office of Government Ethics described plans to initiate a program in Samara that will serve as a model of prevention for other regions. The program will focus on creating a set of obligations for public officials and developing financial disclosure systems. The Business Development Committee (BDC) of the U.S.-Russian Joint Commission has developed a "Handbook on Russian Commercial Dispute Resolution System" which will assist companies and practitioners in better understanding existing dispute resolution mechanisms. The BDC has developed a Codes of Business Conduct Training Program which will be initiated during August-October 2000; five to six private sector representatives from four Russian regions (Novgorod, St. Petersburg, Samara, and Moscow) will participate in the pilot program. The BDC has also developed "Basic Guidelines for Codes of Business Conduct" to help foster transparency and accountability in commercial relations between private firms and with government officials.

The Russian side noted the importance of the work going on in the multilateral arena, and attached particular importance to the role of the G-8 Lyon Group. They reaffirmed Russian commitment to accede to the OECD Bribery Convention and to work towards a successful Global Forum II in May 2001. They expressed support for the concept of a separate UN instrument on corruption. The Russian side noted its intention to resubmit anti-corruption legislation to the Duma in the fall and was interested in obtaining U.S. assistance in developing ethics codes.

Mutual Legal Assistance Agreement/Mutual Legal Assistance Treaty

Both sides confirmed that the MLAT had been submitted to their respective legislatures for approval and that both governments would seek to bring the MLAT into force at the earliest opportunity.

The U.S. side stressed that successful implementation of both the MLAA and the MLAT required consistency in each country's Central Authority. The U.S. side pressed for the GOR to name a senior point of contact (POC) that would stay in place for the foreseeable future and be able to work with the U.S. point of contact on a routine and efficient basis. The issue of a consistent Russian POC for mutual legal assistance remains a concern for the U.S. side, although the

Russian delegation acknowledged the U.S. concern and indicated that a GOR official would fulfill that role. The Russian side suggested a meeting to discuss further the practical aspects of mutual legal assistance implementation.

The Russian side noted that MLAAs and MLATs do not cover all law enforcement requirements and recommended that a goal of the two sides should be to explore further the issue of fugitives. The U.S. side noted that it was willing to assist to the extent possible in the absence of an extradition treaty.

Money Laundering

The Russian side reaffirmed the GOR's commitment to enact anti-money laundering legislation and expressed their continuing desire to become a member of FATF. They noted that Russia supported the money laundering article in the UN Convention against Organized Crime and had submitted the ratification documents for the COE money laundering convention to the Duma for approval. Further, they expressed hope that pending anti-money laundering legislation would be passed by the Duma and Federation Council this summer. The Russian side also announced the creation of an interagency center for fighting money laundering housed at the MVD and indicated that the Center's director, General Aleksander Mikhaïlenko, would be the primary point of contact on ML issues.

The U.S. side thanked the Russian side for their participation at the recent G-8 "Gatekeepers" meeting in Washington. The U.S. delegation also thanked the Russians for naming General Mikhaïlenko as the primary point of contact on money laundering issues and asked for senior-level participation from the Ministry of Finance. The U.S. stressed the importance of enacting comprehensive anti-money laundering legislation that meets international standards and expressed disappointment that the most current Russian draft did not incorporate U.S. and COE comments and would not meet FATF criteria. The U.S. encouraged the Russian side to send appropriate interlocutors to the June 8-9 FATF meetings in Paris on "non-cooperating countries" and to undergo the Council of Europe evaluation scheduled for late June.

Priority Actions

Priority actions to be undertaken by the Law Enforcement Working Group include:

Legal Sector Reform: development of Tomsk regional rule of law initiative; support for establishment of Russian Academy of Justice; passage by GOR of criminal procedure code.

Corruption: GOR to name POC for corruption subgroup; Office of Government Ethics to develop anti-corruption program for Samara; GOR endorsement of BDC projects; continuing cooperative work in UN, Global Forum, G-8, OECD, and OSCE venues; GOR attendance at June 5 OECD "outreach" seminar; passage by GOR of anti-corruption legislation.

Mutual Legal Assistance: U.S. and GOR to push for approval of MLAT by their respective legislatures; resolution of outstanding issues related to GOR Central Authority; improvement of implementation procedures to facilitate timely and efficient mutual legal assistance.

Money Laundering: enactment by GOR of comprehensive anti-money laundering legislation that meets international standards; GOR to attend FATF Russia meeting in Paris June 8-9; GOR to undergo COE evaluation in late June and to submit response to COE questionnaire in advance; U.S. to develop bilateral programs for the CBR, MVD and other institutions, as appropriate and subject to the availability of funding.

Drugs: development of cooperative programs to address the demand side, including prevention, treatment, and public education; GOR to consider naming senior point of contact on drugs.

Organized crime: strengthen case work/streamline process, including on Bank of New York case.

Trafficking: continue work in Kyoto (G-8) and Vienna on protocols to UN Convention against Organized Crime; explore proposal to hold trafficking workshop in Russia.

Auto Theft: exchange points of contact list.

Intellectual Property Rights (IPR): explore U.S. proposal for high-level Russian decree on piracy and counterfeiting;

continue work to improve legal regime; strengthen enforcement; conduct additional focused training.

High tech crime: continue work in G-8 Lyon Group; build on 24-hour network to include state and local contacts.

White collar crime: continue projects in G-8 Lyon Group.

Environmental crime: U.S. to conduct ecological police training in September; G-8 Lyon Group to continue project aimed at strengthening the sharing of data, including compliance data from facilities to enhance detection.

Customs: enhance joint cooperation on customs-related aspects of IPR, money laundering, and auto theft.

Attachments:

- (1) Delegation Lists
- (2) Agenda
- (3) U.S. Points of Contact List

U.S.-RUSSIA LAW ENFORCEMENT WORKING GROUP

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- Next LOWG -
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MLAT -
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DIPLOMATIC STRATEGY: UKRAINIAN CRIME AND CORRUPTION

OBJECTIVE

Obtain Ukrainian cooperation in an expanded fight against Ukrainian crime and corruption.

BACKGROUND

Organized crime and corruption have gained major footholds in Ukraine since the fall of the Soviet Union. Despite positive rhetoric on the part of Ukrainian officials about the need to fight crime and corruption, there has been little real progress and bilateral and multilateral cooperation to date has been weak, with a few exceptions. The question of Ukrainian commitment to address these problems remains open.

MEANS

At the June 2000 Summit in Kiev, the United States and Ukraine signed a joint statement setting forth a program for cooperation against organized crime and corruption. The program will be implemented through the bilateral Law Enforcement Working Group that reports to the U.S.-Ukraine Binational Commission. The U.S. side will assess progress under the action plan every six months and based upon that assessment will determine whether additional resources and activities are worthwhile.

The June 2000 joint statement and the more detailed U.S. plan of action are attached. Operational efforts will mirror those proposed under the Russian crime and corruption strategy.

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2012-1026-M (1.03)
2/27/2017 KBH

PROGRAM OF U.S. - UKRAINIAN COOPERATION FOR COMBATING
CORRUPTION AND ORGANIZED CRIME, 2000-2005

To support the objectives of the U.S.-Ukraine Binational Commission and to enhance further the strategic partnership between the United States and Ukraine, particularly in combating corruption and organized crime, the U.S. and Ukraine plan to intensify efforts on the following issues. All proposals are subject to the availability of funding.

1. Entry into force and implementation of the Mutual Legal Assistance Treaty in Criminal Matters, signed on July 22, 1998.
2. Evaluation of potential mechanisms and increased cooperation for the return of fugitives.
3. Increased coordination on policy and assistance issues on combating corruption and organized crime.
4. Increased cooperation at the operational level among U.S. and Ukrainian law enforcement agencies.
5. Cooperation to improve current Ukrainian legislation and develop new legislation to combat corruption and organized crime.
6. Cooperation to improve academic studies and develop law enforcement assessments relevant to the development of an academic basis for combating corruption and organized crime.
7. Instructional and program assistance for Ukrainian agencies directly engaged in combating corruption and organized crime.
8. Establishment of a national system of special training and retraining for personnel in areas relevant to combating corruption and organized crime.
9. Information exchange on offshore accounts.
10. Strengthening Ukraine's human rights laws.
11. Enhanced efforts to enforce intellectual property rights.
12. Enhanced efforts to combat trafficking in human beings.

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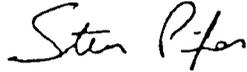
The U.S.-Ukraine Law Enforcement Working Group of the U.S.-Ukraine Binational Commission will endeavor to meet in formal session annually. The interagency law enforcement and rule of law team from the U.S. Embassy in Ukraine and the Ukrainian part of the Law Enforcement Working Group plan to meet on a regular basis.

This Program will become effective on signature.

Signed at Kiev, in two originals, in the English and Ukrainian languages, on June 5, 2000.

For the
United States of America:

For
Ukraine:



**PROGRAM OF U.S.-UKRAINIAN COOPERATION FOR COMBATING
CORRUPTION AND ORGANIZED CRIME
1999-2005**

This program was developed to support the objectives of the U.S.-Ukraine Binational Commission and to enhance further the strategic partnership between the United States and Ukraine, particularly in combating corruption and organized crime. All proposals are subject to the availability of funding. The United States and Ukraine will review implementation of the elements of this Action Plan every six months.

1. Entry into Force and Implementation of Mutual Legal Assistance Treaty in Criminal Matters, Signed on July 22, 1998

1.1. Objective: The United States and Ukraine agree on the important role which mutual legal assistance can play in combating corruption and organized crime.

1.2. Actions: To further this objective, the United States and Ukraine agreed in September 1999 on the provisional application of the U.S.-Ukraine Mutual Legal Assistance Treaty in Criminal Matters. They further agree to seek approval of the Treaty by their respective legislatures at the earliest opportunity in accordance with national practices and procedures and to improve implementation procedures for mutual legal assistance between the Central Authorities of each country.

The United States acknowledges receipt of a draft Extradition Treaty from the Government of Ukraine and will review the text and provide a formal response to the Ukrainian side. In the absence of an Extradition Treaty, the two sides will explore other options for bringing fugitives to justice.

1.3. Implementing Agencies:

Ukraine: the Ministry of Justice.

United States: Department of Justice (implementation);
Department of State (entry into force).

1.4. Expected Results: Creation of a legal basis for providing mutual legal assistance in criminal matters.

2. Increased Coordination on Policy and Assistance Issues

2.1. Objective: The United States and Ukraine agree on the importance of enhanced coordination between their two countries on policy and assistance issues related to combating corruption and organized crime.

2.2. Actions: The sides will designate points of contact for each agency to facilitate exchange of information. An interagency body will be created in Ukraine that will meet on a periodic basis with the U.S. Embassy in Ukraine and the donor community to facilitate coordination on corruption and organized crime issues and programs. The sides will enhance efforts to target assistance as effectively as possible, including in the areas of intellectual property rights and environmental protection enforcement. To enhance cooperation, the U.S. side agrees to explore providing specialized English language training for Ukrainian law enforcement agencies and proposes to set up a pilot program in a central Ukrainian agency.

2.3. Implementing Agencies:

Ukraine: TBD.

United States: U.S. Embassy Kiev, Department of Justice, Department of the Treasury, Department of State, and others as appropriate.

2.4. Expected Results: Improved and more timely information exchange; strengthening of counterpart relationships; enhanced assistance program.

3. Increased cooperation at the operational level among U.S. and Ukrainian law enforcement agencies

3.1. Objective: The United States and Ukraine agree that increased cooperation among counterpart law enforcement agencies will enhance the successful investigation and prosecution of corruption and organized crime cases.

3.2. Actions: The United States and Ukraine will explore options for increasing cooperation at the operational level to counter narcotics trafficking; trafficking in women and children; money laundering; and organized crime. Specifically, the sides agree to strengthen joint case work in these areas by developing closer ties between the Federal Bureau of Investigation and Ukrainian police and between the Department of Justice and Ukrainian prosecutors.

Ukraine will explore the possibility of establishing in Ukraine subunits similar to U.S. "strike forces" to be used in combating corruption and organized crime. The United States will be available to consult on this issue as appropriate.

3.3. Implementing Agencies:

Ukraine: TBD

United States: Department of Justice, Federal Bureau of Investigation, Department of the Treasury

3.4. Expected Results: More efficient investigation and prosecution of trafficking, money laundering, and organized crime cases.

4. Improving Ukraine's laws to combat corruption and organized crime

4.1. Objective: The United States and Ukraine agree on the need for Ukraine to make further progress in the implementation of key pieces of anti-corruption and -crime legislation. They note the important role that the Council of Europe (COE) and the Organization for Economic Cooperation and Development (OECD) can render in assisting this process.

4.2. Actions: To further this objective, U.S. specialists, including the Resident Legal Adviser (RLA) in the U.S. Embassy in Kiev, will continue to advise the Government of Ukraine (GOU) on improving Ukrainian laws in the field of combating corruption and organized crime. The specialists will advise on U.S. criminal law, practice, and procedure. The Centers for the Study of Organized Crime and Corruption, academic centers to be established in Ukraine in collaboration with an American University program and funded by the Department of Justice (DOJ), will provide analysis of the anti-corruption laws of other nations. The DOJ's Overseas Prosecutorial Development, Assistance, and Training Office (DOJ/OPDAT) and the U.S. Office of Government Ethics through consultations, seminars, and other mechanisms, are prepared to provide technical assistance in developing a regime of anti-corruption laws and regulations, such as conflict of interest laws, ethics rules, and internal organizational rules and regulations, for government officials, including law enforcement personnel. The United States will provide information on its experience in

international cooperation in combating corruption and organized crime.

A joint working group of experts that would be able to analyze the current laws in Ukraine and formulate suitable proposals for their improvement shall be established in the Ministry of Justice of Ukraine. Scholars, law enforcement personnel, nongovernmental organizations (NGOs), multilateral organizations, and the media shall be invited to take part in this work.

The United States encourages the Government of Ukraine to conduct a "self assessment" of its adherence to the Global Forum Guiding Principles on Fighting Corruption and Safeguarding Integrity among Justice and Security Officials.

4.3. Implementing Agencies:

Ukraine: the Ministry of Justice, the Ministry of Foreign Affairs, the Ministry of Internal Affairs, the Security Service of Ukraine, the Prosecutor General's Office, the Supreme Court, the National Bureau of Investigations, the State Tax Administration, and the Office of State Service under the Cabinet of Ministers of Ukraine.

United States: U.S. Embassy Kiev, Department of Justice, Department of the Treasury, Department of State, U.S. Office of Government Ethics, and others as appropriate.

4.4. Expected Results: Formulation of proposals for improving the laws of Ukraine in the field of combating corruption and organized crime.

5. Development of academic studies and U.S. law enforcement assessments relevant to combating corruption and organized crime

5.1. Objective: The United States and Ukraine agree on the need to seek expertise from the academic community in devising strategies for combating corruption and organized crime in Ukraine. They further agree that U.S. assessments of the state of narcotics trafficking, trafficking in women and children, and money laundering in Ukraine can be beneficial to Ukraine's fight against these criminal activities.

5.2. Actions: The American University Center for the Study of Organized Crime and Corruption, the National Institute of Justice of the Department of Justice, and other

organizations as appropriate, will engage in academic studies relevant to combating corruption and organized crime. The United States will provide law enforcement assessments to Ukraine of the state of narcotics trafficking, trafficking in women and children, and money laundering in Ukraine. Requests from the Ukrainian side for studies or assessments on specific topics will be channeled through the Resident Legal Adviser at the U.S. Embassy in Ukraine.

5.3. Implementing Agencies:

Ukraine: Coordinating Committee of the President of Ukraine for Combating Organized Crime, the Ministry of Internal Affairs, the Security Service of Ukraine, the Prosecutor General's Office, the National Bureau of Investigation, the Ministry of Foreign Affairs, the Ministry of Justice, and scholars, the National Law Academy, and the Koryetskiy Institute of Government and Law of the National Academy of Sciences of Ukraine.

United States: Department of Justice, Department of Treasury, Department of State, and others as appropriate.

5.4. Expected Results: Scholarly analyses and law enforcement assessments on combating corruption and organized crime for practical application. Development of assessment tools to be used by the Ukrainian law enforcement community in evaluating agency performance.

6. Instructional and program assistance for the Security Service of Ukraine, the National Bureau of Investigations, and agencies of the Prosecutor's Office, and the Ministry of Internal Affairs directly engaged in combating corruption and organized crime.

6.1. Objective: The United States and Ukraine note that instructional and program assistance in accordance with international standards can help to build an effective rule of law society in Ukraine. They agree to increase joint training of personnel.

6.2. Actions: The Federal Bureau of Investigation (FBI) will provide seminars on the methods of detecting corrupt actions. The RLA and DOJ/OPDAT will address the role of the Public Prosecutor's Office in combating corruption. The activity of agencies engaged in combating corruption and collection and analysis of information will be addressed by the FBI. The Treasury Department and Financial Crimes

Enforcement Network (FinCEN) and other appropriate USG agencies will provide training on combating money laundering. The Centers for the Study of Organized Crime and Corruption will contribute to analysis of the causes of corruption and international cooperation in this field. The Department of State will continue to work with its Ukrainian counterparts to integrate Ukraine into the international community's efforts to combat corruption, including those of the United Nations and the upcoming Second Global Forum on Fighting Corruption and Safeguarding Integrity among Justice and Security Officials.

The Ukrainian Procurator General's office will conduct joint seminars with the United States on the following subjects: methods of detecting crimes related to corrupt actions; methods of combating money laundering; international cooperation in combating transnational crime; judicial review of criminal cases involving corruption.

The sides will look at options for conducting joint training of personnel as appropriate.

6.3. Implementing Agencies:

Ukraine: the Ministry of Internal Affairs, the Security Service of Ukraine, the Prosecutor General's Office, the National Bureau of Investigation, the Ministry of Foreign Affairs, the Ministry of Justice, the State Tax Administration, the Office of State Service, and the Coordinating Committee for Combating Corruption.

United States: Department of Justice, Department of Treasury, Department of State, and others as appropriate.

6.4. Expected results: Enhancement of practical expertise in combating corruption and organized crime; increased opportunity to employ operating methods of proven efficacy.

7. Establishment of a national system of special training and retraining for personnel in areas relevant to combating corruption and organized crime

7.1. Objective: The United States and Ukraine agree on the importance of continued training for personnel involved in the fight against corruption and organized crime.

7.2. Actions: The FBI and DOJ/OPDAT will organize courses on fighting corruption and organized crime for Ukrainian law enforcement personnel and instructors at the International

Law Enforcement Academy in Budapest. U.S. law enforcement agencies, in coordination with the RLA, will provide training to improve the capabilities of national law enforcement and legal authorities to investigate and prosecute corrupt and criminal acts.

7.3. Implementing Agencies:

Ukraine: the Ministry of Finance, the Ministry of Internal Affairs, the National Academy of Internal Affairs, the Security Service, the Prosecutor General's Office, the National Bureau of Investigation, and the Ministry of Justice.

United States: Department of Justice, Federal Bureau of Investigation, Department of Treasury, Department of State, and other agencies as appropriate.

7.4. Expected results: Information to assist the creation and operation of a national system of special training and retraining in Ukraine; upgrading the qualifications of instructors.

8. Information Exchange on Offshore Accounts

8.1. Objective: The United States and Ukraine agree on the importance of the international community sharing information on offshore accounts to the successful combating of money laundering and other types of organized crime.

8.2. Actions: The United States and Ukraine will explore methods of working together to obtain information on offshore accounts for Ukraine, including possibly through the Egmont Group.

8.3. Implementing Agencies:

Ukraine: TBD

United States: Department of Justice, Department of Treasury, Department of State, and other agencies as appropriate.

8.4. Expected results: Enhanced capability through information exchange to combat money laundering and other types of financial and organized crime.

9. Strengthening Ukraine's Human Rights Laws

9.1. Objective: The United States and Ukraine agree on the need to assess Ukraine's human rights laws and regulations to ensure they conform to international standards and to collaborate to improve possible deficiencies. They note the important role that the Council of Europe can render in assisting this process.

9.2. Actions: U.S. specialists, including the Resident Legal Adviser in the U.S. Embassy in Kiev, will help the Government of Ukraine assess its human rights laws and regulations and, if necessary, make recommendations to improve them in accordance with those in the United States and Europe. The Department of Justice, Office of Prosecutorial Development, Assistance and Training (DOJ/OPDAT) will also draw on U.S. experience to provide guidance on how to protect human rights while bringing criminals to justice.

9.3. Implementing Agencies:

Ukraine: TBD

United States: Department of Justice, Department of State, and other agencies as appropriate.

9.4. Expected results: Recognition for Ukraine's human rights laws and practices.

10. Enhanced efforts to enforce intellectual property rights.

10.1. Objectives: the United States and Ukraine agree on the need for Ukraine to enhance its efforts to enforce intellectual property rights. They acknowledge reports by U.S. industry identifying three manufacturing plants located in Ukraine that are allegedly producing unauthorized compact disks and CD-ROMs. They also note that, according to U.S. industry information, Ukraine now has a production capacity of approximately 70 million compact disks per year, twice the level of legitimate demand in the whole of Central and Eastern Europe. The United States also has conveyed to Ukraine its further understanding that Ukrainian-produced compact discs have been seized in Italy, Greece, Poland, the Czech Republic, Bulgaria, and the Russian Federation. Ukraine notes that one of the challenges in this area is the fragmentation of laws and jurisdictional responsibility for intellectual property rights enforcement.

10.2. Actions: To further these objectives, Ukraine agrees that the Security Service will investigate the compact disk manufacturing operations at the three locations identified by the United States. More generally, the United States and Ukraine agree to identify a small team of U.S. experts who will visit Ukraine in the next six months to assess the need and feasibility of technical assistance for investigators and prosecutors charged with intellectual property enforcement. Such assistance should be coordinated through the Ministry of Justice of Ukraine.

10.3. Implementing Agencies:

Ukraine: Ministry of Justice, State Committee for Science and Intellectual Property, Ministry of Internal Affairs, State Patent Agency, State Customs Service, Ministry of Foreign Economic Relations and Trade, Inter-Departmental Commission of the Cabinet of Ministers of Ukraine.

