

"Great Combinator" has to take a leave

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A man with unpredictable past, flexible mind and flexible back, Vadim Rabinovich has been an uncomfortable ally for anybody, particularly the President of Ukraine. He appeared to be striving to resemble Russia's controversial oligarch Boris Berezovsky in everything - the scope of power, the span of influence, the ability to survive any political collisions and reshuffles of power, and even Mr. Berezovsky's dubious fame of a successful lobbyist of other powerbrokers' interests. Expelled from the country by the Security Service of Ukraine, he continues to attract attention as one of the most active potential players in the forthcoming presidential campaign.

A "Ukrainian Berezovsky"

The long-simmering crisis in relations between Rabinovich and the President's closest circle escalated last week and resulted in the official note of the Ukrainian Security Service that ordered Rabinovich to leave Ukraine and prohibited him to enter the country for five years. The note, accusing Rabinovich of connection with another citizen of Israel, Leonid Wulf, reportedly involved in a number of contract killings and assassination attempts in Ukraine, and blaming Rabinovich for causing major economic damage to the state, came as a surprise to Mr. Rabinovich, who hardly expected that rapid move to be made by the agency chaired by the father of one of his alleged business partners in the new television broadcaster, the Era. Moreover, it came as a surprise to numerous observers who could not miss the fact that a person charged with gross violations of the law that caused severe economic damage to the state was allowed to leave the country quietly without being questioned by the Ukrainian law-enforcement agencies. Similarly, nothing has been done to withdraw documents from Mr. Rabinovich's office that presumably contained detailed information about factors of the notorious "economic damage".

According to Mr. Rabinovich, his expulsion from Ukraine was caused by personal motivation "without Ukraine's top leadership knowing about it", while he publicly blamed Secretary of the National Security and Defence Council Volodymyr Horbulin for what he described as "overt provocation". Commenting on the claim, Volodymyr Horbulin - who has recently received Zinoviy Kulyk, a person closely connected to Rabinovich, as his new - and some observers say unexpected - deputy, said he, as the Secretary of the National Security and Defence Council could have no personal conflict with the citizens of a foreign state.

Mythology

Vadim Rabinovich is fond of surrounding himself with all sorts of ambiguities and myths. Sentenced to 14 years in prison by the Kharkiv city court in 1984 for gross power abuse, misappropriation and fraud, he was released in mid-1991, but continues to picture himself as a victim of the Soviet repression machine, almost a dissident. Speaking to the foreign press, he stressed he had "spend nine years in the Soviet jail" (New York Times, April 1997), extending the term to "ten years" in an interview to the Wall Street Journal (November 1997). In an interview to the Novoye Russkoye Slovo in January 1998, Mr. Rabinovich referred to "a year in solitary confinement cell in the Dnipropetrovsk mental clinic, and nine years in a severe regime camp in Kharkiv". By far, these are not the only examples of mismatches in his statements. There are at least five versions of the reason for Mr. Rabinovich's imprisonment, all offered by himself. On April 5, 1997, he told the New York Times that when occupying the position of the chief construction manager he had sold materials to individuals. In his own words, he did not do anything that was against the law, but was persecuted because he was a Jew. In November 1997, he confirmed in an interview to the Wall Street Journal that he had been imprisoned for gross stealth of state-owned property. In the Delovaya Nedelya (June 1997) he stated that "there was no concrete judgment: if one worked at a major construction site, it was assumed that one could steal". In The Novoye Russkoye Slovo (January 1998) he claimed that "being still a young man, I was the manager of a group of construction workers. I was arrested, accused of stealth, then of forgery". In the Fakty (August 1998) he offers yet another version, claiming he had been imprisoned for building a wooden door-making plant in Kharkiv.

Nowadays, Mr. Rabinovich likes to argue that "in the United States they get awards for things that got me to prison in the USSR - for doing business successfully". It is hardly possible that a "construction manager" in the USA could be awarded for selling supplies from "his" construction site to "private individuals" - should he do that, he would not only risk a trial and a serious penalty, but would lose the reputation that allowed him to be in business.

Generally speaking, Mr. Rabinovich likes to present himself as a martyr for introduction of innovation methods of management, if not as a victim of political repression. Meanwhile, 14 years in prison was a rather severe sentence even under the Soviet law, and was not given "for nothing". In November 1997, 216 Ukrainian MPs supported a demand that the Office of Attorney General disclosed materials of Mr. Rabinovich's criminal case. Later on, the fact of his past criminal conviction was used by Leonid Kuchma's critics to exert pressure on the president.

