

# Amid Defense Ministry Shakeup, Corruption Case Grows

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President Putin has indicated that the Oboronservis embezzlement scandal was the main reason behind the dismissal of Anatoly Serdyukov, pictured, as defense minister.

Sergei Shoigu officially took over his new defense minister duties Wednesday, receiving the so-called nuclear briefcase, while prosecutors announced new findings in a corruption case at a ministry agency that led to the ouster of his predecessor, Anatoly Serdyukov.

Shoigu, best-known for his long tenure as emergency situations minister, was nominated to head the Defense Ministry after Serdyukov was fired Tuesday by President Vladimir Putin amid a fraud scandal at the ministry-run Oboronservis supply agency.

The military prosecutor's office said Wednesday that Oboronservis officials had illegally sold a Navy fuel terminal in the Murmansk region that supplied the Northern Fleet and was a "key element of military infrastructure."

Valued at 452 million rubles (\$14.4 million), the property was sold for less than 50 percent of that price, prosecutors said in a statement.

Last month, investigators opened five criminal cases in connection with illegal sales of military property, including sanatoriums, guest houses and land worth \$95.5 million, by Oboronservis, which was chaired by Serdyukov until last year.

Also on Wednesday, police detained a businessman on suspicion of soliciting a 3 million ruble bribe to "speed up" a deal for the sale of Oboronservis property in the Moscow region.

Investigative Committee spokesman Vladimir Markin said Wednesday that more arrests would be coming in the case.

Putin indicated Tuesday that the embezzlement scandal at Oboronservis was the main reason for Serdyukov's dismissal from his post, though pundits say conflicts with Putin allies and other law enforcement officials played a role as well.

A number of corruption cases at the Defense Ministry were opened during Serdyukov's time in office, and investigators have uncovered instances in which Serdyukov's family members apparently received benefits as a result of the former minister's position.

According to investigators, Serdyukov's sister's husband, Valery Puzikov, is building an 800-square-meter house on Defense Ministry land near the Black Sea that he received for free, Kommersant reported Wednesday.

While Shoigu is praised for not having been involved in corruption scandals, military experts said his success in the ministry will depend on the new appointees he is expected to bring in, including a new General Staff head.

That post is currently occupied by Serdyukov loyalist general Nikolai Makarov, whose management of the military has been maligned by some analysts.

"Military readiness has become a fiction during Makarov's tenure," deputy editor of the nationalist-leaning Zavtra newspaper Vladislav Shurygin wrote on his LiveJournal blog Wednesday, calling Makarov's actions in office "ignorant."

But Igor Korotchenko, head of the Defense Ministry's public advisory council, said he didn't expect Shoigu to act hastily in replacing senior defense officials.

"Shoigu is known to make balanced decisions, so he won't act fast. He needs to understand the situation first," Korotchenko said, adding that he does believe new people will be appointed to top posts.

The Defense Ministry currently has eight deputy defense ministers, only two of whom are career military officers, Makarov among them.

Half the deputy ministers are former tax officials brought to the ministry by Serdyukov, who previously headed the tax service.

In a clear attempt to win the hearts and minds of the Army, Shoigu said his first decision

in the new post would be allowing military cadets to take part in the Victory Day parade, a tradition abolished by Serdyukov, news agency RBC reported Wednesday.

Although Serdyukov's fate is unclear, analysts believe it would be hard for him to get a government post after being fired by Putin amid a corruption scandal.

Serdyukov, who was known for his sometimes rude manner with respected military commanders, also had a tense relationship with Federal Security Service officials, Vedomosti reported Wednesday.

An unidentified FSB official told the paper that Serdyukov had helped protegee Sergei Korolyov become head of the agency's internal security department, a move that met resistance in the FSB.

The source said security officials were also afraid that the creation of a military police force at the Defense Ministry would make it hard for the agency's own counterintelligence arm to conduct investigations within the armed forces.

Political analyst Stanislav Belkovsky wrote in an op-ed Wednesday that troubles in Serdyukov's home life also contributed to his removal. Belkovsky was referring to Serdyukov's alleged romantic involvement with one of his subordinates, Yevgenia Vasilyeva, who is also a suspect in the Oboronservis fraud case.

Serdyukov is married to a daughter of Viktor Zubkov, a former first deputy prime minister and close Putin ally who now serves as the presidential envoy to the Gas Exporting Countries Forum.

"Serdyukov has lost not only political cover provided by his father-in-law, whom Putin trusts, but also the president's own respect," Belkovsky said in an article published in Moskovsky Komsomolets.

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