United States: Department of Justice, Department of the Treasury, Department of State, and others as appropriate.

USTR

10.4. Expected Results: Enhancement of investigative and prosecutive efforts targeting intellectual property crime and enhancement of practical expertise in combating intellectual property violations.

U.S. ASSISTANCE PROGRAMS OVERVIEW

The priority crime threats from Russia include organized crime, corruption, money laundering, and illegal drugs.

The INL strategy provides training and technical assistance targeting the investigation and prosecution of public corruption. The US Office of Government Ethics has developed a seminar on designing and implementing government ethics. In an effort to peruse USG regional goals with regard to Russia this seminar will be conducted in a region outside of Moscow in 2000.

Our money laundering programs are designed to improve the capabilities of national law enforcement and legal authorities to fight financial crimes and disrupt infiltration and corruption of financial institutions by criminal enterprises. This year we will be funding the Department of Treasury's Office of Technical Assistance program to work with the Agency for Restructuring of Credit Organization (ARKO).

The Department of Justice will continue to house a Resident Legal Advisor in Russia who will provide assistance regarding criminal justice institution building, including developing uniform operation procedures; fostering professional responsibility and ethics, and educating law enforcement personnel and the public about their importance; establishing inspector general's offices; promoting respect for individuals liberties; and establishing methods of case management and reporting. Specific courses will include comparing inquisitory and accusatory systems, transnational judicial assistance, and money laundering, investigating and prosecuting public corruption.

The Federal Bureau of Investigation will be conducting seminars in task/strike force development, international money laundering, undercover operations, homicide, crisis management, as well as host two organized crime conferences. Due to the rising number of drug related crimes, and nearly 80 percent of these cases involved large quantities of drugs, in October 1999 the U.S. AG and the Director of Russia's Federal Security Service signed a MOU on counternarcotics cooperation. Heroin from South and

Central Asia continues to move into southern Russia for domestic consumption.

The principal U.S. goal is to assist Russia in integrating counternarcotics efforts into international efforts against drug trafficking and to strengthen Russian institutions to address the problem domestically. The DEA has provided forensics and basic and advanced drug investigation training to representatives of the MVD, the Federal Security Service, Customs and Federal Border Guards and through its country office has facilitated cooperative efforts. Training provided by U.S. law enforcement agencies has reached some 6,000 Russian law enforcement officials through courses and seminars in Russia, the US and the international law enforcement academy in Budapest.

- FATF
- WB energy reforming laws
- include in laws commitment
do fight
Action Plan?
successful / positive

DIPLOMATIC STRATEGY: UKRAINIAN ORGANIZED CRIME

OBJECTIVE

To obtain information...

To determine Ukrainian commitment to work with the United States, other countries, and international organizations to address organized crime and corruption.

BACKGROUND

Organized crime and corruption have gained major footholds in Ukraine since the fall of the Soviet Union. Despite positive rhetoric on the part of Ukrainian officials about the need to fight crime and corruption, there has been little real progress and bilateral and multilateral cooperation to date has been weak, with a few exceptions.

largely TA,
but also
one operation -
see 3, 8

The question of Ukrainian commitment to address these problems remains open.

MEANS

At the June 2000 Summit in Kiev, the United States and Ukraine signed a joint statement setting forth a program for cooperation against organized crime and corruption. The program will be implemented through the bilateral Law Enforcement Working Group that reports to the U.S.-Ukraine Binational Commission. The U.S. side will assess progress under the action plan every six months and based upon that assessment will determine whether additional resources and activities are worthwhile.

The June 2000 joint statement and the more detailed U.S. plan of action are attached.

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Not worked through TWT

PROGRAM OF U.S. - UKRAINIAN COOPERATION FOR COMBATING CORRUPTION AND ORGANIZED CRIME, 2000-2005

To support the objectives of the U.S.-Ukraine Binational Commission and to enhance further the strategic partnership between the United States and Ukraine, particularly in combating corruption and organized crime, the U.S. and Ukraine plan to intensify efforts on the following issues. All proposals are subject to the availability of funding.

- 1. Entry into force and implementation of the Mutual Legal Assistance Treaty in Criminal Matters, signed on July 22, 1998.
- 2. Evaluation of potential mechanisms and increased cooperation for the return of fugitives.-
- 3. Increased coordination on policy and assistance issues on combating corruption and organized crime.
- 4. Increased cooperation at the operational level among U.S. and Ukrainian law enforcement agencies.
- 5. Cooperation to improve current Ukrainian legislation and develop new legislation to combat corruption and organized crime.
- 6. Cooperation to improve academic studies and develop law enforcement assessments relevant to the development of an academic basis for combating corruption and organized crime.
- 7. Instructional and program assistance for Ukrainian agencies directly engaged in combating corruption and organized crime.
- 8. Establishment of a national system of special training and retraining for personnel in areas relevant to combating corruption and organized crime.
- 9. Information exchange on offshore accounts.
- 10. Strengthening Ukraine's human rights laws.
- 11. Enhanced efforts to enforce intellectual property rights.
- 12. Enhanced efforts to combat trafficking in human beings.

✓

✓

✓

✓

The U.S.-Ukraine Law Enforcement Working Group of the U.S.-Ukraine Binational Commission will endeavor to meet in formal session annually. The interagency law enforcement and rule of law team from the U.S. Embassy in Ukraine and the Ukrainian part of the Law Enforcement Working Group plan to meet on a regular basis.

This Program will become effective on signature.

Signed at Kiev, in two originals, in the English and Ukrainian languages, on June 5, 2000.

For the
United States of America:

For
Ukraine:



**PROGRAM OF U.S.-UKRAINIAN COOPERATION FOR COMBATING
CORRUPTION AND ORGANIZED CRIME
1999-2005**

This program was developed to support the objectives of the U.S.-Ukraine Binational Commission and to enhance further the strategic partnership between the United States and Ukraine, particularly in combating corruption and organized crime. All proposals are subject to the availability of funding. The United States and Ukraine will review implementation of the elements of this Action Plan every six months.

1. Entry into Force and Implementation of Mutual Legal Assistance Treaty in Criminal Matters, Signed on July 22, 1998

1.1. Objective: The United States and Ukraine agree on the important role which mutual legal assistance can play in combating corruption and organized crime.

1.2. Actions: To further this objective, the United States and Ukraine agreed in September 1999 on the provisional application of the U.S.-Ukraine Mutual Legal Assistance Treaty in Criminal Matters. They further agree to seek approval of the Treaty by their respective legislatures at the earliest opportunity in accordance with national practices and procedures and to improve implementation procedures for mutual legal assistance between the Central Authorities of each country.

~~The United States acknowledges receipt of a draft Extradition Treaty from the Government of Ukraine and will review the text and provide a formal response to the Ukrainian side. In the absence of an Extradition Treaty, the two sides will explore other options for bringing fugitives to justice.~~

1.3. Implementing Agencies:

Ukraine: the Ministry of Justice.

United States: Department of Justice (implementation);
Department of State (entry into force).

1.4. Expected Results: Creation of a legal basis for providing mutual legal assistance in criminal matters.

2. Increased Coordination on Policy and Assistance Issues

2.1. Objective: The United States and Ukraine agree on the importance of enhanced coordination between their two countries on policy and assistance issues related to combating corruption and organized crime.

2.2. Actions: The sides will designate points of contact for each agency to facilitate exchange of information. An interagency body will be created in Ukraine that will meet on a periodic basis with the U.S. Embassy in Ukraine and the donor community to facilitate coordination on corruption and organized crime issues and programs. The sides will enhance efforts to target assistance as effectively as possible, including in the areas of intellectual property rights and environmental protection enforcement. To enhance cooperation, the U.S. side agrees to explore providing specialized English language training for Ukrainian law enforcement agencies and proposes to set up a pilot program in a central Ukrainian agency.

2.3. Implementing Agencies:

Ukraine: TBD.

United States: U.S. Embassy Kiev, Department of Justice, Department of the Treasury, Department of State, and others as appropriate.

2.4. Expected Results: Improved and more timely information exchange; strengthening of counterpart relationships; enhanced assistance program.

3. Increased cooperation at the operational level among U.S. and Ukrainian law enforcement agencies

3.1. Objective: The United States and Ukraine agree that increased cooperation among counterpart law enforcement agencies will enhance the successful investigation and prosecution of corruption and organized crime cases.

3.2. Actions: The United States and Ukraine will explore options for increasing cooperation at the operational level to counter narcotics trafficking; trafficking in women and children; money laundering; and organized crime. Specifically, the sides agree to strengthen joint case work in these areas by developing closer ties between the Federal Bureau of Investigation and Ukrainian police and between the Department of Justice and Ukrainian prosecutors.

Ukraine will explore the possibility of establishing in Ukraine subunits similar to U.S. "strike forces" to be used in combating corruption and organized crime. The United States will be available to consult on this issue as appropriate.

3.3. Implementing Agencies:

Ukraine: TBD

United States: Department of Justice, Federal Bureau of Investigation, Department of the Treasury

3.4. Expected Results: More efficient investigation and prosecution of trafficking, money laundering, and organized crime cases.

4. Improving Ukraine's laws to combat corruption and organized crime

4.1. Objective: The United States and Ukraine agree on the need for Ukraine to make further progress in the implementation of key pieces of anti-corruption and -crime legislation. They note the important role that the Council of Europe (COE) and the Organization for Economic Cooperation and Development (OECD) can render in assisting this process.

4.2. Actions: To further this objective, U.S. specialists, including the Resident Legal Adviser (RLA) in the U.S. Embassy in Kiev, will continue to advise the Government of Ukraine (GOU) on improving Ukrainian laws in the field of combating corruption and organized crime. The specialists will advise on U.S. criminal law, practice, and procedure. The Centers for the Study of Organized Crime and Corruption, academic centers to be established in Ukraine in collaboration with an American University program and funded by the Department of Justice (DOJ), will provide analysis of the anti-corruption laws of other nations. The DOJ's Overseas Prosecutorial Development, Assistance, and Training Office (DOJ/OPDAT) and the U.S. Office of Government Ethics through consultations, seminars, and other mechanisms, are prepared to provide technical assistance in developing a regime of anti-corruption laws and regulations, such as conflict of interest laws, ethics rules, and internal organizational rules and regulations, for government officials, including law enforcement personnel. The United States will provide information on its experience in

international cooperation in combating corruption and organized crime.

A joint working group of experts that would be able to analyze the current laws in Ukraine and formulate suitable proposals for their improvement shall be established in the Ministry of Justice of Ukraine. Scholars, law enforcement personnel, nongovernmental organizations (NGOs), multilateral organizations, and the media shall be invited to take part in this work.

The United States encourages the Government of Ukraine to conduct a "self assessment" of its adherence to the Global Forum Guiding Principles on Fighting Corruption and Safeguarding Integrity among Justice and Security Officials.

4.3. Implementing Agencies:

Ukraine: the Ministry of Justice, the Ministry of Foreign Affairs, the Ministry of Internal Affairs, the Security Service of Ukraine, the Prosecutor General's Office, the Supreme Court, the National Bureau of Investigations, the State Tax Administration, and the Office of State Service under the Cabinet of Ministers of Ukraine.

United States: U.S. Embassy Kiev, Department of Justice, Department of the Treasury, Department of State, U.S. Office of Government Ethics, and others as appropriate.

4.4. Expected Results: Formulation of proposals for improving the laws of Ukraine in the field of combating corruption and organized crime.

5. Development of academic studies and U.S. law enforcement assessments relevant to combating corruption and organized crime

5.1. Objective: The United States and Ukraine agree on the need to seek expertise from the academic community in devising strategies for combating corruption and organized crime in Ukraine. They further agree that U.S. assessments of the state of narcotics trafficking, trafficking in women and children, and money laundering in Ukraine can be beneficial to Ukraine's fight against these criminal activities.

5.2. Actions: The American University Center for the Study of Organized Crime and Corruption, the National Institute of Justice of the Department of Justice, and other

organizations as appropriate, will engage in academic studies relevant to combating corruption and organized crime. The United States will provide law enforcement assessments to Ukraine of the state of narcotics trafficking, trafficking in women and children, and money laundering in Ukraine. Requests from the Ukrainian side for studies or assessments on specific topics will be channeled through the Resident Legal Adviser at the U.S. Embassy in Ukraine.

5.3. Implementing Agencies:

Ukraine: Coordinating Committee of the President of Ukraine for Combating Organized Crime, the Ministry of Internal Affairs, the Security Service of Ukraine, the Prosecutor General's Office, the National Bureau of Investigation, the Ministry of Foreign Affairs, the Ministry of Justice, and scholars, the National Law Academy, and the Koretskij Institute of Government and Law of the National Academy of Sciences of Ukraine.

United States: Department of Justice, Department of Treasury, Department of State, and others as appropriate.

5.4. Expected Results: Scholarly analyses and law enforcement assessments on combating corruption and organized crime for practical application. Development of assessment tools to be used by the Ukrainian law enforcement community in evaluating agency performance.

6. Instructional and program assistance for the Security Service of Ukraine, the National Bureau of Investigations, and agencies of the Prosecutor's Office, and the Ministry of Internal Affairs directly engaged in combating corruption and organized crime.

6.1. Objective: The United States and Ukraine note that instructional and program assistance in accordance with international standards can help to build an effective rule of law society in Ukraine. They agree to increase joint training of personnel.

6.2. Actions: The Federal Bureau of Investigation (FBI) will provide seminars on the methods of detecting corrupt actions. The RLA and DOJ/OPDAT will address the role of the Public Prosecutor's Office in combating corruption. The activity of agencies engaged in combating corruption and collection and analysis of information will be addressed by the FBI. The Treasury Department and Financial Crimes

Enforcement Network (FinCEN) and other appropriate USG agencies will provide training on combating money laundering. The Centers for the Study of Organized Crime and Corruption will contribute to analysis of the causes of corruption and international cooperation in this field. The Department of State will continue to work with its Ukrainian counterparts to integrate Ukraine into the international community's efforts to combat corruption, including those of the United Nations and the upcoming Second Global Forum on Fighting Corruption and Safeguarding Integrity among Justice and Security Officials.

The Ukrainian Procurator General's office will conduct joint seminars with the United States on the following subjects: methods of detecting crimes related to corrupt actions; methods of combating money laundering; international cooperation in combating transnational crime; judicial review of criminal cases involving corruption.

The sides will look at options for conducting joint training of personnel as appropriate.

6.3. Implementing Agencies:

Ukraine: the Ministry of Internal Affairs, the Security Service of Ukraine, the Prosecutor General's Office, the National Bureau of Investigation, the Ministry of Foreign Affairs, the Ministry of Justice, the State Tax Administration, the Office of State Service, and the Coordinating Committee for Combating Corruption.

United States: Department of Justice, Department of Treasury, Department of State, and others as appropriate.

6.4. Expected results: Enhancement of practical expertise in combating corruption and organized crime; increased opportunity to employ operating methods of proven efficacy.

7. Establishment of a national system of special training and retraining for personnel in areas relevant to combating corruption and organized crime

7.1. Objective: The United States and Ukraine agree on the importance of continued training for personnel involved in the fight against corruption and organized crime.

7.2. Actions: The FBI and DOJ/OPDAT will organize courses on fighting corruption and organized crime for Ukrainian law enforcement personnel and instructors at the International

Law Enforcement Academy in Budapest. U.S. law enforcement agencies, in coordination with the RLA, will provide training to improve the capabilities of national law enforcement and legal authorities to investigate and prosecute corrupt and criminal acts.

7.3. Implementing Agencies:

Ukraine: the Ministry of Finance, the Ministry of Internal Affairs, the National Academy of Internal Affairs, the Security Service, the Prosecutor General's Office, the National Bureau of Investigation, and the Ministry of Justice.

United States: Department of Justice, Federal Bureau of Investigation, Department of Treasury, Department of State, and other agencies as appropriate.

7.4. Expected results: Information to assist the creation and operation of a national system of special training and retraining in Ukraine; upgrading the qualifications of instructors.

8. Information Exchange on Offshore Accounts

8.1. Objective: The United States and Ukraine agree on the importance of the international community sharing information on offshore accounts to the successful combating of money laundering and other types of organized crime.

8.2. Actions: The United States and Ukraine will explore methods of working together to obtain information on offshore accounts for Ukraine, including possibly through the Egmont Group.

8.3. Implementing Agencies:

Ukraine: TBD

United States: Department of Justice, Department of Treasury, Department of State, and other agencies as appropriate.

8.4. Expected results: Enhanced capability through information exchange to combat money laundering and other types of financial and organized crime.

9. Strengthening Ukraine's Human Rights Laws

9.1. Objective: The United States and Ukraine agree on the need to assess Ukraine's human rights laws and regulations to ensure they conform to international standards and to collaborate to improve possible deficiencies. They note the important role that the Council of Europe can render in assisting this process.

9.2. Actions: U.S. specialists, including the Resident Legal Adviser in the U.S. Embassy in Kiev, will help the Government of Ukraine assess its human rights laws and regulations and, if necessary, make recommendations to improve them in accordance with those in the United States and Europe. The Department of Justice, Office of Prosecutorial Development, Assistance and Training (DOJ/OPDAT) will also draw on U.S. experience to provide guidance on how to protect human rights while bringing criminals to justice.

9.3. Implementing Agencies:

Ukraine: TBD

United States: Department of Justice, Department of State, and other agencies as appropriate.

9.4. Expected results: Recognition for Ukraine's human rights laws and practices.

10. Enhanced efforts to enforce intellectual property rights.

10.1. Objectives: the United States and Ukraine agree on the need for Ukraine to enhance its efforts to enforce intellectual property rights. They acknowledge reports by U.S. industry identifying three manufacturing plants located in Ukraine that are allegedly producing unauthorized compact disks and CD-ROMs. They also note that, according to U.S. industry information, Ukraine now has a production capacity of approximately 70 million compact disks per year, twice the level of legitimate demand in the whole of Central and Eastern Europe. The United States also has conveyed to Ukraine its further understanding that Ukrainian-produced compact discs have been seized in Italy, Greece, Poland, the Czech Republic, Bulgaria, and the Russian Federation. Ukraine notes that one of the challenges in this area is the fragmentation of laws and jurisdictional responsibility for intellectual property rights enforcement.

10.2. Actions: To further these objectives, Ukraine agrees that the Security Service will investigate the compact disk manufacturing operations at the three locations identified by the United States. More generally, the United States and Ukraine agree to identify a small team of U.S. experts who will visit Ukraine in the next six months to assess the need and feasibility of technical assistance for investigators and prosecutors charged with intellectual property enforcement. Such assistance should be coordinated through the Ministry of Justice of Ukraine.

10.3. Implementing Agencies:

Ukraine: Ministry of Justice, State Committee for Science and Intellectual Property, Ministry of Internal Affairs, State Patent Agency, State Customs Service, Ministry of Foreign Economic Relations and Trade, Inter-Departmental Commission of the Cabinet of Ministers of Ukraine.

United States: Department of Justice, Department of the Treasury, Department of State, and others as appropriate.

10.4. Expected Results: Enhancement of investigative and prosecutive efforts targeting intellectual property crime and enhancement of practical expertise in combating intellectual property violations.

ANTI-CORRUPTION ACTION PLAN:

EASTERN EUROPE AND EURASIA

Objective

Encourage systemic change in Eastern Europe and Eurasia which will lessen the incidence of corruption and its impact on society, reform movements, economic growth, and investment climates.

Context

People in the region and the international community view corruption as being widespread throughout Eastern Europe and Eurasia. Russian law enforcement authorities, for example, report that corruption touches all levels of government in Russia and has increased in incidence and degree over the past several years. Law enforcement and judicial officials who investigate and prosecute corruption are often themselves corrupt.

Corruption weakens the development of democracy generally and the ability of governments to conduct normal business on a day-to-day basis in an effective and cost efficient manner. Corruption undermines economic reform and impedes trade and investment, privatization, small business, and the integration of these countries into the global economy. It is linked with organized crime, especially money laundering and other financial crimes such as extortion and bribery.

To a large extent, corruption in the countries of Eastern Europe and Eurasia flourishes because of the vacuum in institutions, legislation, and regulations which was created by the breakup of the Soviet Union. The existing environment of incomplete and partial reform exacerbates corruption in the region.

Addressing the issue of corruption requires systemic change, including: political will; a viable structure of incentives; a solid legislative and enforcement base; appropriate regulatory and financial institutions; a culture of transparency and good governance; civil service reform; and a full array of non-governmental organizations to provide interest group checks and balances, including a media that is not afraid to expose corruption in the highest places. In addition, there are shorter-term initiatives which should also be encouraged, including several related to regulatory and ethics reform. Finally, corruption needs

to be viewed by the public as undermining democracy, respect for human rights, and the rule of law.

The U.S. Response

We have been engaged with the countries of the region in a fruitful collaboration on anti-crime efforts since 1994, building on earlier assistance programs to the judicial sector designed to foster a rule of law society. Initially, our joint efforts emphasized criminal matters. Corruption was not addressed directly as a matter of U.S. policy because of the highly negative reaction of Russia and other states to such discussions and our greater need at the time to "get our foot in the door" with these states on criminal matters. A second phase of cooperation began in January 1996 when we expanded our joint efforts to include crimes against business. In 1997, the time appeared ripe to move to a third phase of cooperation, that involving direct anti-corruption efforts. This situation arose because of a change in the readiness of the Eastern Europe and Eurasia publics and governments to address the issue of corruption.

Countries of Focus

Our current efforts are focused on developing anti-corruption strategies and programs in the Russian Federation, Ukraine, and Georgia. Both Ukraine and Georgia have approached the United States asking for anti-corruption assistance. All three countries attended the Vice President's February 1999 Global Forum on Fighting Corruption. World Bank diagnostics have been conducted recently in Ukraine and Georgia; a timetable for a diagnostic program to be conducted in Russia in 1999-2000 is being discussed with the Russian Government.