Nordex, Ostex and Other Business

Vadim Rabinovich does not like discussions about the "Nordex" and his business partner Hryhory Luchinsky. Although - wisely enough - he never denied the fact of cooperation with the "Nordex", he told the *Novoye Russkoye Slovo* ambiguously that he "had worked for the "Nordex" and had been involved in a "concrete deal". Before, he told the *Wall Street Journal* that he had been the Nordex's representative in Kyiv in signing a number of agreements, but terminated all connections with the Nordex as soon as they were over. It is hard for Mr. Rabinovich to deny involvement with the Nordex altogether: in May 1992 he publicly stated he was the head of the Nordex's Ukrainian branch, and was quoted by the press as claiming that the failed attempt of assassination of Volodymyr Bortnik, then chairman of the Ukragrotechservice, could be linked to an effort to disrupt a contract between the Nordex and the Ukragrotechservice. Several years later, in an interview to the *Vseukrainskie Vedomosti* (February 6, 1997) Anatoly Belyaev, head of the General Department for Fighting Corruption and Organized Crime (commonly known as the C-Department), stated that in accordance with the Ukrainian-Russian intergovernmental agreement, the contract between the Nordex and the Ukragrotechservice for supply of crude oil to Ukraine had envisaged that 10 percent of the contract total will be covered from Ukraine's oil debt to Russia. Although the requested amount had been transferred to the Nordex, no confirmation of writing off the funds arrived to the Ministry of Finance. On November 1, 1995, the Cabinet of Ministers issued a resolution "On Results of Verification of the Use of Specially Appropriated Budget Funds and Loans", holding Volodymyr Bortnik and Yuri Karasyk, then MP, personally responsible for violations.

No wonder Mr. Rabinovich is reluctant to comment on his connection with the Nordex. As the *Time* wrote on July 8, 1996, intelligence of the whole Western hemisphere get pale when they hear about the Nordex. Speaking to the Congress, representatives of the U.S. intelligence connected activities of the Nordex with Russian and multinational crime. The Nordex case has served as an illustration of Eastern organized crime threatening the West's interests. However, Mr. Rabinovich is also reluctant to refute this impression of the Nordex. Answering a direct claim of the *Novoye Russkoye Slovo* correspondent that the Nordex, according to the CIA, was linked to the Russian organized crime, he said: "... I do doubt if the Nordex did anything disreputing, but in this case I will not contradict your intelligence". In an interview to the *Wall Street Journal* (November 1997), Vadim Rabinovich denied "any involvement in arms smuggling from Ukraine, of which the American government suspects the Nordex, as well as in money laundering, drugs trafficking and smuggling nuclear weapons". Similarly, he would probably refute the information of the Interpol in 1996 that the Ostex firm had been founded after Vadim Rabinovich severed ties with the Nordex, that the firm was involved in the same activities as the Nordex, that contracts, signed by the Ostex, are in most cases fulfilled by the Nordex, that the Ostex was involved in direct arms trade between Ukraine and Romania with agreement of Grigory Luchansky. In an interview to the *New York Times* (April 5, 1997) Mr. Rabinovich denied that the Ostex had been established as the Nordex's sister firm.

Mr. Rabinovich tends to connect attacks on him with the fact that "people who come from the former Soviet Union are stronger, more active, smarter, more industrious, more entrepreneurial, we grew up in conditions that forced us to seek and find unusual solutions for a particular problem - that is why they used the "heavy artillery". It is hard to accept, however, that forgery and selling public construction materials to private individuals, as well as involvement with the Nordex prove strength, activity, smartness and other merits Mr. Rabinovich likes to claim.

Vadim Rabinovich as a Foreign Policy Person

The Ukrainian National Fund for International Cooperation "Ukrainian People's Embassy" (with former President Leonid Kravchuk as its honorary chairman) awarded Rabinovich with the title of a "People's Ambassador of Ukraine". The title, although informal, could help an imaginative person in expanding his contacts abroad and giving an extra image to his actions.

