

Crimea: Corruption Fueling Feud Between Local and Federal Elites

By [The Moscow Times](#)

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People paint pancakes in colors of Russian national flag during Maslenitsa celebrations in the village of Perevalnoye, near the Crimean city of Simferopol.

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It appears that a power struggle is intensifying in Russia-annexed Crimea revolving around graft. The infighting pits local officials against Russian federal agencies, including the powerful Federal Security Service.

The conflict remains unresolved, and given the players involved, the outcome remains unpredictable. The first signs of trouble began in late June with a wave of high-profile arrests and statements about corruption in Crimea. The FSB, the successor to the Soviet-era KGB, has opened criminal cases against three prominent Crimean officials: Andrei Skrynnik, the peninsula's minister of industrial policies; Nikolai Kochanov, the region's tax inspection

chief; and Dmitri Petrov, the port chief of Yalta. According to Russian media reports, additional criminal cases against other high-profile local officials were likely.

Meanwhile, the deputy head of Russia's Federal Road Agency (FRA), Igor Astakhov, has claimed that when his agency audited Crimea's Ministry of Construction in June, the latter "could not produce proper documentation for 368 million rubles out of the 582 million rubles (\$10.2 million) [of federal funds] allocated" in 2014 for rebuilding Crimean roads. In other words, roughly two-thirds of the money seems to have disappeared, according to Moscow.

Crimean officials quickly fired back. The head of the local government, Sergei Aksenov, characterized state security agents as "provocateurs" — a label in Russia that is usually reserved for Kremlin foes. Aksenov went on to defend the accused Crimean officials as "honest," and asserted the FSB was "interested in destabilizing the situation in Crimea."

Aksenov specifically mentioned the case of Skrynnik, saying the investigation into his suspected misdeeds is "fabricated" and based on "absolutely fictitious material." The Crimean leader added that he had raised this matter with Russian President Vladimir Putin, whom he intended to keep updated on the developments. He also claimed that he would not comply with the FSB's proceedings, and protect local bureaucrats from the FSB too. "Our officials are citizens too and no one will victimize them. I guarantee you that," he told his ministers at a meeting last week.

He also issued orders on July 9 to set up a Crimea-based special committee that would "prevent illegal actions against [Crimean] government officials" and have a final say on any criminal proceedings against them.

To reinforce his point, he further told his subordinates, "Some characters from the mainland [i.e. Russia proper] came here and claim that Crimeans are useless idiots, while they [federal authorities] are the heroes who want to change things. I guarantee you, this will not happen."

He also defied the FSB's criminal proceedings against Skrynnik and told the latter to continue his work as a minister.

In addition, Aksenov asserted that he did not believe that Crimea's tax inspection chief, Nikolai Kochanov, was guilty either. The FSB had accused the tax chief of offering a bribe to FSB officers. "It must be the first time ever in Russia that a tax inspection chief offered rather than took a bribe. Doesn't it seem suspicious to you?" Aksenov said.

Other members of the Crimean government rallied round Aksenov and joined the attack on Moscow. A member of Crimea's State Council (local parliament), Sergei Shuvaynik, hinted at separatism, claiming that "we did not reunite with Russia to be subjected to the same horrors we had experienced during the Ukrainian period."

The chairman of the State Council, Vladimir Konstantinov, speaking about the arrests, claimed that "Crimea came under a serious attack... [inspired by] our enemies."

Crimean government officials cite "minor mistakes" and "differences in the Ukrainian and Russian laws" as an explanation for any actions that federal prosecutors might find questionable. They also asserted that it was the federal officials and structures that were corrupt.

For instance, the chairman of the Crimean State Council on Economic, Budgetary and Taxation Policies, Vitaly Nakhlyupin, argued that the claims by FRA's Igor Astakhov about missing funds were completely false. "Out of the 582.7 million rubles allocated for municipal roads we only received 277.2 million. How could we possibly produce documents for 368 million in spending if we only received 277 million?" Nakhlyupin stated.

"Mr. Astakhov simply did not read the reports closely," Nakhlyupin added, according to a press release on the State Council's website.

Nakhlyupin further charged that it is Russia's federal agencies that steal money. He offered an example where Astakhov's agency awarded 61 million rubles worth of contracts for repairing Crimea's roads to two shady federal intermediaries that did not do any work, but kept more than half of the money.

He also claimed that it was Moscow that owed Crimea. "As of today, we have not received a penny. Federal agencies owe the Republic of Crimea a total of 1.4 billion rubles," he said.

There are indications that Putin personally has intervened in the power struggle. On July 13, less than a week after ruling to establish the committee, Aksenov had to close it down. Political experts suspect that the closure followed a phone call from Putin to Aksenov.

In addition, Aksenov had to comply this week with the Putin-sanctioned idea of assigning federal deputy ministers as "representatives" (read, "overseers") of local ministries in Crimea.

Yet, also this week, Aksenov called a news conference during which he reiterated that "claims that someone [from the outside] will fire [local Crimean officials] and that I will be a puppet are an illusion. It will never happen."

"No one, except the president [Putin], will tell me what to do," he added. "I will not be pushed around and no services [likely a reference to the Federal Security Service, the FSB] can force me to change my position on anything."

He later said in an interview with the pro-Kremlin LifeNews website that behind the campaign against Crimean officials are major outside "players who regularly steal money from the [federal] budget" and who now want to establish themselves in Crimea."

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