Our efforts will be broadened to include other countries in the region as resources, needs, and contingencies dictate.

General Approach

Our overall strategy calls for a multidisciplinary approach and the promotion of five key tools to fight corruption:

- Enactment of effective legislation to deal with corruption, organized crime, and money laundering.
- Development of enforcement mechanisms, including through reform of law enforcement agencies and judicial authorities.

- Use of the media and nongovernmental organizations to garner public support for a successful fight against corruption.
- Adoption of best or effective practices such as those tabled at the Global Forum to provide a solid foundation or blueprint as these countries develop their own anti-corruption strategies.
- Use of proven analytic techniques (such as the World Bank's diagnostic program) to provide assessments of the weaknesses in specific institutions and the costs to society of corrupt practices.

Specifically, our strategy aims to develop ethics codes for the government and business sectors; to enhance the transparency and predictability of regulatory and administrative processes and procedures affecting trade and business; to support the development and implementation of procurement regulations and procedures; to implement improvements concerning investor protection, corporate governance, shareholder rights, and capital market regulation and supervision; and to assist in the development of record-keeping and oversight mechanisms to combat financial crime and money laundering. The initiative also focuses on the development or strengthening of "second wheel" activities such as independent media, NGO and civil society participation, and other oversight mechanisms.

Specific Mechanisms/Actions

A. Bilateral

Russia:

- Seek high-level policy dialogue on corruption, including at joint commission meetings. Engage with selected legislators and regional leaders.
- Include discussion in economics dialogue on developing appropriate structure of compensation for government officials and promoting transparency and operational standards to counter insider trading and related corrupt practices in the financial services sector.
- Coordinate anti-corruption efforts through the Law Enforcement Working Group and the Business Development Committee of the U.S.-Russia Joint Commission.

- Complement anti-corruption efforts with strengthened anti-money laundering and legal sector reform efforts.
- Engage in regular consultations with the U.S. business community in Russia on anti-corruption issues.
- Bolster programmatic response subject to availability of funding. (See agency programs below.)

Ukraine:

- Seek high-level policy dialogue on corruption, including at joint commission meetings.
- Include discussion in economics dialogue on developing appropriate structure of compensation for government officials, especially judicial and law enforcement officials.
- Coordinate anti-corruption efforts through the Law Enforcement Working Group and the Trade and Investment Committee of the U.S.-Ukraine Binational Commission.
- Complement anti-corruption efforts with strengthened anti-money laundering and legal sector reform efforts.
- Engage in regular consultations with the U.S. business community in Ukraine on anti-corruption issues. Support constituencies that have an interest in anti-corrupt practices (e.g., private businesses and new entrepreneurs, accountants, NGO's and other grass roots organizations, independent media, etc.).
- Continue programmatic support for legal reform and law enforcement programs, subject to availability of funding and effectiveness review. (Current programs support the mobilization of NGO's, local government, and media to combat corruption and publicize successes.) Develop programs with NGO's to monitor law enforcement practices.

Georgia:

- Seek high-level policy dialogue on corruption by including corruption as a key element of the "5-point plan" between Georgia and the U.S. to support reform in Georgia. (Currently under consideration: support for an independent anti-corruption commission and civil service reform.)

- Seek to establish a Georgian law enforcement anti-corruption task force to complement the work of the anti-corruption commission.
- Include discussion in economics dialogue on developing appropriate structure of compensation for government officials.
- Intensify U.S. Embassy efforts with the executive, legislative, and judicial branches to promote institutional reform in Georgia (e.g., USAID support helped to institute qualification exams for new judges in Georgia).
- Bolster programmatic response subject to availability of funding. (See agency programs below.)
- Complement anti-corruption efforts with strengthened financial enforcement and legal sector reform efforts.

B. Multilateral

- Assess the feasibility of adding a corruption subgroup to the G-8 Senior Experts Group on Crime (the "Lyon Group"). Support Yeltsin's G-8 crime ministerial scheduled for October 1999.
- Advocate Russia's admission to the Financial Action Task Force (FATF) if Russia takes steps towards implementation of the 40 FATF recommendations, including passage of money laundering legislation. Explore feasibility of Ukrainian and Georgian admission to FATF.
- Explore with the World Bank, EU/Council of Europe, OECD, and OSCE and other multilateral institutions, donors' groups, and neighboring countries, such as Poland, possible areas of cooperation; avoid duplication of effort.
- Encourage countries to become signatories to the OECD Anti-bribery Convention and to implement the OECD Recommendations.
- Work with the World Bank to develop post-diagnostic implementation programs in Russia, Ukraine, and Georgia.
- Seek the support of Russia, Ukraine, Georgia and the other countries of the region for either a separate

corruption protocol to, or specific corruption section in, the UN Crime Convention.

- Promote Russian, Ukrainian, Georgian, and other countries' active involvement in the Year 2000 Global Forum in Netherlands, as well as adoption of effective or best practices to fight corruption.

Agency Programs

The United States has a variety of activities and programs underway to strengthen the rule of law, promote transparency and good governance, develop a robust civil society, and fight corruption in Eastern Europe and Eurasia. These programs are carried out by a variety of U.S. agencies, including the Department of Commerce, the Agency for International Development, the United States Information Agency, the State Department's Bureau for International Narcotics and Law Enforcement Affairs, the Department of Justice's Overseas Prosecutorial Development Assistance and Training Office (OPDAT), the Federal Bureau of Investigation, and the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and Office of Technical Assistance, among others. Our programs target reformist regions in Russia (through the State Department's Regional Investment Initiative) and Ukraine (and also in Kazakhstan).

Specifically, we are designing our programs to: (1) introduce government, judicial, and business ethics concepts and to encourage ethical conduct; (2) support adoption and implementation of codes of conduct for legislative, government, and judicial officials and for the police, journalists, and the business communities; (3) support deregulation and steps to enhance the transparency and predictability of regulatory and administrative processes and procedures affecting trade and business, including those associated with customs; (4) support the further development and implementation of procurement regulations and procedures; (5) support civil society, public and business education, the media, and public/private anti-corruption coalitions and business associations; (6) support efforts to develop effective mechanisms (judicial, administrative, or otherwise) to address claims of arbitrary and illegal governmental actions and to resolve commercial disputes; (7) strengthen enforcement mechanisms, including the capacity of the courts to enforce the laws (e.g., through a marshal or bailiff service) and the development of record-keeping and oversight mechanisms to combat financial crime and money laundering through strengthened financial services sector regulation, administration of tax laws, and financial

enforcement; and (8) promote financial accountability and financial management, especially at the municipal/local levels.

We also seek to promote systems of checks and balances in all elements of the bureaucracy through programs designed to address privatization; regulation; accounting; federal, regional, and local transparency; conflict of interest rules and institutions; and separation of the judiciary and procuracy.

Finally, we use our assistance and cooperative programs to support three priority policy areas: development of anti-corruption legislation; cooperation on combating economic and related crimes; and establishment of internal control units in law enforcement agencies. This support includes providing direct technical support on legislation, regulation, and operational guidelines to these internal control units in appropriate law enforcement and other ministries and the judiciary.

Overviews of our current anti-corruption programs in Russia, Ukraine, and Georgia are attached:

Anti-Corruption Programs in Russia

- The Department of Commerce's (DOC) Commercial Law Development Program (CLDP) addresses corruption issues from two perspectives: law enforcement and trade policy. CLDP's law enforcement activities, which are funded by the Department of State's Bureau for International Narcotics and Law Enforcement, have included seminars for Russian government and business entities on ethics and strategies for fighting corruption. The CLDP is also coordinating the Working Group for Combating Crimes Against Business of the U.S.-Russia Business Development Committee (BDC). This Working Group has conducted a series of seminars for Russian and U.S. businesses on ethics and strategies for fighting economic crime and published a database of law enforcement resources in Russia. CLDP's assistance program supporting Russia's accession to the World Trade Organization (WTO), which is funded by the U.S. Agency for International Development (USAID), promotes transparency through its procurement and other trade-related regulatory reform initiatives.
- The Commerce Department-chaired Business Development Committee is also implementing three Rule of Law for Business projects developed jointly with Russian judicial and government agencies: (1) a Handbook on Russian Commercial Arbitration; (2) recommendations for Russian judges on recognition and enforcement of domestic and foreign arbitral awards; and (3) a set of widely-accepted Principles of Business Conduct and Corporate Practices in commercial transactions.
- The U.S. Agency for International Development works with Russian non-governmental organizations (NGOs) focused on fighting corruption. Plans are under way to provide assistance in the field of judicial ethics, enforcement of court judgments, government procurement reform, and World Trade Organization transparency standards. Multilateral initiatives with the OECD are also under consideration.
- The Department of State's Regional Investment Initiative (RII) includes the provision of investment advisers to regional administrations, who stress the importance of transparency and public accountability in creating a climate conducive to investment. Funding has also been provided by the RII to American University-sponsored centers for the study of crime and corruption in the Russian Far East.

- The U.S. Information Agency's (USIA) Community Connections program provides for business internships that expose Russian participants to western business ethics. Approximately 2600 Russians have participated in the program. In conjunction with the Eurasia Foundation, USIA gives grants to local organizations, such as the Primorskisy Regional Youth Union of Lawyers, to develop materials for local law schools on methods of preventing corruption.
- The Department of Justice's Overseas Prosecutorial Development Assistance and Training Office (OPDAT) provides training for line prosecutors in addition to high-level members of the procuracy on combatting corruption. OPDAT grantees, ABA-CEELI and American University (AU), have been working together to conduct a series of anti-corruption programs in Moscow with high-level government officials for the past year. ABA-CEELI has conducted anti-corruption programs for the Russian judiciary throughout the country. AU through its organized crime centers has conducted training and published reports on the need to combat public corruption.
- The Federal Bureau of Investigation (FBI) conducts courses for Russian officials dealing with techniques for the investigation of public corruption.
- The Department of the Treasury's FINCEN works with Russian authorities to assist in the development of money laundering legislation and the creation of a Financial Intelligence Unit for the surveillance of large-scale transactions.

Anti-Corruption Programs in Ukraine

- The U.S. Agency for International Development (USAID) focuses on judicial strengthening and creating partnerships between civil society and government structures, particularly at the municipal level. The partnerships seek both to monitor and promote public awareness of corruption and to develop feasible mechanisms to make the enabling environment for corruption less attractive. Such "Partnerships for Integrity" have been created in Lviv and Donetsk, with a third planned for Kharkiv. A legal advocacy center providing basic information about corruption recently opened in Donetsk. USAID also promotes judicial integrity through training, particularly in the commercial court structures.
- The United States Information Agency (USIA) addresses corruption through targeted information outreach and exchange programs, including those for businesspeople, legal professionals, scholars, and students in the legal field. A series of TV coops on "integrity" will be conducted next year under the auspices of the U.S.-EU Transatlantic Initiative for Ukraine. FREEDOM Support Grant visits have been arranged for Ukrainian judges and senior law enforcement officials on criminal procedure and organized crime, issues that relate to corruption. The USIS Kiev Information Resource Center (IRC) distributes specialized articles and pamphlets on corruption to legislators, government officials, and scholars/experts. Under the Fulbright program, a Ukrainian scholar conducted research on economic crime, including corruption. Corruption and ethics issues are addressed in Community Connections exchanges for businesspeople, legal professionals, local government officials and NGO leaders.
- The Department of State's International Narcotics and Law Enforcement Affairs Bureau (INL) supports U.S. federal agency efforts to fight corruption in Ukraine through funding of courses designed to promote ethics, transparency, and integrity of the judiciary and procuracy.
- The Department of Justice's Overseas Prosecutorial Development Assistance and Training Office (OPDAT) provides training for line prosecutors on combatting corruption. Training includes operative procedures as well as international norms. ABA-CEELI has conducted

anti-corruption programs for the judiciary. AU's organized crime center in Khakyiv has conducted anti-corruption programs for a broad spectrum of the Ukrainian legal community.

- The Federal Bureau of Investigation (FBI) has conducted courses for Ukrainian officials dealing with techniques for the investigation of public corruption.
- The Department of Commerce, including its Commercial Law Development Program, focuses its anti-corruption efforts in Ukraine on promoting WTO accession and transparency as it relates to trade and investment.

Anti-Corruption Programs in Georgia

- The U.S. Agency for International Development (USAID) and the World Bank supported the Government of Georgia's June 1998 Integrity Conference that explored problems of public sector corruption. Partially as a result, the Government of Georgia created a multilateral Anti-Corruption Working Group, with USAID and Department of Justice as official USG representatives. USAID has also supported Georgian legislative efforts in the areas of business licensing procedures, enforcement of court judgments, and comprehensive administrative codes. The agency has also supported the establishment of new judicial training and qualification procedures, the first such program in the NIS. Two new appellate courts, 176 new judicial appointments, and a new court administration have been established as a result. USAID technical assistance has also supported the development of the Georgian NGO community, a key player in the development of the country's anti-corruption efforts.
- The U.S. Information Agency (USIA) supports the Georgian Institute of Public Administration (GIPA) that has drafted a code of ethical conduct for graduates and includes ethics in government courses in its curriculum. FY 98 and FY99 USIA IV programs for budget personnel from the Parliament and Ministry of Finance offered practical training in budget forecasting and devolution of spending authorities, with a strong emphasis on transparency in government operations. USIA is also supporting a new IV program on civil service reform in the Georgian Chancellery. This program will be followed up with World Bank funding for a U.S. adviser to work in Tbilisi on civil service reform. USIA is working with the Georgian government, Eurasia, and Soros to support the establishment of a journalism school to be taught by U.S. faculty with the idea that good journalism inhibits corrupt practices. The Community Connections program for business people and policy makers exposes Georgians to ethics principles for business and government. USIA educational programs—from the high school to graduate to post graduate levels—place Georgians in environments free from the corruption that routinely plagues educational institutions in Georgia. Graduates of the Muskie programs include the Minister of Finance, the Chairman of the Legal and Constitutional Reform Committee in the Parliament, and the Deputy Minister of Trade. USIA also plans to institute two university partnerships on the undergraduate level—one in business administration and

one in public administration—that will be instruments against corruption. USIS Tbilisi Information Resource Center (SCIR) provides information on anti-corrupt practices to a variety of government officials and institutions, academic institutions, and NGOs.

- The Department of State's International Narcotics and Law Enforcement Affairs Bureau (INL) supports U.S. federal agency efforts to fight corruption in Georgia through funding of courses designed to promote ethics, transparency, integrity, and professionalism. INL funds the Department of Justice to conduct courses in Georgia that deal with legal ethics as well as the long-term assignment of a Resident Legal Advisor (RLA) in Tbilisi.
- The Department of Justice's Overseas Prosecutorial Development Assistance and Training Office (OPDAT) provides courses on combating public corruption to senior-level Georgian law enforcement personnel. The courses cover international standards of conduct for law enforcement personnel.
- The Federal Bureau of Investigation (FBI) conducts courses on ethics for Georgian officials.

Coordinate w/ OVP

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DIPLOMATIC STRATEGY: RUSSIAN ORGANIZED CRIME

Objective

Obtain Russian cooperation in an expanded fight against Russian organized crime.

Why just diplomatic? Should be e/c, intel → interagency

Why just id?

The Problem

Along with the positive and historic opportunities created by the collapse of the former Soviet Union, a vacuum of legitimate authority developed that has led to a rapid increase in criminal activity in the New Independent States (NIS) as well as new types of criminal activity. The transition to a market economy has provided opportunities for economic crime that outpace the development of adequate regulating and enforcement institutions.

Operational / See "Priority actions for next report"

MVD Issue

The potential impact of crime, and especially organized crime, on the transformation of Russia and the NIS is great. It undercuts the development of fledgling democratic and market economic institutions. Crime contributes to social instability. It discourages needed foreign investment. Most worrisome is the potential for the citizenry of Russia and the other NIS to equate crime with the emergence of democratic and economic reform.

does not reflect strategies in dealing w/ the lessons of our experience respecting general non-cooperation of ISS of intel w/c

Organized and transnational crime emanating from Russia and the other NIS also has the potential to affect U.S. and other western interests. Russian and former Soviet Union organized crime groups are gaining a foothold in the United States, engaging in a range of activities from drug trafficking and money laundering to prostitution and racketeering. Their techniques are increasingly violent and require an increasing amount of U.S. law enforcement resources to respond. Expanded illicit narcotics markets and routes are increasing the vitality of the trade and undercutting interdiction efforts and recent gains made elsewhere against money laundering and the export of precursor chemicals. Most ominous, there is the very real possibility that NIS organized crime could become involved in weapons-grade nuclear materials smuggling.

Line Gordon Refers to

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2012-1026-M (1.05)
2/27/2017 KBH

The magnitude of the Russian organized crime problem dictates that the United States respond quickly and decisively on the diplomatic, law enforcement, and intelligence fronts.

The Initial U.S. Response

In 1994, the Clinton administration formed a policy steering group composed of the U.S. diplomatic, intelligence, and law enforcement communities to address the growing problem of Russian- and NIS-generated crime, and in September 1994 at the Washington Summit Presidents Clinton and Yeltsin committed their two countries to cooperate on joint efforts to combat crime. The program that the United States developed was four-pronged:

- We expanded U.S. rule of law programs and placed a new emphasis on assisting Russia and the other NIS with criminal justice reform;
- We provided law enforcement training which promotes the concepts of human rights and professional integrity;
- We promoted case work between U.S. and Russian law enforcement counterpart agencies; and
- We worked to institutionalize our cooperation with Russia and the NIS through the negotiation of law enforcement agreements that allow us to share information and cooperate in investigations, prosecutions, and the prevention of crime according to internationally accepted standards.

The preliminary stage of our anti-crime program has been completed, and working-level relationships with our Russian counterparts have been established. To strengthen Russian domestic support for reforms, to improve the investment climate, and to become an integrated member of global economic and security systems, Russia needs to move more decisively against organized crime and pervasive corruption. To encourage this result, our cooperation with the Russian government in fighting organized crime moved to an expanded, second phase.

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-3-

Phase II Diplomatic Strategy

In September 1998 at their Moscow meeting, Presidents Clinton and Yeltsin called for the creation of a bilateral law enforcement working group to provide high-level policy oversight and coordination of joint U.S.-Russian law enforcement activities and to serve as an ongoing forum or communications channel that would allow both sides to raise issues of concern related to crime and corruption in a timely and efficient manner. The multidisciplinary, interagency U.S.-Russia Law Enforcement Working Group (LEWG) that resulted became part of the U.S.-Russia Joint Commission in December 1998, with its inaugural meeting held in Moscow in May 1999. The LEWG has four priority subgroups: legal sector reform; anti-money laundering; anti-corruption; and mutual legal assistance.

On the diplomatic front, the Administration through the LEWG should continue to pursue seven main tracks during this second phase of the anti-crime effort: 1) seeking Russian cooperation in support of key priorities; 2) increasing U.S. engagement with Russian political leaders on crime and narcotics issues to keep up the public pressure in Russia for action and to encourage Russia to become an equal player on the anti-crime front; 3) forging a more active role for Russia in multilateral anti-crime and anti-narcotics efforts; 4) encouraging the involvement of NGOs in Russia on anti-crime issues; (5) strengthening political will in the rest of the NIS to take appropriate steps against crime; (6) enlisting European and other key allies to work with the U.S. in combatting Russian and NIS crime; and (7) engaging in public diplomacy to counter organized crime. Specific actions should include:

Seeking Russian Cooperation on Key Priorities

- Emphasize to the Russians that the United States is prepared to advocate Russia's admission to the Financial Action Task Force (FATF) if Russia takes steps towards implementation of the 40 FATF recommendations, including, among other actions, passage of a money laundering law.

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Consistent
w/ intl
standards

Effective implementation of MLAA → severe
cooperation w/RT existing request for assistance

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-4-

- Execute a phased approach towards the conclusion of law enforcement agreements and treaties. Push for approval by the Senate and Duma of the Mutual Legal Assistance Treaty (MLAT) signed in June 1999. Consider negotiation of an Extradition Treaty (Russian request) at a later date once a track record of cooperation under the MLAT is achieved and if Russia's legal infrastructure and human rights situation indicate.
- Explore what actions the Russian government could take in Russia simultaneously with any potential actions taken by the United States against Russian organized crime targets, possibly to include IEEPA actions.
- Encourage the Russians to enact domestic implementing legislation in support of the three UN Drug Control Conventions and to implement the three-year \$15 million antidrug program adopted in 1995, but not yet started.

Increasing U.S. Engagement with Russian Political Leaders

- Insert anti-crime statements as a matter of course in Summit joint statements and press remarks made by the two Presidents.
- Continue to use the Joint Commission channel as an avenue to resolve specific crime problems involving U.S. interests (e.g., commercial crime) and to advocate institution-building and the passage of key pieces of legislation. *+ implementation problems.*
- Establish a sustained dialogue with key anti-crime and anti-drug officials in the new Putin administration, including bilateral exchanges on specific OC groups.
- Assist Russian regulatory and enforcement officials in institution-building.
- Use the occasion of leadership and committee-level delegation visits from the Duma and the Federation Council to push for passage of key anti-crime and economic legislation.

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Enhancing Russia's Role in Multilateral Organizations

- Elicit Russian support for G-8, UN, COE, OECD, and OSCE initiatives, including initiatives relating to intellectual property rights (IPR), alien smuggling and counterfeiting; border security; high tech crime; money laundering; and narcotics trafficking; and other follow-on projects in support of the G-8 40 recommendations.
- Elicit Russian support for completion of the UN Transnational Organized Crime Convention and followon UN Corruption instrument.
- Elicit Russian support for the implementation of specific activities under the Citizens Security Declaration of the UN Crime Commission.
- Elicit Russian support as a co-sponsor of the UN Declaration on Corruption and Bribery in Transnational Commercial Activities.
- Seek Russia's support for implementation of the 1988 UN Convention to be the central focus of the June 1998 Special UN Session on Drug Control.
- Elicit Russian support to counter an effort by some UN members to seek UN approval for government-sponsored programs which provide heroin to addicts.
- Urge Russian support for implementation of an antidrug assistance program for Russia sponsored by the UN Drug Control Program (UNDCP).
- Seek Russian cooperation in multilateral efforts to control chemical precursors used to produce illicit drugs.
- Explore whether the OSCE could be a useful forum for promoting selected anti-crime measures (e.g., border control).