In January 1997, the *Moskovskie Novosti* wrote that Congressman Gerald Solomon suspected President Clinton of connections with the Russian criminal business that had donated US\$ 160,000 for Clinton's election campaign. The story referred to the Nordex and named CIA head John Deutch as the source of information that the Nordex was involved in nuclear smuggling, supplying the Scud warheads to Iraq and drug trafficking. The claims are connected to the presence of Vadim Rabinovich at the Sheraton Bell Harbor hotel in Miami on September 9, 1995 at a fundraising event for the Clinton-Gore

campaign, and a picture of Clinton, Gore and Rabinovich, among other participants, taken at the event. By that time his U.S. entry visa had been cancelled by the State Department. Later on, the fact of Mr. Rabinovich's visit to Miami and his links with Grigory Luchinsky were investigated by the U.S. Congress House's committee in connection with the possibility of starting the impeachment procedure against President Clinton.

Charges with involvement in nuclear smuggling are among the most serious impediments for Ukraine's successful foreign policy. When asked about his involvement in alleged nuclear smuggling, Vadim Rabinovich strongly denied any; moreover, in November 1997 he told the press that his efforts were crucial for halting the Ukrainian government's attempt to sell uranium to Iran in 1994.

On January 9, 1998, the *Novoye Russkoye Slovo* quoted Nathan Shcharansky as telling the Knesset commission on July 2, 1997, that Vadim Rabinovich had played an important role in cancellation of a nuclear weapon deal between Ukraine and Iran and that Mr. Rabinovich had been appointed to this position by President Kuchma. It is unclear whether President Kuchma knew he was believed to have appointed Mr. Rabinovich to take part in the negotiations on behalf of Ukraine, but the claim that the whole deal was prevented exclusively by Mr. Rabinovich is humiliating both for Ukraine as the state and Leonid Kuchma as the President, as Ukraine as the state was indirectly accused of nuclear smuggling, and its elected leader was presented as somebody unable to handle major challenges to the country's foreign relations.

Mr. Rabinovich likes to attract attention to himself by promising to bring a billion of dollars of Israeli investment in the Ukrainian economy, or advertising himself as a prominent peace-maker by ordering publications in the Ukrainian press in February 1998 reporting on his visit to the Middle East and his "positive influence" on Yaser Arafat's position on the settlement.

Part of the reason why the West is sensitive to the involvement of Mr. Rabinovich and to the information about him being close to the Ukrainian President is Mr. Rabinovich's international activism. Foreign policy is supposed to be done by national governments and not by individuals, and in this sense Mr. Rabinovich's reputation harms President Leonid Kuchma. In an interview to the *Moskovskie Novosti* in February 1998, Vadim Rabinovich described by relations with Leonid Kuchma as "working". There are doubts, however, if the President can afford "working" relations with an individual who regards forgery and misappropriation as evidence of strength, activity and smartness, and who is treated with suspicion in the West and denied entry to the United States.

A Political Leader

In October 1997, Mr. Rabinovich told the press that he would "never take part in election or any other political campaigns" claiming he simply did not care about politics. At the same time the election list of the Green Party of Ukraine included commercial director of the *Prioritet* Irina Shevchenko (number 15) and advertising manager of the *Prioritet* Valery Mashtakov (number 29). Leader of the Greens Vitaly Kononov repeatedly told the press that he was "grateful to Vadim Rabinovich for believing in our party and giving us huge discounts on advertising at the Studio 1+1 channel." Arranging election campaign for his "agent of influence" Andriy Alioshin, Mr. Rabinovich promoted him as the director of a joint project of the *Kievskie Vedomosti* and the Studio 1+1. Mr. Alioshin promised his voters "credit in food stores" and creation of a "Life Stabilization Fund" and used the Studio 1+1 logo in Alioshin's campaign ads that subsequently made the Studio 1+1 (one of the most successful American investments in Ukraine) to announce officially that Mr. Alioshin had nothing to do with the company, and added an extra reason for the company to break up with Mr. Rabinovich.

Mr. Rabinovich did not learn much from his campaign experience and the "divorce" with the Studio 1+1. Although then Minister of Information Zinoviy Kulyk told the press neither Rabinovich, nor Andriy Derkach, nor Igor Sharov, nor former Minister of Foreign Economic Relations and Trade Serhiy Osyka had been among founders of the Era TV company, Mr. Rabinovich could not resist the temptation of self-expression and announced his involvement through a publication in the *Stolichnye Novosti* in January 1999. Later on, editor-in-chief of the Era Vitaly Lukianenko stated that "Vadim Rabinovich, Andriy Derkach and Serhiy Osyka are referred to as the persons involved in creation of this television company". In addition to the Era, Mr. Rabinovich claimed to be the owner of the Super-Nova radio and the *Stolichnye Novosti* newspaper. After the president's informal - though known to all journalists - order to cut Mr. Rabinovich's access to public political life that was not so bad.