*trafficking
in
persons*

- Explore whether the NATO Special Committee should expand ad hoc consultations with Russia to include cooperation in the fields of counternarcotics and other anti-crime activities.

Developing Russian NGOs

- Engage Russian NGOs to encourage their involvement in anti-crime and anti-narcotics activities.

Building Political Will in the Rest of the NIS

- Intensify contacts with the political leadership in other NIS countries on anti-crime and anti-narcotics activities, especially efforts to improve border control; transparency in the financial sector; strengthening institutions against corruption; and combatting transnational criminal organizations.

Enlisting Support of Third Countries

- Directly engage with third countries which have substantial equities or interest in Russian and NIS crime issues, such as Germany, the United Kingdom, Poland, Sweden, Finland, Italy, Cyprus, Austria and Israel, to develop strategies with them that effectively combat the influence of Russian and NIS criminal activity in their countries, in their financial systems, and at their ports of entry and borders.

Engaging in Public Diplomacy

- Explore options for working with the media, American business, NGOs, and NIS governments, as appropriate, to heighten awareness of organized crime activities.

The attached summary report of the May 2000 U.S.-Russia Law Enforcement Working Group meeting includes specific priority actions to be carried out in the near-term.

**U.S.-Russia Law Enforcement Working Group
May 16-17, 2000, Session
Summary Report**

The U.S.-Russia Law Enforcement Working Group (LEWG) of the U.S.-Russian Joint Commission held its second annual meeting on May 16 and 17, 2000, in Washington. May 16 was devoted to a plenary session at the Department of State. On May 17, the Russian delegation visited individual U.S. law enforcement agencies, including the Secret Service, the Drug Enforcement Agency, and the Customs Service.

Deputy Assistant Secretary of State Rob Boone and Deputy Assistant Attorney General Bruce Swartz co-chaired the U.S. side. Leonid Skotnikov, Director of the Legal Department of the Ministry of Foreign Affairs (MFA), chaired the Russian side. Eduard Malayan, Deputy Director of the MFA's North America Department, served as the Russian deputy co-chair.

The sides reconfirmed that priority attention should be given to cooperative activities in four areas: legal sector reform in Russia; money laundering; corruption; and mutual legal assistance. They agreed to exchange points of contact for each of these four subgroups. The delegations explored the possibility of broadening their counterdrug cooperation, building upon a proposal made earlier by Russian Deputy Foreign Minister Mamedov and focusing on efforts to address the demand side of the drug issue. The delegations also explored ongoing joint activities in a variety of law enforcement areas, including organized crime, trafficking in human beings/alien smuggling, auto theft, intellectual property rights, environmental crime, high tech crime, customs, and white collar crime. The sides noted the benefits to be derived from coordinated bilateral and multilateral efforts.

Legal Sector Reform

The U.S. side detailed plans for a new regional rule of law program in the Tomsk region, which would be formally announced at the upcoming June Moscow Summit. While still in the formative stage, components of such a program might include law enforcement training and institution building, judicial partnerships, strengthening of court management and administration, public legal education, distance learning through such mechanisms as the Internet, commercial law development, and community policing activities. The Tomsk initiative, if successful, could serve as a model for other Russian regions as they strive to strengthen rule of law institutions. The U.S. side also expressed support for the

new Russian Judicial Training Academy and offered assistance with curriculum and course development and faculty training, among other areas. In addition, the U.S. side stressed the importance of enactment of key pieces of anti-crime legislation in Russia, including a criminal procedure code and laws on corruption, organized crime, and money laundering.

The Russian side noted that legal sector reform began in Russia in 1993 and that a legal framework now existed under which Russian institutions acted. Russian priorities include modifying existing and draft legislation and criminal codes to take account of new institutions and concepts (e.g., bailiff service, jury trials); developing new methods to deal with new types of crime, such as drugs, illegal migration, and money laundering; and computerization of the Russian court system. In this latter regard, the Russian delegation asked for U.S. assistance, and the U.S. agreed to explore this possibility with the World Bank, which has provisionally agreed to undertake limited computerization.

Corruption

The U.S. side explored the key components that make for an effective national anti-corruption strategy, including among others: enactment of anti-corruption legislation, use of effective practices and self-evaluation, implementation of procurement reform, creation of internal oversight institutions at the federal/regional/local levels, strengthening shareholder rights and enforcing sound corporate governance, ensuring free access to information on government activities, implementation of World Bank diagnostic recommendations, and support for independent media and a robust NGO community. The U.S. offered to explore these components in greater detail with the Russian side, and asked for an interlocutor to head the LEWG corruption subgroup on the Russian side.

On the multilateral front, the U.S. side explored the variety of ongoing and upcoming initiatives addressing corruption, including those involving the Global Forum, the UN, the G-8, the OSCE, and the OECD. The U.S. highlighted the June 5 OECD "outreach" seminar in Paris to which selected non-OECD countries, including Russia, will be invited and where the OECD will explain the obligations associated with acceding to the OECD Bribery Convention.

On the bilateral front, the U.S. highlighted several USG programs that are focused on preventing corruption before it occurs. The Office of Government Ethics described plans to initiate a program in Samara that will serve as a model of prevention for other regions. The program will focus on creating a set of obligations for public officials and developing financial disclosure systems. The Business Development Committee (BDC) of the U.S.-Russian Joint Commission has developed a "Handbook on Russian Commercial Dispute Resolution System" which will assist companies and practitioners in better understanding existing dispute resolution mechanisms. The BDC has developed a Codes of Business Conduct Training Program which will be initiated during August-October 2000; five to six private sector representatives from four Russian regions (Novgorod, St. Petersburg, Samara, and Moscow) will participate in the pilot program. The BDC has also developed "Basic Guidelines for Codes of Business Conduct" to help foster transparency and accountability in commercial relations between private firms and with government officials.

The Russian side noted the importance of the work going on in the multilateral arena, and attached particular importance to the role of the G-8 Lyon Group. They reaffirmed Russian commitment to accede to the OECD Bribery Convention and to work towards a successful Global Forum II in May 2001. They expressed support for the concept of a separate UN instrument on corruption. The Russian side noted its intention to resubmit anti-corruption legislation to the Duma in the fall and was interested in obtaining U.S. assistance in developing ethics codes.

Mutual Legal Assistance Agreement/Mutual Legal Assistance Treaty

Both sides confirmed that the MLAT had been submitted to their respective legislatures for approval and that both governments would seek to bring the MLAT into force at the earliest opportunity.

The U.S. side stressed that successful implementation of both the MLAA and the MLAT required consistency in each country's Central Authority. The U.S. side pressed for the GOR to name a senior point of contact (POC) that would stay in place for the foreseeable future and be able to work with the U.S. point of contact on a routine and efficient basis. The issue of a consistent Russian POC for mutual legal assistance remains a concern for the U.S. side, although the

Russian delegation acknowledged the U.S. concern and indicated that a GOR official would fulfill that role. The Russian side suggested a meeting to discuss further the practical aspects of mutual legal assistance implementation.

) has this occupied?

The Russian side noted that MLAA's and MLATs do not cover all law enforcement requirements and recommended that a goal of the two sides should be to explore further the issue of fugitives. The U.S. side noted that it was willing to assist to the extent possible in the absence of an extradition treaty.

Money Laundering

The Russian side reaffirmed the GOR's commitment to enact anti-money laundering legislation and expressed their continuing desire to become a member of FATF. They noted that Russia supported the money laundering article in the UN Convention against Organized Crime and had submitted the ratification documents for the COE money laundering convention to the Duma for approval. Further, they expressed hope that pending anti-money laundering legislation would be passed by the Duma and Federation Council this summer. The Russian side also announced the creation of an interagency center for fighting money laundering housed at the MVD and indicated that the Center's director, General Aleksander Mikhailenko, would be the primary point of contact on ML issues.

The U.S. side thanked the Russian side for their participation at the recent G-8 "Gatekeepers" meeting in Washington. The U.S. delegation also thanked the Russians for naming General Mikhailenko as the primary point of contact on money laundering issues and asked for senior-level participation from the Ministry of Finance. The U.S. stressed the importance of enacting comprehensive anti-money laundering legislation that meets international standards and expressed disappointment that the most current Russian draft did not incorporate U.S. and COE comments and would not meet FATF criteria. The U.S. encouraged the Russian side to send appropriate interlocutors to the June 8-9 FATF meetings in Paris on "non-cooperating countries" and to undergo the Council of Europe evaluation scheduled for late June.

Priority Actions

Priority actions to be undertaken by the Law Enforcement Working Group include:

Legal Sector Reform: development of Tomsk regional rule of law initiative; support for establishment of Russian Academy of Justice; passage by GOR of criminal procedure code.

Corruption: GOR to name POC for corruption subgroup; Office of Government Ethics to develop anti-corruption program for Samara; GOR endorsement of BDC projects; continuing cooperative work in UN, Global Forum, G-8, OECD, and OSCE venues; GOR attendance at June 5 OECD "outreach" seminar; passage by GOR of anti-corruption legislation.

Mutual Legal Assistance: U.S. and GOR to push for approval of MLAT by their respective legislatures; resolution of outstanding issues related to GOR Central Authority; improvement of implementation procedures to facilitate timely and efficient mutual legal assistance.

Money Laundering: enactment by GOR of comprehensive anti-money laundering legislation that meets international standards; GOR to attend FATF Russia meeting in Paris June 8-9; GOR to undergo COE evaluation in late June and to submit response to COE questionnaire in advance; U.S. to develop bilateral programs for the CBR, MVD and other institutions, as appropriate and subject to the availability of funding.

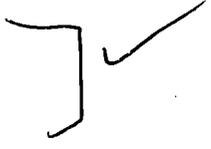
Drugs: development of cooperative programs to address the demand side, including prevention, treatment, and public education; GOR to consider naming senior point of contact on drugs.

Organized crime: strengthen case work/streamline process, including on Bank of New York case.

Trafficking: continue work in Kyoto (G-8) and Vienna on protocols to UN Convention against Organized Crime; explore proposal to hold trafficking workshop in Russia.

Auto Theft: exchange points of contact list.

Intellectual Property Rights (IPR): explore U.S. proposal for high-level Russian decree on piracy and counterfeiting;



continue work to improve legal regime; strengthen enforcement; conduct additional focused training.

High tech crime: continue work in G-8 Lyon Group; build on 24-hour network to include state and local contacts.

White collar crime: continue projects in G-8 Lyon Group.

Environmental crime: U.S. to conduct ecological police training in September; G-8 Lyon Group to continue project aimed at strengthening the sharing of data, including compliance data from facilities to enhance detection.

Customs: enhance joint cooperation on customs-related aspects of IPR, money laundering, and auto theft.

Attachments:

- (1) Delegation Lists
- (2) Agenda
- (3) U.S. Points of Contact List

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002. cable	re: Ukrainian Ambassador in Washington (2 pages)	06/02/2000	P1/b(1)

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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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rs959

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Wolosky, Lee S. (TNT)

From: Wolosky, Lee S. (TNT)
Sent: Thursday, June 08, 2000 6:16 PM
To: Orfini, Michael H. (VP)
Cc: Clarke, Richard A. (TNT); @CRIME; @RUSSIA - Russia/Ukraine
Subject: US v Lazarenko; related issues [CONFIDENTIAL]

Mike,

As we discussed, a federal grand jury in the Northern District of California has handed up a seemingly solid indictment against Pavel Lazarenko, the former Prime Minister of Ukraine. The indictment charges Lazarenko with one charge of conspiracy to commit money laundering, seven counts of money laundering and 23 charges of transportation of stolen property. Here is some further detail on the case against Lazarenko and related issues.

The indictment alleges, among other things, that Lazarenko extorted payments from individuals and corporations as a condition of doing business in Ukraine. With the assistance of a co-conspirator and former advisor, Lazarenko allegedly set up bank accounts in Switzerland and other countries into which he deposited money that he had extorted. Finally, according to the indictment, Lazarenko transferred approximately \$114 million that he had corruptly and fraudulently received into bank accounts in the United States (including accounts at Merrill Lynch, Bank of America, Fleet and Hambrecht & Quist, among other places), and laundered over \$20 million through bank accounts in the United States.

There are indications that the scope of Lazarenko's fraud may vastly exceed the sums contained in the indictment. A large sum of money appears to have been extorted or siphoned from Ukrainian agricultural enterprises and from United Energy Systems of Ukraine (UESU). Much of the money ended up in, or passed through, jurisdictions such as Nauru and Antigua.

Prior to the indictment, Lazarenko was being held in federal custody without bail on a Swiss complaint for extradition. (He has in fact been held since February 1999 after being detained at Kennedy Airport for visa irregularities). We expect an arraignment on charges in the indictment next Tuesday; the next court date in the extradition proceedings is a July 24 hearing. He remains in federal custody.

This is the first significant US prosecution of a senior foreign government official involving overseas graft and corruption. It is the result of a two-year investigation by the FBI and Criminal Investigative Division of the IRS. Several factors distinguish this case from others like it: (1) Open use of the US banking system; (2) Physical presence of the defendant in the United States; (3) A strong, engaged and appropriately senior point of contact at the Ukrainian Procuracy (which led to effective cooperation with Ukrainian law enforcement and is as you probably know, something we lack in Russia); and (4) Good US-based informants [redacted] (b)(7)d [redacted]

Dick raised issues related to item (3) – the lack of effective law enforcement engagement with Russia -- at today's SCG. This is obviously an issue of critical importance to the Bilateral Commission. I am forwarding under separate cover, either tonight or tomorrow, a Summary of Conclusions from the SCG meeting.

Regards,

Lee

DECLASSIFIED
PER E.O. 13526
2012-1026-M (1.06)
2/27/2017 KBH

Wolosky, Lee S. (TNT)

From: WHSR
Sent: Thursday, November 02, 2000 7:07 AM
To: Almon, Timothy C. (INTEL); Black, Steven K. (VP); Blinken, Antony J. (EUR); Clarke, Richard A. (TNT); Cressey, Roger W. (TNT); Davidson, Leslie K. (VP); Elkind, Jonathan H. (RUE); Fishel, Eugene (Gene) M. (RUE); Grandrimo, Nicole M. (TNT/INTERN); Hanley, Timothy P. (INTERAM/INTERN); Harrison, Hope M. (RUE); Hinckley, Steedman (VP); McCarthy, Mary O. (INTEL); Medish, Mark C. (RUE); Mitchell, Donald A. (INTEL); Munter, Cameron P. (EUR); Pierce, Eric A. (TNT); Rosa, Frederick M. (TNT); Smith, James A. (INTEL); Strickland, Christopher J. (RUE/INTERN); Weiss, Andrew S. (RUE); Wolosky, Lee S. (TNT)
Subject: SWISS RETURN LAZARENKO MILLIONS TO UKRAINE
Classification: UNCLASSIFIED
Distribution: SIT: ALMON BLACK Blinken CLARKER CRESSEY Davidson ELKIND FISHEL GRANDRIMO HANLEY HARRISON HINCKLEY MCCARTHY MEDISH MITCHELL Munter PIERCE ROSA SMITHJ STRICKLAND WEISS WOLOSKY
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Originator: Reuters
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TimeOfReceipt: 11/02/2000 08:06:51 ET

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^BC-SWISS-UKRAINE-LAZARENKO

^Swiss return Lazarenko millions to Ukraine

BERNE, Nov 2 (Reuters) - Switzerland has returned to Kiev millions of dollars that it confiscated from former Ukrainian Prime Minister Pavlo Lazarenko after a Swiss court convicted him of money-laundering, Swiss authorities said on Thursday.

After the June verdict, Geneva prosecutors seized \$6.6 million from Swiss bank accounts held by Lazarenko. He was tried in absentia while in jail in San Francisco, where he faces charges of laundering \$114 million allegedly stolen while in office.

Ukraine's General Prosecutor Mykhailo Potebenko confirmed in a letter to Swiss Justice Minister Ruth Metzler that the funds had been returned, the justice ministry said, adding Potebenko had thanked Switzerland for doing a "highly professional job."

Lazarenko, who was prime minister of Ukraine from June 1996 to June 1997, was arrested in December 1998 as he entered Switzerland on a Panamanian passport. He was released on bail after a Geneva judge indicted him on money-laundering charges.

But he was detained in the United States in February 1999 for visa irregularities, which led to a wider investigation. The same month he was stripped of his parliamentary immunity by Ukraine, which has charged him with misappropriating state property after probing a vast business empire he built.

Separately, Swiss authorities said on Thursday they had appointed a new head of the police department's money-laundering office, whose staff resigned en masse earlier this year after disputes over the extent of their jurisdiction.

Judith Voney, a 34-year-old lawyer and deputy head of the Berne police department, will run an expanded office with six staff instead of her predecessor's four. Her deputy will be 50-year-old lawyer Lorenzo Gerber.

RB-- 11/02/00 07:53:04

U.S. Department of Justice

Criminal Division

Office of the Assistant Attorney General

Washington, DC 20530-0001

TELEFAX MESSAGE

To:

Lee Wolosky

Fax Number:

456-9360

Phone Number:

- 9361

From:

Adam R. Isles
Special Assistant to the Assistant Attorney General
Criminal Division
202-514-0108 - fax
202-307-6217 - phone

Date:

6/6/00

Pages:

21 plus cover

Message:



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06/02

FROM: Department of Justice
 Criminal Division
 Organized Crime and Racketeering Section
 1301 New York Avenue, NW
 7th Floor
 Washington, DC 20005

Fax No. 514-3601
 Voice No. 616-8391

SENT BY: J. Kenneth Lowrie, Deputy Chief

TO: ~~Office of Public Affairs~~
~~Attor. Chris Warner~~

Adam Islas
~~State Attorney Clerk~~

FAX No. ~~305-2337~~

~~477-4602~~ ~~305-2377~~ *4-0108*

NUMBER OF PAGES SENT (INCLUDING COVER PAGE): ~~21~~ *21*

SPECIAL INSTRUCTIONS: ~~Press release and copy of indictment~~ U.S. v. Lazarenko

Press Release
~~and copy of indictment~~
 Please give a copy to Jeff Ross and
 Thanks
 Ken
 John Bellinger 6/05

JUN-01-00 09:55 From: US ATTORNEYS OFF STRIKE FORCE

4154386753

T-738 P.02

Job-376



U.S. Department of Justice

United States Attorney
Northern District of California

11th Floor, Federal Building
450 Golden Gate Avenue, Box 36055
San Francisco, California 94102

(415) 436-7200

FAX: (415) 436-7234

FOR IMMEDIATE RELEASE

June 1, 2000

The United States Attorney's Office for the Northern District of California announced that Pavel Ivanovich Lazarenko, 47, of Ukraine, was indicted on May 18, 2000, by a federal grand jury in San Francisco on one count of conspiracy to commit money laundering, in violation of 18 U.S.C. § 1956(h), seven counts of money laundering, in violation of 18 U.S.C. § 1956(a), and 23 counts of transportation of stolen property, in violation of 18 U.S.C. § 2314. The indictment was under seal until today.

According to the indictment, Mr. Lazarenko was the Prime Minister of Ukraine between May 1996 and July 1997, and he occupied other political positions in Ukraine between 1992 and 1996. The indictment alleges that as a government official in Ukraine, Mr. Lazarenko demanded and received payments from individuals and entities as a condition of doing business in Ukraine. The indictment further alleges that Mr. Lazarenko failed to disclose to the people or the government of Ukraine that he was receiving such payments.

The indictment alleges that, with the assistance of Peter Nikolayevich Kiritchenko, one of the individuals from whom Mr. Lazarenko demanded payment, Mr. Lazarenko set up bank accounts in Switzerland and other countries into which he deposited money that he had corruptly and fraudulently received, and that he used these accounts to conceal and disguise the location, source, and ownership, of the money. These accounts included accounts at Banque SCS Alliance, Banque Populaire Suisse, Credit Lyonnais, and Credit Suisse in Switzerland, as well as an account at American Bank in Poland and accounts at European Federal Credit Bank in Antigua.

According to the charges, between 1994 and 1999 Mr. Lazarenko transferred approximately \$114 million that he had corruptly and fraudulently received into bank and brokerage accounts in the United States. These bank and brokerage accounts included accounts at Commercial Bank of San Francisco, Pacific Bank, Merrill, Lynch, Fenner & Smith, WestAmerica Bank, Bank of America, Fleet Boston Robertson & Stephens, and Hambrecht & Quist. The indictment further alleges that Mr. Lazarenko laundered over \$20 million through bank accounts in the United States. Finally, the indictment also alleges that Mr. Lazarenko should forfeit to the United States all property involved in the money laundering offenses, including a residence at 100 Obertz Lane in Novato, California.

The maximum statutory penalty for each of the money laundering counts is 20 years in federal prison and a \$500,000 fine or twice the value of the funds involved. The maximum statutory penalty for each of the transportation of stolen property charges is 10 years in federal prison and a \$250,000 fine, plus restitution. However, any sentence following conviction would

June 1, 2000

Page 2

be dictated by the Federal Sentencing Guidelines, which take into account a number of factors, and would be imposed in the discretion of the Court.

An indictment simply contains allegations against an individual and, as with all defendants, Mr. Lazarenko must be presumed innocent unless and until convicted.

No date has yet been set for Mr. Lazarenko's arraignment on the charges in the indictment. Mr. Lazarenko is already being held in federal custody without bail on a complaint for extradition filed on behalf of Switzerland, where Mr. Lazarenko has also been charged with money laundering. The next date in the extradition hearing is July 24, 2000.

The prosecution is the result of a two-year investigation by agents of the Federal Bureau of Investigation and the Criminal Investigation Division of the Internal Revenue Service. AUSAs Martha Boersch and Jonathan Howden are the Assistant U.S. Attorneys who are prosecuting the case.