In an interview to the *Kyiv Post* in 1998, Mr. Rabinovich connected his influence on President Kuchma and his closest circle with his social status of the president of the Ukrainian Jewish Congress. On November 16, 1998, he signed a letter "to all members of the Ukrainian Jewish Congress" arguing that it was "unacceptable" that many Jewish organizations joined other national Jewish associations without "common financial coordination" and suggesting that "in the first turn, the money will be given to the organizations that will have presented, by January 1, 1999, documents certifying that they are members of only one national organization, the Ukrainian Jewish Congress". He stressed the plans to provide

those organizations "depending on their memberships, projects and other factors" with 3,000 to 30,000 UAH by the end of 1999. While the move was expected to bring loyal organizations together, it caused strong opposition of other Jewish organizations. Chief Rabbi of Kyiv and Ukraine Jacob Dov Blaikh, president of the Jewish Council of Ukraine Illya Levitas, chairman of the Ukrainian VAAD Josif Ziesels issued a joint statement on December 18, 1999, arguing that Vadim Rabinovich's call for Jewish organizations and communities to join some "cover" structures contradicted the democratic tradition of the Jewish movement in Ukraine that had succeeded at previous stages primarily due to participation in a variety of nation-wide associations. The conflict resulted in establishment of a new association of democratic Jewish organizations that did not accept Mr. Rabinovich's personal autarchy and unwilling to see their reputation being used for advancing political ends they did not share. Mr. Rabinovich's ability to play an active part in the country's domestic policy has been undermined by the fact that he was a citizen of a different state. According to his own statement made in June 1997, he became a citizen of Israel "five years ago" (i.e., in 1992) for purely business reasons, as the Israeli passport allowed him to move freely all over Europe. While stressing that he cannot be involved in politics in Ukraine as a foreign national, he still admitted to the Novoye Russkoye Slovo that he had taken part in the 1994 presidential election as a backer of then incumbent president Leonid Kravchuk. He demonstrated understanding of the need to "put eggs in different baskets" on a number of other occasions: a major client of his advertising and PR company "Prioritet" was Pavlo Lazarenko's Kievskie Vedomosti newspaper. His recent expulsion from the country is regarded by many observers as a reaction to his efforts to please another strong presidential candidate to ensure he remains near power no matter who the next president is.

According to other version, Mr. Rabinovich overdid it with telling a diplomat of an influential Western power stories about his actions to prevent a major deal involving alleged contract for the sale of fighter aircraft by Ukraine to one of the world's hot-points. Also, the ban for Mr. Rabinovich to enter Ukraine for five years could benefit his partners in the media business, who will get the entire information pie in the time of the election campaign once Mr. Rabinovich stays in Israel.

In an interview given to the Ukrainian press in June 1997, Vadim Rabinovich announced he was prepared to give up his Israeli citizenship for the return of the Ukrainian one so that he could "have the full right to support at the election the politician he trusts". He named the incumbent President Leonid Kuchma, stating: "at this current stage of our life I see no alternative to him".

The question is whether the President, who announced fighting corruption as one of keystones of his presidential bid, could afford publicly showing trust to Mr. Rabinovich and accepting his support. The reference to "this current stage" should also alert those who plan strategic alliances in the President's circle: at other stages Mr. Rabinovich supported the President's opponents and showed remarkable ability to make his way where the power was.

Does the expulsion of Vadim Rabinovich mean that President Kuchma finally decided to take action against corruption? The question has no answer so far. It is impossible for the President of Ukraine to be unaware of the major moral damage done to his image by affiliation with Vadim Rabinovich and to the image of Ukraine by Mr. Rabinovich's "foreign policy initiatives", especially in the eyes of the West. The President is also hardly unaware of the fact that Mr. Rabinovich has no monopoly on the Jewish movement in Ukraine, nor the fact that the efforts to cut off Mr. Rabinovich's links to the media empire were neutralized by the emergence of the Era. Similarly, the President and his backers should keep in mind that a number of questions will have to be answered in this connection during the election campaign.