All press inquiries to the U.S. Attorney's Office should be directed to Assistant U.S. Attorney Matthew J. Jacobs at (415)436-7181.

JUN-01-00 09:56 From:US ATTORNEYS OFF STRIKE FORCE

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T-738 P.04/21 Job-378

1 **ROBERT S. MUELLER, III (CSBN 59775)**
2 **United States Attorney**

3 **SEALED**
4 **BY COURT ORDER**

1996 JUN 12 11:25 AM
U.S. DISTRICT COURT
SAN FRANCISCO, CALIF.

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6
7
8 **UNITED STATES DISTRICT COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA**
10 **SAN FRANCISCO DIVISION**

11 **CR 00 - 0284** **WHA**

12 **UNITED STATES OF AMERICA,**

13 **Plaintiff,**

14 **v.**

15 **PAVEL IVANOVICH LAZARENKO,**
16 **a/k/a "Pavlo Ivanovych Lazarenko,"**

17 **Defendant.**

No.

VIOLATIONS: Title 18, United States Code, Section 1956(h) - Conspiracy to Commit Money Laundering; Title 18, United States Code, Section 1956(a)(2) - Money Laundering; Title 18, United States Code, Section 1956(a)(1)(B) - Money Laundering; Title 18, United States Code, Section 2314 - Transportation of Stolen Property

SAN FRANCISCO VENUE

18
19 **INDICTMENT**

20 **INTRODUCTION**

21 1. At all times relevant to this Indictment, Pavel Ivanovich Lazarenko, a/k/a "Pavlo
22 Ivanovych Lazarenko" (hereinafter "Lazarenko"), was a citizen and resident of Ukraine.

23 2. At all times relevant to this Indictment, Peter Nikolayevich Kiritchenko (hereinafter
24 "Kiritchenko") was a citizen of Ukraine and a resident of Poland and the United States. On June
25 11, 1996, Kiritchenko became a permanent resident legal alien in the United States.

26 3. From March of 1992 through June of 1994, Lazarenko was a representative of the
27 President of Ukraine in the Dnepropetrovsk District of Ukraine.

28 4. From June of 1994 through July of 1995, Lazarenko was the Chairman of the

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T-738 P.05/21 Job-378

1 Dnepropetrovsk District Council of People's Deputies.

2 5. From July of 1995 through September of 1995, Lazarenko was the Head of the
3 Dnepropetrovsk District government.

4 6. From September of 1995 through May of 1996, Lazarenko was the First Deputy
5 Vice Prime Minister of Ukraine.

6 7. On May 28, 1996, Lazarenko became the Prime Minister of Ukraine, a position he
7 held until July 1, 1997.

8 8. After July 1, 1997, Lazarenko became a member of the Ukrainian Parliament and the
9 head of the Hromada Party.

10 9. On September 14, 1995, Kiritchenko was named an advisor to Lazarenko, who at
11 the time was First Deputy Prime Minister, by Directive No. 568 of the Ukrainian Cabinet of
12 Ministers.

13 10. On July 12, 1996, Kiritchenko was named as an advisor to then-Prime Minister
14 Lazarenko by Ukrainian Cabinet of Ministers Directive 596. He served as an advisor until he and
15 Lazarenko were dismissed by Ukrainian Cabinet of Ministers Directive 677 on July 3, 1997.

16
17 **COUNT ONE:** (18 U.S.C. § 1956(h) -- Conspiracy to Commit Money Laundering)

18 11. The allegations set forth in Paragraphs One through Ten of this Indictment are hereby
19 incorporated by reference;

20 12. On or about and between January 1994 and June 1999, both dates being approximate
21 and inclusive, in the Northern District of California, and elsewhere, the defendant

22 **PAVEL IVANOVICH LAZARENKO,**
23 **a/k/a "Pavlo Ivanovych Lazarenko,"**

24 together with Peter Nickolayevich Kiritchenko and others, did knowingly and intentionally
25 conspire to conduct and attempt to conduct financial transactions affecting interstate and foreign
26 commerce, which transactions involved the proceeds of specified unlawful activity, to wit: receipt
27 and transfer of property that was stolen, unlawfully converted, and taken by fraud in violation of
28 18 U.S.C. § 2314 and 2315; extortion as specified in 18 U.S.C. § 1956(c)(7)(B)(ii); and wire
fraud in violation of 18 U.S.C. § 1343, knowing that the transactions were designed in whole or

INDICTMENT

1 in part to conceal and disguise the nature, location, source, ownership, and control of the
 2 proceeds of the specified unlawful activity, and that while conducting and attempting to conduct
 3 such financial transactions knew that the property involved in the financial transactions
 4 represented the proceeds of some form of unlawful activity, in violation of 18 U.S.C. §1956(a)(1).

5 **THE MANNER AND MEANS OF THE CONSPIRACY**

6 13. It was a part of the conspiracy that Lazarenko, as a government official in Ukraine,
 7 would seek, demand and receive payment from individuals and entities as a condition of doing
 8 business in Ukraine.

9 14. It was further part of the conspiracy that Lazarenko did not disclose to the people
 10 or the government of Ukraine that he was receiving payments from individuals and entities doing
 11 business in Ukraine.

12 15. It was further a part of the conspiracy that beginning sometime in 1992, Lazarenko
 13 met with Kiritchenko, who was doing business in Ukraine, and told Kiritchenko to give a relative
 14 of Lazarenko's 50% of the equity of Kiritchenko's business in Ukraine and to pay Lazarenko 50%
 15 of the profits of the business, and thereafter, Kiritchenko paid Lazarenko 50% of the profits of his
 16 business in Ukraine.

17 16. It was further part of the conspiracy that Lazarenko received money from
 18 companies owned or controlled by Ukrainian business woman Yulia Tymoshenko, including
 19 United Energy Systems of Ukraine ("UESU") and Somolli Enterprises, Inc., in exchange for
 20 which Lazarenko exercised his official authority in favor of Tymoshenko's companies, and that
 21 Lazarenko failed to disclose to the people and government of Ukraine that he was receiving
 22 significant amounts of money from these companies.

23 17. It was further part of the conspiracy that Lazarenko received money from Mykhola
 24 Agafonov, who was the chief administrator of Naukovy State Farm, in exchange for which
 25 Lazarenko exercised his official authority to grant Naukovy State Farm certain rights and
 26 privileges, and that Lazarenko failed to disclose to the people and government of Ukraine that he
 27 was receiving money from Agafonov and Naukovy State Farm.

28 18. It was further part of the conspiracy that, beginning sometime in 1994, Kiritchenko,

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1 upon Lazarenko's instructions, managed bank accounts Lazarenko established in Switzerland to
2 receive and transfer the money Lazarenko received from Agafonov, UESU, Somolli, as well as
3 other individuals and entities doing business in Ukraine.

4 19. It was further part of the conspiracy that Kiritchenko, upon Lazarenko's
5 instructions, opened bank accounts in Poland, Switzerland, and other countries into which
6 Kiritchenko and other individuals and entities deposited money that was corruptly and
7 fraudulently paid for the benefit of Lazarenko. These accounts were used in part to conceal and
8 disguise the nature, origin, location, source, ownership and control of the money that was paid for
9 the benefit of Lazarenko and included: accounts held by GHP Corporation at Banque SCS
10 Alliance (account 5452) and at Banque Populaire Suisse (account 823896-2); accounts held by
11 ORPHIN, SA at American Bank in Poland (account 61310) and at Banque Populaire Suisse
12 (account 21383); an account held by Bainfield Company, Ltd. at Banque SCS Alliance (account
13 5383); an account held by WILNORTH, Inc. at Banque SCS Alliance (account 5451); and an
14 account held by PADDIX INDUSTRIES at Credit Suisse (account number 0251-875709-7).

15 20. It was further part of the conspiracy that Kiritchenko would transfer money, which
16 was first deposited into Kiritchenko's accounts, into accounts controlled by Lazarenko in
17 Switzerland. These accounts were used in part to conceal and disguise the nature, origin,
18 location, source, ownership and control of the money that was paid for the benefit of Lazarenko
19 and included: an account called KATO-82 at Credit Lyonnais (Suisse) (account 08-05785-3); an
20 account called CARPO-53 at Banque SCS Alliance (account 5353); and an account called
21 NIHPRO at Banque Populaire Suisse (account number 21768), and later at Credit Suisse
22 (account number 988882-52).

23 21. It was further part of the conspiracy that in May of 1997, Kiritchenko and
24 Lazarenko began negotiations to purchase, and by August 7, 1997, purchased, a share of
25 European Federal Credit Bank in St. John's, Antigua in order to facilitate the transfers of money
26 and to further conceal and disguise the nature, origin, location, source, ownership and control of
27 the money that was paid for the benefit of Lazarenko.

28 22. It was further a part of the conspiracy that between May and September 1997,

Handwritten:
Done
in
Kiritchenko's
name.

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T-738 P.08/21 Job-376

1 Lazarenko transferred approximately \$70,000,000 that Lazarenko had received into accounts he
 2 and Kiritchenko controlled at European Federal Credit Bank. These accounts were used in part
 3 to conceal and disguise the nature, origin, location, source, ownership and control of the money
 4 that was corruptly and fraudulently paid for the benefit of Lazarenko and included: an account
 5 controlled by Kiritchenko called ORPHIN (account 151897); an account controlled by Lazarenko
 6 called Lady Lake (account 132907); an account controlled by Lazarenko called Fairmont
 7 (account 134936); and a personal account of Lazarenko's (account 137978).

8 23. It was further part of the conspiracy that between 1994 and 1999, Kiritchenko and
 9 Lazarenko transferred approximately \$114,000,000 that Lazarenko had received into bank and
 10 brokerage accounts in the United States for the purpose of disguising the origin and owner of the
 11 money. These accounts were used in part to conceal and disguise the nature, origin, location,
 12 source, ownership and control of the money that was paid for the benefit of Lazarenko and
 13 included accounts at Commercial Bank of San Francisco; Pacific Bank; Merrill, Lynch, Fenner &
 14 Smith; WestAmerica Bank; Bank of America; Fleet Boston Robertson & Stephens; and
 15 Hambrecht & Quist.

16 All in violation of Title 18 United States Code, Section 1956(h).

17
18 COUNTS TWO THROUGH FIVE: (18 U.S.C. § 1956(a)(2) - Money Laundering)

fragment
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19 24. The allegations in Paragraphs One through Ten of this Indictment are hereby
20 incorporated by reference.

21 25. On or about the specific dates set forth below, in the Northern District of California
22 and elsewhere, the defendant

23 **PAVEL IVANOVICH LAZARENKO,**
24 **a/k/a Pavlo Ivanovych Lazarenko,**

25 did transport, transmit, and transfer, and attempt to transport, transmit and transfer, funds from a
26 place in the United States to or through a place outside the United States, and to a place in the
27 United States from or through a place outside the United States, that is, the wire transfers of
28 money as set forth below, knowing that the funds involved in the transportation, transmission, and
transfers represented the proceeds of some form of unlawful activity and knowing that such

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T-788 P.09/21 Job-376

1 transportation, transmission, and transfers were designed in whole or in part to conceal and
2 disguise the nature, source, ownership and control of the proceeds of specified unlawful activity.

3	<u>COUNT</u>	<u>DATE</u>	<u>FINANCIAL TRANSACTION</u>
4	2	7/11/94	Wire transfer of \$1,510,000 from ABS Trading Bank of America account number 0337-6948 in San Francisco, CA, to CARPO-53 account number 5353 at Banque SCS Alliance in Geneva, Switzerland
5			
6	3	8/18/94	Wire transfer of \$968,000 from ABS Trading Bank of America account number 0337-6948 in San Francisco, CA, to CARPO-53 account number 5353 at Banque SCS Alliance in Geneva, Switzerland
7			
8			
9	4	12/12/94	Wire transfer of \$1,963,000 from ABS Trading Bank of America account number 0337-6948 in San Francisco, CA, to CARPO-53 account number 5353 at Banque SCS Alliance in Geneva, Switzerland
10			
11			
12	5	1/4/95	Wire transfer of \$2,210,000 from ABS Trading Bank of America account 0337-6948 in San Francisco, CA to NIHPRO account number 21678 at Banque Populaire Suisse in Geneva, Switzerland.
13			

14 All in violation of Title 18, United States Code, Sections 1956(a)(2) and 2.

16 COUNTS SIX THROUGH EIGHT: (18 U.S.C. § 1956(a)(1)(B) - Money Laundering)

17 26. Paragraphs One through Ten of the Indictment are hereby incorporated by
18 reference.

19 27. On or about the specific dates set forth below, in the Northern District of California
20 and elsewhere, the defendant

21 **PAVEL IVANOVICH LAZARENKO,**
22 a/k/a Pavlo Ivanovych Lazarenko,

23 did knowingly conduct and attempt to conduct financial transactions affecting interstate and
24 foreign commerce, that is, the financial transactions set forth below, which transactions involved
25 the proceeds of a specified unlawful activity, to wit: receipt and transfer of property that was
26 stolen, unlawfully converted, and taken by fraud in violation of 18 U.S.C. § 2314 and 2315;
27 extortion as specified in 18 U.S.C. § 1956(c)(7)(B)(ii); and wire fraud in violation of 18 U.S.C. §
28 1343, knowing that the transactions were designed in whole or in part to conceal and disguise the
nature, source, ownership and control of the proceeds of the specified unlawful activity, and

INDICTMENT

*Use of
Proceeds
of
Specified
Unlawful
Activity
in a
Financial
TC*

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T-738 P.10/21 Job-376

1 knowing that the property involved in the financial transaction as set forth below represented the
2 proceeds of some form of unlawful activity.

3	<u>COUNT</u>	<u>DATE</u>	<u>FINANCIAL TRANSACTION</u>
4	6	11/21/97	Wire transfer of \$6,000,000 from European Federal Credit bank account number 1752902 at Commercial Bank of San Francisco to European Federal Credit Bank account number H10-6694904 at Hambrecht & Quist
5			
6			
7	7	8/31/98	Cashier's check for \$6,745,000 drawn on Dugsbery, Inc.'s WestAmerica Bank account number 0506368505, deposited into First American Title Co. escrow account for the purchase of a residence located at 100 Obertz Lane, Novato, California
8			
9			
10	8	9/9/98	A transfer of \$2,300,000 from the Dugsbery, Inc. WestAmerica bank account number 0506368505 to Dugsbery, Inc. account number 34-567156 at Bank Boston Robertson Stephens
11			
12			

All in violation of Title 18, United States Code, Sections 1956(a)(1)(B) and 2.

13
14 COUNTS NINE THROUGH THIRTY-THREE: (18 U.S.C. § 2314 - Transportation of
15 Stolen Property)

16 28. The allegations in Paragraphs One through Ten of this Indictment are hereby
17 incorporated by reference.

18 29. On or about the dates set forth below, in the Northern District of California and
19 elsewhere, the defendant

20 **PAVEL IVANOVICH LAZARENKO,**
21 a/k/a Pavlo Ivanovych Lazarenko,

22 did transport, transmit, and transfer in interstate and foreign commerce, money of the value of
23 \$5,000 or more, in the approximate amounts set forth below, knowing the money to have been
24 stolen, converted, and taken by fraud:

25	<u>COUNT</u>	<u>DATE</u>	<u>ITEM TRANSFERRED</u>
26	9	7/1/94	Wire transfer of \$1,800,000 from LIP Handel account number 502.607.60L at Union Bank of Switzerland in Geneva, Switzerland to ABS Trading account number 0337-6948 at Bank of America
27			
28	10	5/26/97	Wire transfer of \$2,998,000 from First Trading Bank's correspondent account number 500802948

INDICTMENT

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4154086753

T-738 P.11/21 Job-376

1			at Commercial Joint Stock Bank Slaviansky to European Federal Credit Bank correspondent account number 645039 at Pacific Bank for credit to European Federal Credit Bank account number 151897
2			
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4	11	5/28/97	Wire transfer of \$1,662,000 from First Trading Bank's correspondent account number 500802948 at Commercial Joint Stock Bank Slaviansky to European Federal Credit Bank correspondent account number 645039 at Pacific Bank for credit to European Federal Credit Bank account number 151897
5			
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8	12	5/29/97	Wire transfer of \$394,000 from First Trading Bank's correspondent account number 500802948 at Commercial Joint Stock Bank Slaviansky to European Federal Credit Bank correspondent account number 645039 at Pacific Bank for credit to European Federal Credit Bank account number 151897
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12	13	6/3/97	Wire transfer of \$1,530,000 from First Trading Bank's correspondent account number 500802948 at Commercial Joint Stock Bank Slaviansky to European Federal Credit Bank correspondent account number 645039 at Pacific Bank for credit to European Federal Credit Bank account number 151897
13			
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16	14	6/2/97	Wire transfer of \$2,200,000 from First Trading Bank's correspondent account number 500802948 at Commercial Joint Stock Bank Slaviansky to European Federal Credit Bank correspondent account number 645039 at Pacific Bank for credit to European Federal Credit Bank account number 151897
17			
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20	15	6/4/97	Wire transfer of \$500,000 from First Trading Bank's correspondent account number 500802948 at Commercial Joint Stock Bank Slaviansky to European Federal Credit Bank correspondent account number 645039 at Pacific Bank for credit to European Federal Credit Bank account number 151897
21			
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24	16	6/5/97	Wire transfer of \$170,000 from First Trading Bank's correspondent account number 500802948 at Commercial Joint Stock Bank Slaviansky to European Federal Credit Bank correspondent account number 645039 at Pacific Bank for credit to European Federal Credit Bank account number 151897
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28	17	6/6/97	Wire transfer of \$1,000,000 from First Trading Bank's correspondent account number 500802948

INDICTMENT

JUN-01-00 09:58 From: US ATTORNEYS OFF STRIKE FORCE

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T-738 P.12/21 Job-378

- 1 at Commercial Joint Stock Bank Slaviansky to
European Federal Credit Bank correspondent
- 2 account number 645039 at Pacific Bank for credit to
European Federal Credit Bank account number
- 3 151897
- 4 18 6/9/97 Wire transfer of \$510,000 from First Trading Bank's
correspondent account number 500802948 at
5 Commercial Joint Stock Bank Slaviansky to
6 European Federal Credit Bank correspondent
7 account number 645039 at Pacific Bank for credit to
European Federal Credit Bank account number
8 151897
- 9 19 6/10/97 Wire transfer of \$2,000,000 from First Trading
Bank's correspondent account number 500802948
10 at Commercial Joint Stock Bank Slaviansky to
European Federal Credit Bank correspondent
11 account number 645039 at Pacific Bank for credit to
European Federal Credit Bank account number
12 151897
- 13 20 6/11/97 Wire transfer of \$1,036,000 from First Trading
Bank's correspondent account number 500802948
14 at Commercial Joint Stock Bank Slaviansky to
European Federal Credit Bank correspondent
15 account number 645039 at Pacific Bank for credit to
European Federal Credit Bank account number
16 151897
- 17 21 6/23/97 Wire transfer of \$1,400,000 from ORPHIN
American Bank in Poland account number 61310 to
18 European Federal Credit Bank correspondent
account number 645039 at Pacific Bank for credit to
19 European Federal Credit Bank account number
151897
- 20 22 7/7/97 Wire transfer of \$4,500,000 from ORPHIN
American Bank in Poland account number 61310 to
21 European Federal Credit Bank correspondent
account number 1752902 at Commercial Bank for
22 credit to European Federal Credit Bank account
number 151897
- 23 23 7/11/97 Wire transfer of \$3,050,000 from ORPHIN
American Bank in Poland account number 61310 to
24 European Federal Credit Bank correspondent
account number 645039 at Pacific Bank for credit to
25 European Federal Credit Bank account number
151897
- 26 24 7/11/97 Wire transfer of \$2,602,000 from ORPHIN
American Bank in Poland account number 61310 to
27 European Federal Credit Bank correspondent
account number 1752902 at Commercial Bank for
28 credit to European Federal credit Bank account

INDICTMENT

JUN-01-00 09:59 From:US ATTORNEYS OFF STRIKE FORCE

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T-738 P.19/21 Job-376

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30 8/5/98
31 8/11/98

number 151897
Wire transfer of \$8,200,000 from GHP Corporation account number 5452 at Banque SCS Alliance in Geneva, Switzerland to European Federal Credit Bank account 270-0148 at Merrill Lynch Fenner & Smith
Wire transfer of \$14,000,000 from CARPO-53 account number 5353 at Banque SCS Alliance in Geneva, Switzerland to European Federal Credit Bank correspondent account number 645039 at Pacific Bank for credit to European Federal Credit Bank account number 151897
Wire transfer of \$14,000,000 from CARPO-53 account number 5353 at Banque SCS Alliance in Geneva, Switzerland to European Federal Credit Bank correspondent account number 1752902 at Commercial Bank for credit to European Federal Credit Bank account number 151897
Wire transfer of \$24,000,000 from European Federal Credit Bank account number 562927 at Credit Suisse in Geneva, Switzerland to European Federal Credit Bank account number H10-6694904 at Hambrecht & Quist
Wire transfer of \$9,000,000 from from Lady Lake account number 20171 at Banque SCS Alliance (Bahamas) to European Federal Credit Bank account number 1752902 at Commercial Bank of San Francisco
Wire transfer of \$5,300,000 from Lady Lake account number 20171 at Banque SCS Alliance (Bahamas) to Dugsbery, Inc. account number 506361809 at WestAmerica Bank
Wire transfer of \$4,000,000 from European Federal Credit Bank account number 7372101 at Bankas Hermis in Vilnius, Lithuania to Dugsbery, Inc. account number 506361809 at WestAmerica Bank

All in violation of Title 18, United States Code, Sections 2314 and 2.

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INDICTMENT

JUN-01-00 09:59 From: US ATTORNEYS OFF STRIKE FORCE

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T-730 P.14/21 Job-976

1 **FORFEITURE ALLEGATION:** (18 U.S.C. § 982 - Criminal forfeiture)

2 30. The allegations contained in Counts One through Nine of this Indictment are hereby
3 realleged and by this reference fully incorporated herein for the purpose of alleging forfeitures
4 pursuant to the provisions of Title 18, United States Code, Section 982(a)(1).

5 31. As a result of the offenses alleged in Counts One through Nine, Pavel Lazarenko
6 shall forfeit to the United States all property, real and personal, involved in such offense, or any
7 property traceable to such property, including but not limited to, approximately \$21,696,000,
8 constituting the laundered proceeds of interstate transportation of stolen property, including, but
9 not limited to the following:

10 1) Real property and improvements located at 100 Obertz Lane, Novato,
11 California, and more particularly described in Attachment 1, hereto; and,

12 2) All funds seized from account number 34-567156 at Bank Boston Robertson
13 Stephens, in the approximate amount of \$266,307.20.

14 32. By virtue of the commission of the felony offense charged in Counts One through
15 Nine of this Indictment by Pavel Lazarenko, any and all interest that Pavel Lazarenko as in the
16 above-described property is vested in the United States and is hereby forfeited to the United
17 States pursuant to Title 18, United States Code, Section 982(a)(1).

18 33. If any of the property described herein as being subject to forfeiture, as a result of
19 any act or omission of the defendant-

- 20 1) cannot be located upon the exercise of due diligence;
- 21 2) has been transferred or sold to or deposited with, a third person;
- 22 3) has been placed beyond the jurisdiction of the Court;
- 23 4) has been substantially diminished in value; or
- 24 5) has been commingled with other property which cannot be subdivided
- 25 without difficulty;

26 any and all interest Pavel Lazarenko has in other property shall be vested in the United States and
27 forfeited to the United States pursuant to Title 18, United States Code, Section 982(b)(1), up to
28 approximately \$21,696,000.

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T-798 P.15/21 Job-376

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All in violation of Title 18, United States Code, Sections 2314, 1956(h), and 1956(a)(2).

DATED:

A TRUE BILL.

FOREPERSON

ROBERT S. MUELLER, III
United States Attorney


DAVID W. SHAPIRO
Chief, Criminal Division

(Approved as to form: 
AUSA BOERSCH

06/05/2000

12:48

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LITIGATION UNIT

NO. 304

0017

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JUN-01-00 09:59 From: US ATTORNEYS OFF STRIKE FORCE

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T-738 P. 16/21 Job-376

ATTACHMENT 1

○

JUN-01-00 10:00 From:US ATTORNEYS OFF STRIKE FORCE

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T-738 P.17/21 Job-376

DESCRIPTION

All that certain real property situate in the City of Novato, County of Marin, State of California, described as follows:

PARCEL ONE:

PARCEL 440, as shown upon that certain parcel map entitled, "Parcel Map of Subdivision of Lots 435, 436, 437 & 438, Marin Golf and Country Club Estates Unit No. 7", filed for record October 5, 1978 in Book 15 of Parcel Maps, at Page 72, Marin County Records.

EXCEPTING THEREFROM the following described parcel:

THAT portion of the lands of Charles R. and Sun P. Stephens as to a 96% interest and Michael Brian Stephens as to a 4% interest as described by Deed recorded under Document Number 93-112189 being a portion of Lot 440 as shown on that certain Parcel Map recorded in Book 15 of Parcel Maps, at Page 72, Marin County Records, being more particularly described as follows:

BEGINNING at the Southeastery corner of said Lot 440 witnessed by a found 3/4" Iron Pipe tagged R.C.E. 11629; thence South 75° 40' 46" West 454.36 feet (South 75° 44' 00" West 454.49 feet) to the Southwestery corner of Lot 440, witnessed by a found 3/4" Iron Pipe tagged R.C.E. 11629; thence along the Westerly line of Lot 440 North 22° 27' 32" West (North 22° 24' 05" West) 60.00 feet to a set 3/4" Iron Pipe; thence parallel with the Southerly line of Lot 440 North 75° 40' 46" East 437.69 feet to a set 3/4" Iron Pipe on the Easterly line of Lot 440; thence South 37° 16' 42" East 64.51 feet (South 37° 11' 00" East 64.53 feet) to the Southeastery corner of Lot 440 and being the point of beginning.

BEARINGS are based on found street monuments of said 15 Parcel Map 72, having a radius of 105.00 feet, a central angle of 190° 57' 00", an arc length of 349.93 feet, bearing North 88° 50' 30" East 209.04 feet. All set 3/4" Iron Pipes are tagged L.S. 5970.

PARCEL TWO:

LOT 434, as shown upon that certain map entitled, "Map of Marin Golf and Country Club Estates Unit No. 7, City of Novato, County of Marin, State of California", filed for record April 13, 1977 in Volume 16 of Maps, at Page 92, Marin County Records.

EXCEPTING THEREFROM the following described parcel:

THAT portion of the lands of Charles R. and Sun P. Stephens as to a 96% interest and Michael Brian Stephens as to a 4% interest as described by Deed recorded under Document Number 93-112189 being a portion of Lot 434 as shown on that certain Record Map recorded in Book 16 of Maps, at Page 92, Marin County Records, being more particularly described as follows:

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JUN-01-00 10:00 From: US ATTORNEYS OFF STRIKE FORCE

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T-788 P.18/21 Job-376

COMMENCING at the Northwest corner of Lot 439 and being the most Easterly corner of Lot 434 of said 16 Maps 92 witnessed by a found 3/4" Iron Pipe tagged R.C.E. 11629; thence along the line of Lot 434 North 88° 20' 56" West 170.00 feet to a found 3/4" Iron Pipe tagged R.C.E. 11629 being the true point of beginning; thence South 62° 24' 01" West 287.72 feet to the common corner of Lots 433, 434 and 435 of said 16 Maps 92; thence along the Westerly line of said Lot 434, North 51° 18' 30" West 233.39 feet to the Northwest corner of said Lot 434 being a point on the Southerly right-of-way of Burning Tree Drive, also being a point on a curve concave to the Southeast, having a radius of 280.00 feet and a central angle of 15° 58' 30"; a radial line through which bears North 51° 18' 30" West; thence continuing Northeasterly along said curve and said Southerly right-of-way of Burning Tree Drive 78.07 feet to a point of reverse curve, concave to the Northwest having a radius of 160.00 feet and a central angle of 23° 10' 00"; thence Northeasterly along said curve 64.69 feet to a point of reverse curve, concave to the Southeast having a radius of 100.00 feet and a central angle of 52° 00' 00"; thence Northeasterly along said curve 90.76 feet to a point of reverse curve, concave to the Northwest having a radius of 160.00 feet and a central angle of 59° 19' 00"; thence Northeasterly along said curve 165.64 feet to a point of reverse curve, concave to the Southeast having a radius of 60.00 feet and a central angle of 54° 44' 02"; thence Northeasterly along said curve 57.32 feet to the Northeasterly corner of said Lot 434, a radial line through which bears North 11° 04' 56" West, witnessed by a found 3/4" Iron Pipe tagged R.C.E. 11629; thence leaving said Southerly right-of-way of Burning Tree Drive along the Easterly line of said Lot 434 the following courses South 11° 04' 56" East 140.00 feet to a found 3/4" Iron Pipe tagged R.C.E. 11629; thence South 23° 17' 34" East 163.71 feet to a found 3/4" Iron Pipe tagged R.C.E. 11629 and being the true point of beginning.

BEARINGS are based on found street monuments of said 16 Maps 92, having a radius of 105.00 feet, a central angle of 190° 57' 00", an arc length of 349.93 feet, bearing North 88° 50' 30" East 209.04 feet.

PARCEL THREE:

THAT PORTION of Marin County Open Space District lands as described by Deed recorded under Document Number 87-56608 and that portion of Marin County Open Space District lands as described by Deed recorded under Document Number 95-043809 being a portion of Lot 439 as shown on Map of Marin Golf and Country Club Estates Unit No. 7, recorded in Volume 18 of Maps, at Page 92, Marin County Records, being more particularly described as follows:

COMMENCING at the Northeasterly corner of said Lot 439, said point witnessed by a set 3/4" iron pipe; thence North 50° 23' 44" East 56.00 feet to the Southwest right-of-way of Burning Tree Drive, witnessed by a set 3/4" iron pipe on a curve concave to the North, having a radius of 125.00 feet and a central angle of 123° 46' 09", a radial line through which bears North 81° 59' 27" East being the true point of beginning; thence Southeast 270.04 feet along said curve and said Southerly right-of-way of Burning Tree Drive to a set 3/4" iron pipe; thence leaving said right-of-way South 28° 53' 06" West 24.57 feet to a set 3/4" iron pipe; thence South 22° 11' 36" West 45.28 feet to a set 3/4" iron pipe; thence South 69° 02' 12" East 26.83 feet to a set 3/4" iron pipe; thence North 54° 04' 43" East 70.91 feet to a set 3/4" iron pipe; thence South 74° 04' 50" East 62.38 feet to a set 3/4" iron pipe; thence South 40° 16' 27" East 70.47 feet to a set 3/4" iron pipe; thence South 63° 48' 32" East 70.88 feet to a set 3/4" iron pipe; thence South 68° 17' 04" East 39.13 feet to a set 3/4" iron pipe; thence South 32° 45' 29" East 55.12 feet to a set 3/4" iron pipe; thence South 03° 29' 54" East 30.35 feet to a set 3/4" iron pipe; thence South 61° 35' 45" West 105.88 feet to a set 3/4" iron pipe; thence South 73° 03' 40" West 71.20 feet to a set 3/4"

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T-738 P.18/21 Job-376

iron pipe; thence South $52^{\circ} 54' 41''$ West 54.87 feet to a set $3/4''$ iron pipe; thence South $30^{\circ} 20' 41''$ West 170.44 feet to a set $3/4''$ iron pipe; thence South $54^{\circ} 42' 03''$ West 103.61 feet to a set $3/4''$ iron pipe; thence South $58^{\circ} 23' 06''$ West 56.94 feet to a set $3/4''$ iron pipe; thence South $29^{\circ} 08' 30''$ West 122.87 feet to a set $3/4''$ iron pipe; thence South $38^{\circ} 23' 40''$ West 44.93 feet to a set $3/4''$ iron pipe; thence South $67^{\circ} 32' 58''$ West 86.88 feet to a set $3/4''$ iron pipe; thence North $28^{\circ} 33' 57''$ West 237.93 feet to a set $3/4''$ iron pipe; thence North $11^{\circ} 08' 36''$ East 289.34 feet to a set $3/4''$ iron pipe; thence North $06^{\circ} 38' 17''$ West 224.22 feet to a found $3/4''$ iron pipe tagged R.C.E. 11629 marking the Northwest corner of said Lot 439 and being the most Easterly corner of Lot 434 of said 16 Maps 92; thence along the Northerly line of Lot 439 North $64^{\circ} 30' 00''$ East 124.97 feet; thence along the Northerly line of Lot 439 North $50^{\circ} 23' 44''$ East 40.62 feet to a set $3/4''$ iron pipe marking the Northeastly corner of Lot 439; thence continuing North $50^{\circ} 23' 44''$ East 56.00 feet to a set $3/4''$ iron pipe marking the true point of beginning.

BEARINGS are based on found street monuments of said 16 Maps 92, having a radius of 105.00 feet, a central angle of $190^{\circ} 57' 00''$, an arc length of 349.93 feet, bearing North $88^{\circ} 50' 30''$ East 209.04 feet. All set $3/4''$ iron pipes are tagged L.S. 6970.

PARCEL FOUR:

THAT portion of Marin County Open Space District lands as described by Deed recorded under Document Number 95-043809 being a portion of Lot 439 as shown on Map of Marin Golf & Country Club Estates Unit No. 7, recorded in Volume 16 of Maps at Page 92, Marin County Records, being more particularly described as follows:

BEGINNING at the Northwesterly corner of said Lot 439 and being the most Easterly corner of Lot 434 of said 16 Maps 92 witnessed by a found $3/4''$ iron pipe tagged R.C.E. 11629; thence along the Westerly line of Lot 439 the following courses South $31^{\circ} 54' 53''$ West 105.56 feet to a found $3/4''$ iron pipe tagged Marin County Surveyor; thence South $10^{\circ} 19' 02''$ East 79.75 feet to a point on a curve concave to the Southeast having a radius of 36.00 feet and a central angle of $137^{\circ} 14' 22''$; thence Westerly and Southerly 88.23 feet along said curve to a point of reverse curve, concave to the West having a radius of 54.00 feet and a central angle of $58^{\circ} 49' 25''$; thence Southerly 65.44 feet along said curve to a point of reverse curve, concave to the East having a radius of 98.00 feet and a central angle of $10^{\circ} 09' 48''$; thence Southerly 16.85 feet along said curve; thence South $10^{\circ} 38' 00''$ West 142.50 feet to the beginning of a curve concave to the East having a radius of 115.00 feet and a central angle of $47^{\circ} 49' 00''$; thence Southerly 95.97 feet along said curve; thence South $37^{\circ} 16' 42''$ East (South $37^{\circ} 11' 00''$ East) 287.56 feet to a set $3/4''$ iron pipe, said point witnessed by a found $3/4''$ iron pipe tagged R.C.E. 11629 at the Southwest corner of Lot 439 bearing South $37^{\circ} 16' 42''$ East 64.51 feet (South $37^{\circ} 11' 00''$ East 64.53 feet); thence leaving the Westerly line of Lot 439 North $02^{\circ} 53' 03''$ West 22.55 feet to a set $3/4''$ iron pipe; thence North $28^{\circ} 33' 57''$ West 237.93 feet to a set $3/4''$ iron pipe; thence North $11^{\circ} 08' 36''$ East 289.34 feet to a set $3/4''$ iron pipe; thence North $06^{\circ} 38' 17''$ West 224.22 feet to the point of beginning.

BEARINGS are based on found street monuments of said 16 Maps 92, having a radius of 105.00 feet, a central angle of $190^{\circ} 57' 00''$, an arc length of 349.93 feet, bearing North $88^{\circ} 50' 30''$ East 209.04 feet. All set $3/4''$ iron pipes are tagged L.S. 6970.

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PARCEL FIVE:

THAT portion of the lands of Charles R. and Sun P. Stephens as to a 96% interest and Michael Brian Stephens as to a 4% interest as described by Deed recorded under Document Number 93-112189 being a portion of Lot 434 as shown on that certain Record Map recorded in Book 16 of Maps, at Page 92, Marin County Records, being more particularly described as follows:

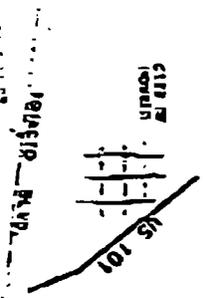
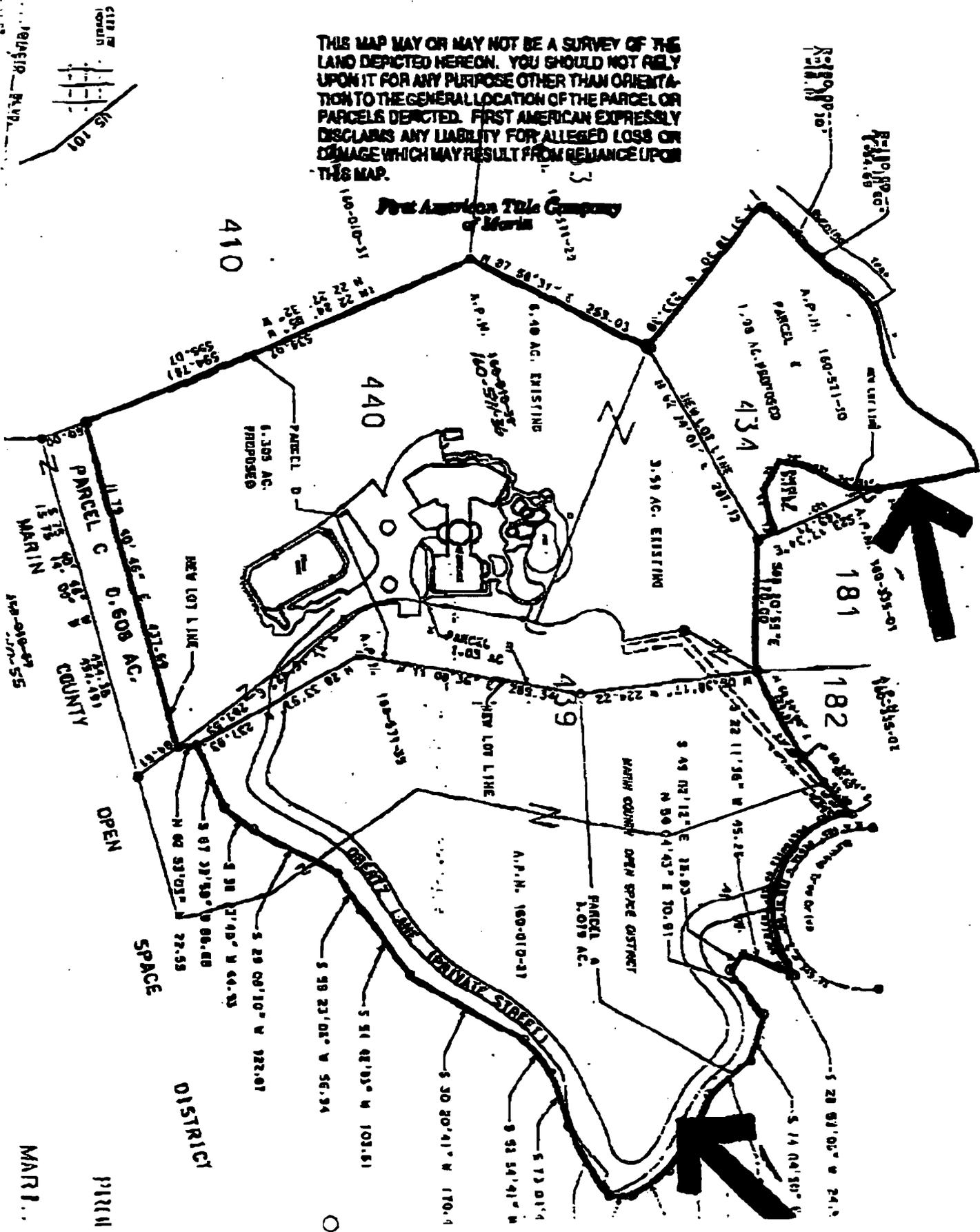
COMMENCING at the Northwestern corner of Lot 439 and being the most Easterly corner of Lot 434 of said 16 Maps 92 witnessed by a found 3/4" Iron Pipe tagged R.C.E. 11629; thence along the line of Lot 434 North 88° 20' 55" West 170.00 feet to a found 3/4" Iron Pipe tagged R.C.E. 11629 being the true point of beginning; thence South 62° 24' 01" West 287.72 feet to the common corner of Lots 433, 434 and 435 of said 16 Maps 92; thence along the Westerly line of said Lot 434, North 51° 18' 30" West 233.39 feet to the Northwestern corner of said Lot 434 being a point on the Southerly right-of-way of Burning Tree Drive, also being a point on a curve concave to the Southeast, having a radius of 280.00 feet and a central angle of 15° 58' 30"; a radial line through which bears North 51° 18' 30" West; thence continuing Northeasterly along said curve and said Southerly right-of-way of Burning Tree Drive 78.07 feet to a point of reverse curve, concave to the Northwest having a radius of 160.00 feet and a central angle of 23° 10' 00"; thence Northeasterly along said curve 64.69 feet to a point of reverse curve, concave to the Southeast having a radius of 100.00 feet and a central angle of 52° 00' 00"; thence Northeasterly along said curve 90.76 feet to a point of reverse curve, concave to the Northwest having a radius of 160.00 feet and a central angle of 59° 19' 00"; thence Northeasterly along said curve 165.64 feet to a point of reverse curve, concave to the Southeast having a radius of 60.00 feet and a central angle of 54° 44' 02"; thence Northeasterly along said curve 57.32 feet to the Northeasterly corner of said Lot 434, a radial line through which bears North 11° 04' 56" West, witnessed by a found 3/4" Iron Pipe tagged R.C.E. 11629; thence leaving said Southerly right-of-way of Burning Tree Drive along the Easterly line of said Lot 434 the following courses South 11° 04' 56" East 140.00 feet to a found 3/4" Iron Pipe tagged R.C.E. 11629; thence South 23° 17' 34" East 163.71 feet to a found 3/4" Iron Pipe tagged R.C.E. 11629 and being the true point of beginning.

BEARINGS are based on found street monuments of said 16 Maps 92, having a radius of 108.00 feet, a central angle of 190° 57' 00", an arc length of 349.93 feet, bearing North 88° 50' 30" East 209.04 feet.

EXCEPTING THEREFROM all that portion as described in the Deed from Stephens Properties, Inc., to Kurt Patria, et al, as Trustees recorded March 18, 1998 as Recorder's Serial No. 98-016835, Marin County Records, described as follows:

COMMENCING at the Northeasterly corner of said Lot 434 said point witnessed by a found 3/4" Iron Pipe tagged R.C.E. 11629; thence along the Easterly line of said Lot 434 South 11° 04' 56" East 140.00 feet to an angle point witnessed by a found 3/4" Iron Pipe tagged R.C.E. 11629 said point being the True Point of Beginning; thence South 18° 31' 05" West 125.55 feet to a sat 3/4" Iron Pipe tagged L.S. 6970; thence South 73° 20' 02" East 109.20 feet to a found 3/4" Iron Pipe tagged R.C.E. 11629 marking an angle point in the Easterly line of said Lot 434; thence along the Easterly line of said Lot 434 North 23° 17' 43" West 163.71 feet to the True Point of Beginning.

THIS MAP MAY OR MAY NOT BE A SURVEY OF THE LAND DEPICTED HEREON. YOU SHOULD NOT RELY UPON IT FOR ANY PURPOSE OTHER THAN ORIENTATION TO THE GENERAL LOCATION OF THE PARCEL OR PARCELS DEPICTED. FIRST AMERICAN EXPRESSLY DISCLAIMS ANY LIABILITY FOR ALLEGED LOSS OR DAMAGE WHICH MAY RESULT FROM RELIANCE UPON THIS MAP.



MARIN COUNTY
PIZZI

Pavlo LASARENKO

Prime Minister of Ukraine



Pavlo Lazarenko was born on January 23, 1953 in Dnipropetrovsk region.

In 1978 graduated from Dnipropetrovsk Agricultural Institute. Has a Ph. D. in agricultural science.

Started his working activity as a driver at a collective farm in Dnipropetrovsk region. After service in the Armed Forces and studying at the Institute worked at leading posts in agricultural sector, was a head of agro-industrial complex - First Deputy Head of the Executive Committee of the Dnipropetrovsk Regional Soviet of People's Deputies.

From March 1992 - Representative of the President of Ukraine in Dnipropetrovsk region. In June 1994 was elected Head of Dnipropetrovsk Regional Soviet of People's Deputies, people's deputy of Ukraine. In July 1995 was appointed the Head of Dnipropetrovsk Regional State Administration.

Was appointed First Vice-Prime-Minister of Ukraine by the President's Decree of September 5, 1995.

Was appointed Prime Minister of Ukraine by the President's Decree of May 28, 1996.

Married, has three children.

UKRAINE: PRIME MINISTER LAZARENKO

June 2, 2000

Background: Former Ukraine Prime Minister Pavlo Lazarenko has been indicted by a federal grand jury on charges he laundered some \$114 million he extorted while in office. Lazarenko, who served as prime minister of Ukraine between May 1996 and July 1997, is currently being held without bail in California pending resolution of an extradition request from Switzerland, where he also faces money laundering charges. He was originally taken into custody on arrival in N.Y. February 19 last year, with the intention of deporting him for having an invalid visa. He claimed political asylum. Lazarenko has also been charged by Ukrainian prosecutors with stealing state funds. The Ukrainian Government has sought his extradition, but the US has no extradition treaty with Ukraine. The three sets of prosecutors are cooperating with one another in sharing information.

Points:

- Grand jury sitting in the US District Court for the Northern District of California has returned a 31 count indictment against former Ukrainian Prime Minister Pavel Lazarenko.
- Indictment alleges that as a government official, Lazarenko would demand and receive payment from individuals and entities doing business in Ukraine as a condition for doing business.
- Appreciate good cooperation from Ukrainian law enforcement bodies. Hearing on Swiss extradition case still pending, U.S. process going forward.
- Refer further questions to DOJ.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. cable	re: Ukrainian Ambassador in Washington (2 pages)	06/02/2000	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Transnational Threats (Wolosky, Lee)
OA/Box Number: 4044

FOLDER TITLE:

Ukraine-Lazarenko Case

2012-1026-M
rs959

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Wolosky, Lee S. (TNT)

From: WHSR
Sent: Thursday, June 01, 2000 3:56 PM
To: Black, Steven K. (VP); Brzezinski, Mark F. (RUE); Davidson, Leslie K. (VP); Elkind, Jonathan H. (RUE); Hinckley, Steedman (VP); Massey, Stephen M. (RUE/INTERN); Medish, Mark C. (RUE); Tedstrom, John E. (RUE); Weiss, Andrew S. (RUE); Wolosky, Lee S. (TNT)
Subject: UKRAINE EX-PM INDICTED IN U.S. FOR MONEY LAUNDERING

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Distribution: SIT: BLACK BRZEZINSKI DAVIDSON ELKIND HINCKLEY MASSEY MEDISH TEDSTROM WEISS WOLOSKY
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a7862

^BC-UKRAINE-LAZARENKO

^Ukraine ex-PM indicted in U.S. for money laundering

SAN FRANCISCO, June 1 (Reuters) - Former Ukraine Prime Minister

Pavlo Lazarenko has been indicted by a federal grand jury on charges he laundered some \$114 million he extorted while in office, U.S. officials said on Thursday.

Lazarenko, who served as prime minister of Ukraine between May 1996 and July 1997, is currently being held without bail in California pending resolution of an extradition request from Switzerland, where he also faces money laundering charges.

The U.S. indictments include one count of conspiracy to commit money laundering, seven counts of money laundering, and 23 counts of transportation of stolen property. The indictments were made by a federal grand jury on May 18 and unsealed Thursday, the U.S. Attorney's Office for Northern California said in a statement.

The indictment alleges that during his time as a government official in Ukraine, Lazarenko demanded and received secret payments from individuals and entities as condition of doing business in the country.

It further alleges that Lazarenko set up bank accounts in Switzerland and other countries where he deposited the money and used these accounts to disguise "the location, source and ownership" of the funds.

"According to the charges, between 1994 and 1999 Mr. Lazarenko transferred approximately \$114 million that he had corruptly and fraudulently received into bank and brokerage accounts in the United States," the U.S. Attorney's Office said in a statement.

"The indictment further alleges that Mr. Lazarenko laundered over \$20 million through bank accounts in the United States," the statement said, adding that it called for Lazarenko to forfeit to the United States all property involved in the money laundering offences.

Among the U.S. institutions where Lazarenko had accounts were Commercial Bank of San Francisco; Pacific Bank; Merrill, Lynch, Fenner & Smith; WestAmerica Bank; Bank of America; Fleet Boston Robertson & Stephens; and Hambrecht & Quist, the indictment said.

It said further said that his Swiss holdings included accounts at Banque SCS Alliance; Banque Populaire Suisse; Credit Lyonnais; and Credit Suisse, as well as an account at American Bank in Poland and accounts at European Federal Credit Bank in Antigua.

Acting on a U.S. request, Swiss authorities in September froze some 20 bank accounts believed to belong to Lazarenko.

Lazarenko, who denies the Swiss money-laundering charges,

has been held by U.S. authorities since February 1999 after being detained in New York for visa irregularities.

He was arrested in Switzerland in December 1998 when he entered the country on a Panamanian passport. Indicted in Geneva on charges of money laundering, he was released on bail of four million Swiss francs (\$2.59 million).

The maximum statutory penalty for each of the U.S. money laundering counts is 20 years in federal prison and a \$500,000 fine, or twice the value of the funds involved, the U.S. Attorney's Office said, although it noted that any sentence imposed would be dictated by federal sentencing guidelines.

((Los Angeles newsdesk, 213-380-2014, fax 213-622-0056))

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Grandrimo, Nicole M. (TNT/INTERN)

From: WHSR
Sent: Thursday, June 01, 2000 8:36 PM
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Subject: UPDATE 2-U.S. CHARGES UKRAINE EX-PM WITH MONEY LAUNDERING

Classification: UNCLASSIFIED
Distribution: SIT: INTERNATIONAL
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^BC-UKRAINE-LAZARENKO (UPDATE 2)

^UPDATE 2-U.S. charges Ukraine ex-PM with money laundering
(Adds lawyer comment, paragraphs 8-9, possible arraignment date,
final paragraph)

By Andrew Quinn

SAN FRANCISCO, June 1 (Reuters) - Former Ukraine Prime Minister
Pavlo Lazarenko, charged with embezzlement at home and money laundering
in Switzerland, was hit with U.S. charges Thursday as a federal grand
jury accused him of laundering \$114 million he stole while in office.

Lazarenko, who forked over \$6.75 million in cash for a California
estate once rented by comedian Eddie Murphy, is being held in federal
prison pending resolution of a Swiss extradition request.

On Thursday, the U.S. Attorney's Office for Northern California
announced that a federal grand jury had indicted Lazarenko, 47, on one
count of conspiracy to commit money laundering, seven counts of money
laundering, and 23 counts of transportation of stolen property.

The indictments, made on May 18 but unsealed Thursday, added
fresh details to the stunning tale of corruption that prosecutors say
marked Lazarenko's career.

Authorities in Ukraine say Lazarenko profited by buying and
selling natural gas contracts when he was Ukraine's energy minister,
and bilked millions of dollars from state programmes while he was prime
minister from 1996-97.

His eye-popping wealth eventually caused a rift with President
Leonid Kuchma, who dismissed him. He mounted a brief campaign as an
opposition candidate for president, then fled the country -- only to
wind up arrested first in Switzerland and then in the United States.

Lazarenko has denied the money laundering charges and asked
for political asylum in the United States, saying he is the subject
of a vendetta by his political enemies.

"Clearly he is not friendly to that (Ukraine) government.
Any information that comes from them is highly suspect," Joe Russoniello,
Lazarenko's San Francisco defence attorney, said.

He said Lazarenko would "vigorously deny" any extortion
charges, and would likely challenge U.S. jurisdiction over questions
relating to the money laundering claims.

The U.S. grand jury said it found evidence that Lazarenko
"demanded and received payments" from individuals and entities as
a condition for doing business in Ukraine.

It further alleged that Lazarenko set up bank accounts in
Switzerland and other countries where he deposited the money and used
these accounts to disguise "the location, source and ownership" of
the funds.

"According to the charges, between 1994 and 1999 Mr. Lazarenko
transferred approximately \$114 million that he had corruptly and fraudulently
received into bank and brokerage accounts in the United States," the

U.S. Attorney's Office said in a statement. "The indictment further alleges that Mr. Lazarenko laundered over \$20 million through bank accounts in the United States."

The grand jury called on Lazarenko to forfeit to the United States all property involved in the offences, including an 18-acre Marin County estate which had no fewer than five separate pools and had once been rented by Eddie Murphy.

The grandiose mansion, which a real estate agent said had been paid for with cash in 1998, was dubbed "lifestyles of the rich and wanted" after the San Francisco Chronicle reported that Lazarenko had in fact been the buyer.

Among Lazarenko's U.S. accounts were Commercial Bank of San Francisco; Pacific Bank; Merrill, Lynch, Fenner & Smith; WestAmerica Bank; Bank of America; Fleet Boston Robertson & Stephens; and Hambrecht & Quist, the U.S. indictment said.

It said his Swiss holdings included accounts at Banque SCS Alliance; Banque Populaire Suisse; Credit Lyonnais; and Credit Suisse, as well as an account at American Bank in Poland and accounts at European Federal Credit Bank in Antigua.

Acting on a U.S. request, Swiss authorities in September froze some 20 bank accounts believed to belong to Lazarenko, who had been arrested in December 1998 when he entered the country on a Panamanian passport.

Indicted in Geneva on charges of money laundering, he was released on bail of four million Swiss francs (\$2.59 million) and subsequently rearrested in New York in February 1999 for visa irregularities.

Lazarenko stirred yet another hornet's nest in January when London's Financial Times reported that he was preparing to air allegations that some \$613 million of International Monetary Funds for the Ukraine had been diverted from the central bank and invested in "speculative government bonds, reaping interest rates of up to 66 percent."

Ukraine officials defended their bank, but the allegations prompted an audit of bank reserves by PricewaterhouseCoopers, and Ukraine officials have conceded that no new IMF loans are likely until the audit is analysed.

No date has been set for Lazarenko's arraignment on the U.S. charges, although Russoniello said Thursday it would probably not occur before June 16. The charges carry a maximum statutory penalty of 20 years in federal prison and a \$500,000 fine, or twice the value of the funds involved, for each money laundering count, the U.S. Attorney's Office said.

(San Francisco newsroom, 415-677-2541, andrew.quinn+reuters.com)

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Grandrimo, Nicole M. (TNT/INTERN)

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^BC-ukraine-prime-minister-indictment

U.S. Indicts Former Top Ukrainian Official for Money Laundering ^By Emily Schwartz

^c.2000 Bloomberg News

San Francisco, June 1 (Bloomberg) -- A federal grand jury indicted former Ukrainian Prime Minister Pavlo Lazarenko for money laundering and conspiracy charges and accused him of transporting stolen property, a U.S. attorney's office in California said.

The indictment, issued May 18 and unsealed today, alleges that while in office "Lazarenko demanded and received payments from individuals and entities as a condition of doing business in Ukraine," according to a statement from the U.S. Attorney's Office for the Northern District of California, in San Francisco.

Also, "Lazarenko failed to disclose to the people or the government of Ukraine that he was receiving such payments," the indictment alleged.

The charges draw attention to corruption concerns about the former Soviet state held by the U.S. government, the International Monetary Fund and others. The IMF stopped disbursing previously approved loans to Ukraine last September, citing the slow pace of reforms and government deception.

PricewaterhouseCoopers, the world's largest accounting firm, is expected to complete the second stage of a Ukraine central bank audit this month, after finding during a first stage audit that the country exaggerated its foreign currency reserves in 1997. That exaggeration allowed Ukraine to obtain loans totaling about \$200 million from the IMF it wouldn't otherwise have received.

"We have not had an opportunity to review the indictment," said Michael Handwerker, Lazarenko's attorney. "We will be pleading not guilty."

The Counts

The indictment charges Lazarenko with one count of conspiracy to commit money laundering, seven counts of engaging in money laundering and 23 counts of "transportation of stolen property."

The Federal Bureau of Investigation and the Internal Revenue Service's criminal investigation division conducted the two-year investigation. Assistant U.S. attorneys Martha Boersch and Jonathan Howden are prosecuting the case.

The Ukrainian embassy and the IMF declined to comment. The Ukraine's representative at the IMF was unavailable to comment.

Lazarenko, who has accused members of the current Ukraine government of other transgressions, was charged with funneling \$114 million he has "corruptly and fraudulently received into bank and brokerage accounts in the United States," the U.S. attorney's office said.

Those banks include Commercial Bank of San Francisco, Pacific Bank NA, Merrill Lynch & Co., WestAmerica Bancorporation, Bank of America

Corp., FleetBoston Financial Corp. and Hambrecht & Quist Group, which Chase Manhattan Corp. acquired last September.

The indictment says the former prime minister also "laundered over \$20 million" through U.S. bank accounts and "should forfeit to the United States all property involved in the money laundering offenses," including a house in Novato, California.

First of Its Kind

"This is a very unusual indictment," said Jonathan Winer, a former deputy assistant U.S. Secretary of State for international law enforcement. It's the first of its kind that targets acts of corruption committed overseas, he said.

"He used the government as an extortion racket and then engaged in money laundering activities to hide the proceeds," alleged Winer, who now is an attorney at law firm Alston & Bird. "Ukraine, like Russia, has had a number of officials that provided favors in return for kickbacks and then moved the kickbacks offshore."

If he's found guilty of the allegations, Lazarenko could face

up to 20 years in a U.S. prison for each of the money laundering counts, plus a \$500,000 fine or twice the value of the funds he illegally transferred to the country. For each of the 23 charges of transporting stolen property, he could face 10 years in prison, a \$250,000 fine and restitution.

No date is set for Lazarenko's arraignment. Switzerland wants to extradite the former prime minister to try him on additional money laundering charges and he is being held in federal custody without bail. He has an extradition hearing on July 24. --Emily Schwartz in Washington (202) 624-1927 or eschwartzbloomberg.net/gcb -0- (BN) Jun/01/2000 23:16 GMT

APDF 06/01/00 19:16:37

Lazarenko wins new commitments in Washington

by **Khristina Lew**

WASHINGTON - Ukrainian Prime Minister Pavlo Lazarenko won a tacit commitment from the International Monetary Fund to explore the possibility of creating a \$1.5 billion stabilization fund to back Ukraine's new currency, the hryvnia, during his first working visit to the United States on July 25.

IMF Executive Director Michel Camdessus said the lending institution would do "everything it can" to establish a stabilization fund for Ukraine, but cautioned that "we won't start it if it's not certain it will succeed." "I hate sinking boats," he said.

According to acting Deputy Prime Minister for Economic Reform Victor Pynzenyk, no country has ever received this type of credit from the IMF. Mr. Camdessus said "a mission with appropriate instructions" will visit Kyiv to discuss the proposed fund in October.

The IMF director more warmly applauded Ukraine's recent gains in controlling inflation, reducing the interest rate and strengthening its interim currency, the karbovanets, and said that when Ukraine's standby loan expires this year, the country should receive a \$3 billion extended funding facility, a more liberal program, over a three-year period.

Ukraine is currently receiving up to \$900 million of a standby loan in \$100 million monthly installments. An IMF mission to continue negotiating the standby loan and research the possibility of a stabilization fund will travel to Kyiv in August, said National Bank of Ukraine Governor Viktor Yushchenko.

Fifteen days after being confirmed as Ukraine's prime minister, Mr. Lazarenko traveled to Washington to reassure international lending institutions and the American government that under his leadership Ukraine will stay the course of radical economic reform.

His July 25-26 working visit with Mr. Camdessus and World Bank President James Wolfensohn focused on nine projects currently on the table between Ukraine and the international financial organizations. World Bank projects include \$316 million for energy sector reform and \$300 million for agrarian reform, and programs to reform the public and financial sectors.

During a meeting with Rep. Benjamin Gilman and members of the House Committee on International Relations on July 25, Prime Minister Lazarenko reiterated the importance of continued Congressional support for Ukraine's economic and political reforms. In December 1995, Rep. Gilman, chairman of the powerful committee, had introduced a resolution in the House of Representatives in support of Ukraine.

The prime minister and his delegation also met with investors on July 25, first at a meeting of the U.S. Chamber of Commerce Ukraine Working Group, whose members include the oil and gas concern Pecten International, Redex Packaging Corp. (food processing) and the American International Group (insurance and banking), and later with the executive board of the Overseas Private Investment Corp., an independent U.S. agency that provides financing to American companies investing in emerging markets abroad.

OPIC President Ruth Harkin told the delegation that the agency's month-old Foundation for Investments in Central and East European Nations would prompt more American businesses to invest

in Ukraine.

While the focus of his brief visit to Washington was primarily economic, on July 26 Mr. Lazarenko held private meetings with Treasury Secretary Robert Rubin and National Security Advisor Anthony Lake.

Closing the budget gap

Characterized as a decisive leader by members of his high-level economic delegation, which included newly appointed Finance Minister Valentyn Koronevsky, Mr. Lazarenko announced at the National Press Club on July 26 that Ukraine will temporarily halt funding of government programs from the state budget in order to pay wage arrears. In July, close to 8,000 coal miners went on strike in Ukraine to demand payment of back wages.

Despite reports that Ukraine would request financial assistance from international lending institutions and the American government to combat the wage crisis, Mr. Lazarenko denied that additional funding requests were made.

"We did not raise the issue of wages with the IMF, but instead are searching internal resources to settle the wage problem. IMF moneys are for reforms; wage arrears are a domestic issue," he said. Eighty percent of revenue suspended from government programs will go toward paying wages. The prime minister said the Ukrainian government is currently four months behind in wage payments and two months behind in pension disbursements. Ukraine's internal debt is 300 trillion kbv.

Mr. Lazarenko also said his government is planning a massive overhaul of Ukraine's tax system to bolster the state budget. A new revenue service and taxation office will be set up which will guarantee that "everyone, without exception, be it businesses or private individuals, pay taxes to the state budget," he said. "Unfortunately, prior to this, some people paid taxes, some didn't."

The prime minister conceded that countries with an economy in transition have shadow economies, but insisted that they could be made legitimate. He said the government has developed a set of legislative acts that will allow Ukrainian citizens who have taken assets out of the country to return them anonymously.

Mr. Lazarenko also emphasized that with the passage of the Ukrainian Constitution on June 28, all "barriers to forming a market economy were removed." On September 15, the government will submit eight documents to the Ukrainian Parliament that will stipulate how the right to private property will function in Ukraine.

The prime minister reported that privatization of medium- and large-scale enterprises is moving at a steady pace, and that the government is preparing to privatize an additional 208 large-scale industries. Since it launched its privatization program, Ukraine has privatized 40,000 entities and has concluded privatizing small-scale businesses. In 1995 alone, 30 percent of all Ukrainian enterprises were privatized.

On a political note, Mr. Lazarenko announced that in keeping with its political commitment to close the Chernobyl nuclear power plant by the year 2000, Ukraine will shut down reactor No. 1 in October, leaving only reactor No. 3 working at the Chernobyl plant.

PERILS OF PAVLO

Lazarenko to Appear in US Federal Court June 21

The congress of the Hromada Party held in Kyiv on June 12 nominated the party's leader, former Premier Pavlo Lazarenko for President. Mr. Lazarenko is now in San Francisco pending a court decision on granting him political asylum in the US.

Lawyers think the law On the Election of the President allows registering Mr. Lazarenko as a candidate for the Ukrainian presidency.

Party deputy leader Volodymyr Takhtiy told the Center for Journalistic Research that Mr. Lazarenko had already been nominated as a presidential candidate in eight cities of Ukraine: Kyiv, Kryvy Rih, Kharkiv, Khmelnytsky, Mykolayiv, Sevastopol, Kirovohrad, and Chernihiv. Hromada members are sure their leader "can become the firm hand Ukraine needs so badly." But observers believe Mr. Lazarenko will play no significant role at this year's presidential elections.

According to president of the Ukrainian Perspectives Foundation, Serhiy Odarych and political scientist at the Academy of Political Sciences Zoryslav Samchuk, Mr. Lazarenko will not be able to garner more than 1.5-2% of the votes in the presidential elections. They think he will receive the votes of those who have an extremely negative attitude to the current authorities, and some people will do so out of gratitude for the time when "he fed them."

As of today, the Hromada Party no longer has the structures it had a year ago. A large number of votes have been snatched away by the very fact of raising charges against Mr. Lazarenko in Verkhovna Rada. On February 18, the Prosecutor-General sanctioned his arrest. He is being charged under three articles of the Criminal Code entailing responsibility for gross embezzlement of public funds, illegal use of hard-currency accounts, and the abuse of office. According to the prosecutor's office, 4 million Swiss francs and \$2 million in Ukrainian public funds were secretly transferred into Lazarenko's accounts in Swiss banks between 1993 and 1996.

The San Francisco Chronicle recently wrote that "rumors about Mr. Lazarenko's political corruption caused by his unfathomable wealth had begun to circulate" well before the criminal case was opened.

These rumors became louder after he used the services of a foreign corporation last year to purchase a posh villa on the San Francisco Bay coast with five swimming-pools, worth about \$7 million. The American newspaper writer affirms that Mr. Lazarenko is being accused of transferring \$72.1 million in state funds to his Swiss bank accounts in 1996-1998. The money was received from foreign companies involved in a number of economic transactions with the Ukrainian government.

On June 21, the former Premier is to appear in San Francisco Federal Court which will hear the case on his extradition to Switzerland. The Swiss prosecutors had earlier requested the US extradite the Ukrainian citizen to identify his complicity in money laundering in that country.

The San Francisco Chronicle notes that "an attempt to extradite the former head of government of a foreign state is always unusual. But this case is even stranger, for Mr. Lazarenko participates in the Ukrainian presidential campaign concurrently with struggling for the right to stay in the US."

According to political scientists, such notoriety and figures have made Mr. Lazarenko a political corpse, who cannot count on public support. All they think he can do now is to make the best possible deal in selling compromising materials on incumbent President Leonid Kuchma to some other presidential candidates.

In the words of Mr. Samchuk, "Today Mr. Lazarenko can share with the Left electorate compromising documents showing how he and the current President divided up the money for Russian gas 2-3 years ago. Thanks to their efforts, Ukraine ran up a \$1 billion debt."

By Inna KOLESNYKOVA, Center of Journalistic Research

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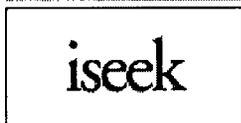
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Former Ukraine PM to face trial

By Thomas Catán in New York
Published: June 2 2000 01:25GMT | Last Updated: June 2 2000 01:44GMT

Pavlo Lazarenko, the former prime minister of Ukraine, is to face trial in the US on charges of laundering millions of dollars in embezzled funds through US banks and brokerages.

According to an indictment by a federal grand jury unsealed on Thursday, Mr Lazarenko transferred around \$114m (£76m) that he embezzled in office into bank and brokerage accounts in the US between 1994 and 1999. Those included accounts at Merrill Lynch, Bank of America, Fleet Boston Robertson & Stephens, Commercial Bank of San Francisco, Pacific Bank, Fenner & Smith and Hambrecht & Quist.

Of that, prosecutors said, \$20m was laundered through bank accounts in the US. In all, Mr Lazarenko, who was ousted in 1997 after a year as prime minister, will face seven counts of money laundering, one count of con-spiracy to commit money laundering and 23 counts of transporting stolen property.

His lawyer, Michael Handwerker, said Mr Lazarenko would plead not guilty to the charges, but declined further comment.

Mr Lazarenko is currently being held in a California detention centre awaiting extradition to Switzerland, where he is wanted on money laundering charges.

While the US could go ahead with its own prosecution under the new indictment, authorities are also continuing to co-operate with the Swiss. Prosecutors from both sides are set to consult on the order of proceedings.

The indictment throws into question the possible testimony of Mr Lazarenko before the US Congress. The former prime minister had been in talks with several committees in Congress.

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Region: Central Eurasia**Sub-Region: Ukraine****Country: Ukraine****Topic: INTERNATIONAL POLITICAL, INTERNATIONAL ECONOMIC****Source-Date: 02/01/2000****Ukraine: Daily on IMF Funds Scandal Agenda***LD0202232700 Kiev Den in Ukrainian 1 Feb 00 page 5*

[Report by Iryna Klymenko: "Prearranged scandal. IMF to examine how Ukraine was spending credits" -- first paragraph is monitor-provided summary]

[FBIS Transcribed Text] [The Ukrainian newspaper 'Den' has analysed possible reasons behind recent allegations in the Western press that top Ukrainian officials may have been involved in illegal transfers of IMF funds. The newspaper hinted that the scandal had been staged by the West, and pointed to a similarity between the money-laundering and corruption scandals in Ukraine and Russia. The newspaper said Western creditors may have attempted to discredit Ukraine as a debtor in order to get better terms for restructuring Ukraine's debt. According to the newspaper, the issue of Ukrainian corruption may have also been brought up as a move against US Vice-President Albert Gore in the US presidential campaign. The following are excerpts from report by Iryna Klymenko, entitled "Prearranged scandal. IMF to examine how Ukraine was spending credits" and published in the newspaper on 1st February. Subheadings are the newspaper's own.]

It does not often happen that one of the most influential financial publications of the West publishes for several days in a row reports about a country which by Western standards "is not at all interesting". But exactly this happened last week. You could guess that the reports concerned Ukraine.

In its Saturday [29th January] issue, 'Den' (No 15) quoted the Friday [28th January] issue of 'The Financial Times' (FT). We will remind you that it was about accusations by former Prime Minister Pavlo Lazarenko against the current [Ukrainian] president [Leonid Kuchma] of "unauthorized use" of IMF funding. At the same time, this allegation is only a small part, the politically coloured part, of the whole story into which Ukraine has been drawn. This story will obviously have a continuation, so our readers would probably be interested to know the background of the current scandal and what

preceded it. We shall begin with what preceded it.

So was there a baby at all? [subhead]

We are not going to either confirm or deny the accusations by Lazarenko, who claimed that, as the FT wrote, in December 1997 the National Bank [of Ukraine, NBU] used 613m dollars from an IMF loan to buy state loan bonds. We will only try, using mostly indirect indicators, to sort out which illegalities the Ukrainian government, beginning from 1997, could have committed and which it could not.

Judging by the words of the IMF representative, Tom Dawson (the FT from Saturday [29th January]), "the fund had not been aware of the details of the allegations (by Pavlo Lazarenko -- author) until they appeared in the FT on Friday [28th January]", that is why "the IMF would contact the Ukrainian authorities about the reports" and for explanation. So, what the Ukrainian government is calling deliberate provocation (the FT publications -- author) is obviously provocation only partially.

As for the core of the allegations, the facts are as follows. According to the conclusions of an official audit of the NBU in 1997, "there was no unauthorized use of money", but... [newspaper ellipsis] According to unofficial reports, in the autumn of 1998, during a regular visit of the IMF missionaries to Kiev, the government was found to "have cheated the fund". Then, the IMF experts found distortion (embellishment) of the financial data concerning the NBU hard currency reserves: the declared volume of the NBU international reserves did not correspond to the actual volume. The volume of NBU currency reserves is one of the most important financial indicators by which "the health" of the whole financial system of this country is gauged. As the poor condition of the payment balance of the state and meagre currency reserves are nearly the only conditions to qualify for reception of the IMF assistance, all the operations with the reserves are strictly regulated and monitored by the IMF.

The readers who follow the financial news as reported in newspapers, obviously, could not have learnt anything about the "working conflict" between the IMF and the Ukrainian partners. But they [the readers] probably remember a series of investigations of the NBU, first at the initiative of the Security Service of Ukraine and then by people's deputies. Then, an investigation commission chaired by [former Economics Minister] Viktor Suslov, which had been set up in the Supreme Council [Ukrainian parliament], found a "shortage" equalling 66m dollars and for the first time "with figures in hand" accused the NBU of illegal action. More than a year after that, the FT again mentions the shortage. This time the figure of 62m dollars is mentioned, but this does not change the matter. So, let us look further.

The parliament audit, which stimulated action by the IMF controllers, brought about results already in a couple of months. It was due to the "corrections" carried out by the IMF in the first days of 1999 that the Ukrainian public was shocked at the NBU currency reserves "having withered" by a couple hundred million dollars. True, the NBU hurried to calm this down, explaining that the reserves did not diminish, but they had somewhat decreased in value.

This story, unpleasant for the NBU, could have finished at that point but for a scandal on the same topic which broke out in neighbouring Russia approximately at the same time. There, similarly, information about misappropriation of hard currency reserves by the Russian Central Bank was unearthed. By the way, the domestic mass media's coverage of the Russian scandal was fairly "half-hearted" mostly because the NBU succeeded in convincing public opinion of its absolute

noninvolvement in any kind of misappropriation of state resources. [passage omitted: short description of the Russian scandal]

Before recalling the next "financial story", it is important to note that the particulars of Russian corruption, which are being exposed in public discussions on a global scale, are only nominally unrelated to the events in Ukraine. In fact, all that is now being played (in public and covertly) in Ukraine provides, at the least, the same grounds for suspecting corruption on the level of the state also here.

The next Russian story, which is now continuing, is connected with laundering "dirty" money by the Russian Federation's political elite in Western banks. We will not describe in detail the sequence of the events, the most recent of which (issuing of a warrant to arrest Pavel Borodin, who earlier managed the administration of the Russian president - editors) is already known to 'Den' readers from the Saturday [29th January] issue. We will only note that the Russian and Ukrainian corruption have almost everything in common, even the consultants. Also, the Ukrainian president, using the example of then dismissed Prime Minister Pavlo Lazarenko, long before the traffic of dirty money from the Russian Federation was exposed, told the international public how and according to what schemes corrupt state officials of all the CIS nations and nationalities import and launder money in the West. We have all grounds to believe that the "corrupt" West accepted the information very seriously, at the same time collecting all relevant data about the politicians and businessmen close to power.

Just a competition war? [subhead]

The background of the scandal, which was prearranged (about which Ukrainian officials at all levels have no doubt), also prompts one to believe that there is no smoke without fire. There are not many versions as to who could be interested in an explosive chain reaction (FT plus the IMF) to the venomous, as usual, attacks by Lazarenko. To be more exact, there are only two.

The first version. The Western holders of Ukrainian securities deliberately want to discredit the debtor to achieve better (worse for Ukraine) conditions for restructuring the debt. The observers (especially those who wanted to receive from the debtor everything at once) regarded with suspicion the rather quick formation of a consortium of banks which agreed to organize the conversion of the current bonds into long-maturing securities.

It strikes the eye that among the banks comprising the consortium there are those which were mentioned in connection with the "disappearance" of reserves. By the way, it was impossible to do without "friendly" Western banks in the deal of buying internal loan state bonds from NBU reserves. So, perhaps the evil competitors are digging under them? It could well be so.

But the "friendly" banks themselves could also dig. This was the case, for example, in the mentioned Russian story. After a default was announced to the Russian Federation and a moratorium on official transfer of money to pay debts was introduced, it turned out that the Russian banks were busy transferring money to personified accounts in Western banks, secretly from the creditors. It would be logical for the creditors to desire not only to stop this, but to get hold of the "misplaced assets". To cut it short, the information campaign against Russia was staged by international business. True, who would like to negotiate restructuring of obligations with a debtor who reportedly has no money, at the same time suspecting that organizations friendly to the debtor are appropriating "the means of payment"?

The second version is not original either. The presidential campaign is in full swing in America. So, connecting the Democratic candidate and current US vice-president, Albert Gore, to shady deals is a normal means of election fight. Another thing is the pegs the competitors are grasping. In this connection, the Ukrainian corruption is like help in a computer program - it is always at hand. And it is of little interest whether this help has any relation to reality.

Conclusion [subhead]

Obviously, any patriotic-minded state official feels deeply offended when Ukraine is compared to a corruption kingdom, either with grounds or groundlessly. I personally do not like my country being associated with corruption either. But I would be ready to endure this ordeal if all of us got an opportunity to get to know who is worth what. Even if the initiative comes from abroad.

BBCCMM

[Description of Source: Den -- Daily with perhaps the best news coverage in Ukraine; controlled by former prime Minister Marchuk]

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Version Number: 01

Region: Central Eurasia**Sub-Region: Ukraine****Country: Ukraine****Topic: CRIME****Source-Date: 12/29/1999****Potebenko: 'Millions' Stored in Lazarenko's Apartment***LD3012200599 Kiev Kievskiy Vedomosti in Russian 29 Dec 99 page 3*

[Report by Leonid Frosevych: "Pavlo Ivanovych Kept His Millions at Home"]

[FBIS Translated Excerpt] [Subheading] The Prosecutor-General Reported.

At yesterday's [28th December] news conference, Ukrainian Prosecutor-General Mykhaylo Potebenko drew journalists' attention to the issue of some well-known personalities. [passage omitted: description of relevant cases]

Real estate owned in Kiev by former Prime Minister Pavlo Lazarenko, [who is wanted in Ukraine on money laundering charges and currently seeking asylum in the USA], was also dealt with at the news conference. Mykhaylo Potebenko, in reply to a journalist's question about whether the Prosecutor-General's Office would allow the former premier's wife to celebrate Christmas in her Kiev flat (which, as is known, was sealed off by investigative agencies), answered that there were valuables worth millions kept in Pavlo Lazarenko's safe at home... [newspaper ellipsis] which was why the Prosecutor-General's Office would refrain from any steps in relation to Lazarenko's flat until a court decision had been made. BBCCMM

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Region: Central Eurasia**Sub-Region: Ukraine****Country: Ukraine****Topic: CRIME, DOMESTIC POLITICAL****Source-Date: 12/27/1999****Former Ukrainian Diplomat Jailed Over Money-Laundering***LD2712161899 Kiev UNIAN in Ukrainian 1315 GMT 27 Dec 99*

[FBIS Translated Text] Kiev, 27th December: The former head of the Ukrainian Foreign Ministry's consular directorate, Vasyl Koval, has been sentenced to over five years in prison and confiscation of property, the Kiev city court ruled today. Koval is to be imprisoned at a high security correction facility. The court ruled that the term of imprisonment begins on 1st December 1998, when Koval was arrested for the second time. The court also deprived him of the honorary title of envoy extraordinary and plenipotentiary second grade. Koval was found guilty under eight articles, including abuse of office and violation of currency regulations.

The court proved that Koval abused his office when, at the request of former Prime Minister Pavlo Lazarenko, he helped settle a dispute with Polish law-enforcement agencies, which had detained Petro Kyrychenko, a Ukrainian businessman from Dnipropetrovsk. The Polish Justice Ministry handed over materials from the criminal case against Kyrychenko to Koval, and the materials never got to the Prosecutor-General's Office. [Editor's note: Kyrychenko was arrested in Poland in February 1995 for possession of a handgun connected to a murder case. Kyrychenko and Lazarenko are wanted in Ukraine on money laundering charges but are currently seeking asylum in the US, where both were taken into custody for visa irregularities.]

A prosecutor from a directorate of the Prosecutor-General Office's, Borys Slobodenyuk, was satisfied

with the court's ruling. In his words, the fact that the Koval's case was heard separately from the case of Lazarenko is in keeping with the law. "We cannot wait until Lazarenko comes to Ukraine," Slobodenyuk said.

Ihor Hrytsak, Koval's lawyer, called the court ruling "the height of cynicism". He said that the hearing was "revenge against Koval - by making a criminal of him". Koval's lawyers intend to appeal against the court ruling to the Supreme Court of Ukraine.

UNIAN's reference: Koval headed the Ukrainian Foreign Ministry's consular directorate from June 1995 through November 1997. He was arrested for the first time on 29th November 1997; criminal proceedings against Kovalov - on charges of activities against the interests of the state - began on 2nd January 1998. On 29th June 1998, he was released on 500,000 hryvnya bail. On 20th October 1998, he was arrested again and then released and hospitalized on 27th November after the Kiev Pechersky district court cancelled a warrant for his arrest. On 1st December 1998, he was arrested again in hospital. BBCCMM

[Description of Source: Major, independent news agency]

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Switzerland Submits Extradition Request for Lazarenko to the USA

Acting on behalf of the Federal Office for Police Matters in Bern, the Swiss Embassy in Washington presented the U.S. authorities with the formal extradition request for Pavlo Lazarenko on Tuesday. The request is based on an arrest warrant issued by the Office of the Examining Magistrate of Geneva, which is conducting criminal proceedings for money laundering against the former Ukrainian prime minister.

On December 2, 1998, Lazarenko had been detained in Switzerland. The Office of the Examining Magistrate of Geneva, which is also responsible for executing various Ukrainian requests for judicial assistance, ordered the pretrial detention of Lazarenko at first, but subsequently released him on bail of 4 million Swiss francs. On February 20, 1999, Lazarenko was arrested by US immigration authorities at JFK Airport, as he tried to enter the United States without proper travel documents.



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Former Ukrainian Prime Minister Lazarenko detained in New York

February 22, 1999
 Web posted at: 12:12 a.m. EST (0512 GMT)

WASHINGTON (CNN) -- Former Ukrainian Prime Minister Pavlo Lazarenko is being held in the United States pending immigration proceedings after he was detained at New York's Kennedy airport, CNN has learned.

Lazarenko is wanted in Ukraine on charges which include embezzling more than \$2 million of state property from 1993-97.

Now a leader of parliament's opposition Hromada party, Lazarenko denies the charges and has repeatedly said they are politically motivated.

He is being considered for "expedited removal" from the United States, a spokesman for the Immigration and Naturalization Service said on Sunday.

Lazarenko was detained Friday for misrepresenting his intentions for visiting the country, officials said. The INS did not elaborate on what Lazarenko's intentions were.

Although the INS spokesman said he was unaware of any extradition proceeding currently under way, the Itar-Tass news agency reported Sunday that Ukraine has asked the U.S. to extradite Lazarenko.

Tass cited an official at the Ukrainian embassy in Washington as saying the extradition request had been passed to the U.S. State Department.

Lazarenko, who was prime minister of Ukraine in 1996-97, was reportedly in Greece last Wednesday, and had sought medical treatment for symptoms similar to a heart attack.

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Despite Lazarenko's request to delay a hearing on lifting his parliamentary immunity due to his ill health, the Ukrainian parliament voted on Wednesday to allow his arrest and the start of criminal proceedings.

Lazarenko also faces money-laundering charges in Switzerland.

He was arrested in December as he tried to enter Switzerland with a Panamanian passport. He was later indicted for alleged money laundering and released on \$3 million bail.

Reuters contributed to this report.

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^BC-SWISS-UKRAINE-LAZARENKO URGENT

^Swiss convict Ukraine ex-PM of money-laundering

GENEVA, June 30 (Reuters) - A Geneva court has convicted former Ukraine Prime Minister Pavlo Lazarenko of money-laundering and confiscated \$6.6 million from his Swiss bank accounts, his lawyer said on Friday.

Lazarenko, now in jail in San Francisco where he faces charges of laundering \$114 million allegedly stolen while in office, was also given a 18-month prison term in Geneva, which was partly suspended, according to his lawyer Paul Gully-Hart.

The verdict was handed down on Thursday by a three-judge tribunal in Geneva which heard the case last Monday.

"Mr. Lazarenko has accepted two charges of money-laundering in relation to facts in the Ukraine where he confused his public office and private commercial interests in 1993-94, when he was a regional governor..." Gully-Hart told Reuters.

"An amount of \$6.6 million, by consent of the two parties, has been confiscated and will have to be paid to the state of Geneva," he added. "This is the end of the case in Switzerland."

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Swiss court convicts Ukrainian ex-PM

Swiss court convicts Ukrainian ex-PM

GENEVA, June 30 (UPI) -- A Swiss court has convicted former Ukrainian Prime Minister Pavlo Lazarenko of money-laundering, handing down an 18-month suspended sentence, his lawyer said Friday.

Lazarenko, who is being held in a U.S. jail in San Francisco on charges of embezzlement of state funds and laundering millions of dollars, was tried in absentia, and the Geneva court passed its sentence on Thursday.

The court seized almost \$6.6 million from Lazarenko's Swiss bank accounts and barred Lazarenko from entering Switzerland for five years.

The embezzlement and money-laundering charge carries a maximum sentence of 18 months under Swiss law, and the court handed down the maximum sentence. Lazarenko, who was Ukraine's premier between May 1996 and July 1997, is fighting extradition to Ukraine, where he claims his life may be in danger as his political enemies seek their revenge. Lazarenko embezzled the state while still in the post of regional governor of Dnepropetrovsk in 1993-95, when he transferred vast amounts of currency abroad using a range of front companies for the transactions to launder the cash.

Switzerland had asked the United States to extradite Lazarenko from San Francisco to stand trial on money-laundering charges in the Alpine country, but the extradition request may be dropped now that

Lazarenko has been sentenced in absentia. The Swiss authorities first arrested Lazarenko in December 1998 as he entered the country from France using a Panamanian passport. Lazarenko was released on bail, but was back behind bars in the United States only months later after being arrested on charges of visa irregularities.

Earlier this month Lazarenko was charged in San Francisco of conspiring to launder \$114 million, but pleaded not guilty. -- Copyright 2000 by United Press International. All rights reserved. --

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^BC-UKRAINE-LAZARENKO

^Ukraine ex-PM pleads not guilty to U.S. charges

SAN FRANCISCO, June 13 (Reuters) - Former Ukraine Prime Minister

Pavlo Lazarenko pleaded not guilty on Tuesday to U.S. charges accusing him of laundering some \$114 million he allegedly stole while in office.

Officials at the U.S. Attorneys Office said Lazarenko, 47, entered a not guilty plea during a brief arraignment in San Francisco. His next court date was set for June 26.

U.S. officials announced earlier this month that a federal grand jury had indicted Lazarenko on one count of conspiracy to commit money laundering, seven counts of money laundering, and 23 counts of transportation of stolen property.

Lazarenko is being held in federal prison in California pending resolution of an extradition request by Switzerland, which has also charged him with money laundering.

Lazarenko's lawyers have vowed to fight the U.S. charges vigorously, depicting their client as the victim of a political vendetta by his former ally, Ukraine President Leonid Kuchma.

Ukraine authorities have accused Lazarenko of profiting by buying and selling natural gas contracts when he was the country's energy minister and bilking millions of dollars from state programmes while he was prime minister from 1996-97.

In its indictments, the U.S. grand jury said it found evidence that Lazarenko "demanded and received payments" from individuals and entities as a condition for doing business in Ukraine.

It further alleged that Lazarenko set up bank accounts in Switzerland and other countries where he deposited the money and used these accounts to disguise "the location, source and ownership" of the funds.

The grand jury called on Lazarenko to forfeit to the United States all property involved in the offences, including an 18-acre Marin County estate which had no fewer than five separate pools and had once been rented by Eddie Murphy.

Acting on a U.S. request, Swiss authorities in September froze some 20 bank accounts believed to belong to Lazarenko, who had been arrested in December 1998 when he entered the country on a Panamanian passport.

Indicted in Geneva on charges of money-laundering, he was released on bail of four million Swiss francs (\$2.59 million) and subsequently rearrested in New York in February 1999 for visa irregularities.

(San Francisco bureau, 415-677-2541, andrew.quinn+reuters.com)

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