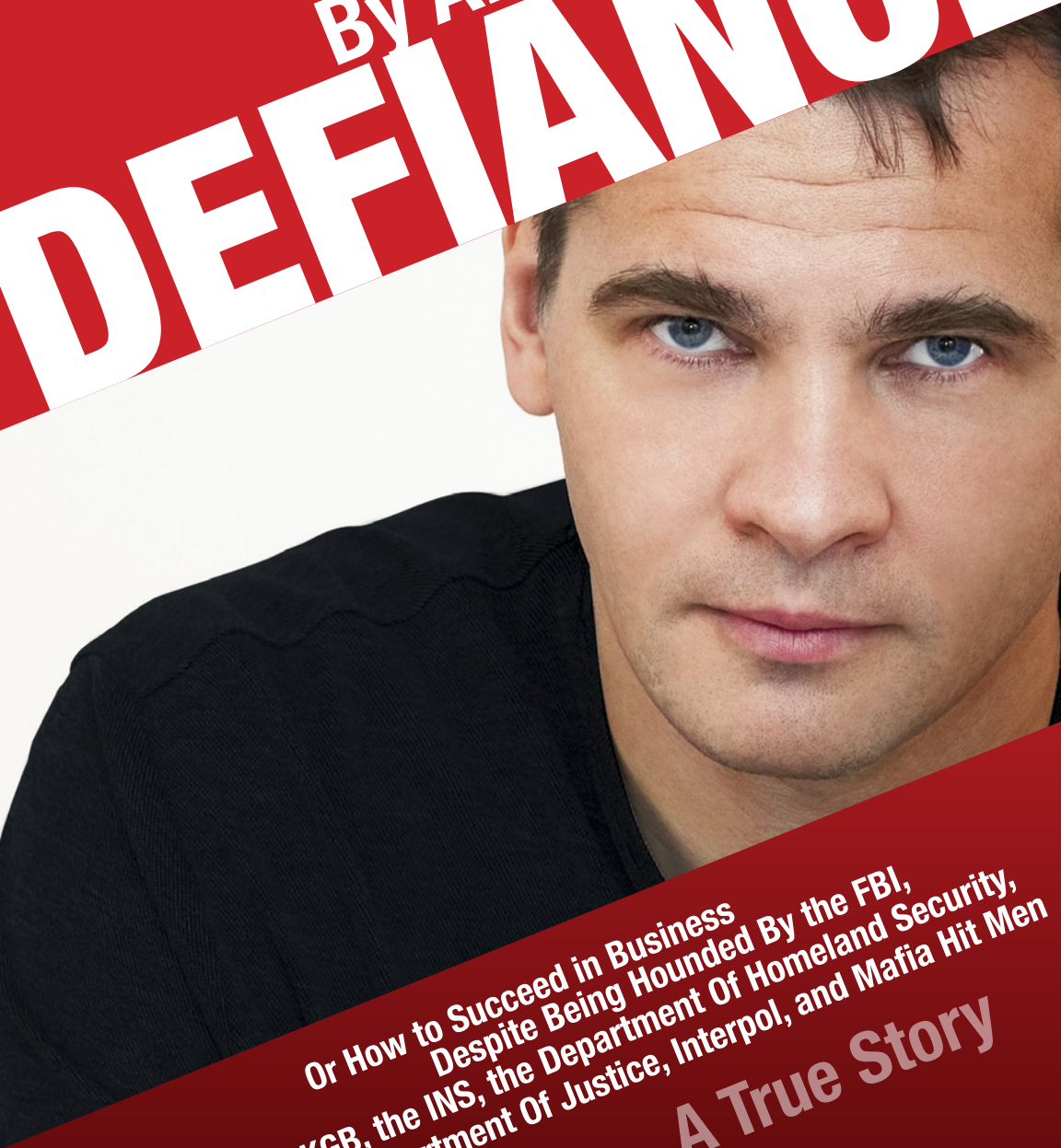


'It's a tale worthy of a spy novel,' the judge said. - USA Today

By Alex Konanykhin

DEFIANCE



Or How to Succeed in Business
Despite Being Hounded By the FBI,
the KGB, the INS, the Department Of Homeland Security,
the Department Of Justice, Interpol, and Mafia Hit Men

A True Story

The Konanykhin case is truly exotic and for nearly two weeks it transformed Judge John Bryant's court into a spellbinding seminar on international intrigue.

- The Washington Post

A tale of intrigue.

- The Intelligencer Record

Russian Bill Gates

- WJLA TV / ABC

Representing himself through much of the process, Konanykhin managed to convince an immigration judge of an alleged INS and KGB conspiracy and cover-up. Following the court's admonishment, the INS agreed to drop all charges and also pay \$100,000. The judge also ordered an investigation of the Justice Department. In separate actions, Konanykhin subsequently won multimillion dollar libel judgments against two Russian newspapers. A \$100 million lawsuit against the Justice Department is pending, alleging perjury, fraud, torture and witness tampering by U.S government officers on behalf of the Russian Mafia.

- Los Angeles Daily Journal

Imagine you are a teenage physics genius who quickly amasses a \$300 million empire of real estate and banking ventures, has dozens of cars, six hundred employees, several mansions and two hundred bodyguards—but you are nonetheless kidnapped by those you trusted, threatened with torture and death, and have your entire empire stolen from you one dark night in Budapest. You escape with your life by racing through Eastern-block countries and flying to New York on stashed-away passports—only to have the KGB and Russian Mafia hell-bent on your hide and the U.S. government

jailing you and conspiring to serve you up into their clutches. All this before your 29th birthday. Sound like a Tom Clancy thriller? No. . . just a slice in the life of Alexander Konanykhin.

- Profit magazine

BOOK OF THE MONTH: *Defiance*, by Alex Konanykhin

By Jennifer Gibbs

The Washington Informer

And you think you've got it rough?

Young, wealthy, powerful and prominent one day and a robbed fugitive with a KGB contract out on his head the next, so has gone the life of Alex Konanykhin. Like they said it on 60 Minutes, "Alex Konanykhin didn't only have KGB after him...He had the FBI, the Justice Department, even the CIA all on his case, as a favor to the Russians, part of a deal to allow the FBI to keep a bureau in Moscow."

And while you may have heard a bit about the chaos and danger faced by Alex and his wife Elena on 60 Minutes, CNN and FOX News, you now have the chance to experience the thrill of their misadventures first hand in Alex's page turner, *Defiance*.

While the plot is as twisted as any international paperback novel, this is the real McCoy – every bit of it a true story. From cover to cover, you'll find yourself immersed in a world of cruelty, intrigue and espionage, and seeing it through the eyes of an indomitable hero diametrically opposed to the oppression around him. What started out as merely an attempt to quell an unlawful business takeover took him on a whirlwind adventure that left him fleeing from country to country, until finally finding themselves seeking asylum within the safety of the borders of the United States.

But the story doesn't end there. In fact, it only begins.

You may just be surprised to learn of some of the injustices that various departments of the United States government made this young man and his wife suffer through as the U.S. legal system became the playing field for a battle of immense, far reaching and often quite unexpected proportions.

More than just a great fast paced read highlighting the highs and lows of an incredible decade of change, *Defiance* is also a great source of motivation and inspiration for rising entrepreneurs and business men and women all across the globe. Konanykhin does not simply survive his ordeals. Starting from scratch, he builds a thriving business with offices in D.C. and New York and even receives “the New York Businessman of the Year” award.

With an intense plot that will speed you from the first page to the last, and a bird’s eye view of a world straight out of a spy novel *Defiance* is a compelling page turner that solidly deserves two thumbs up!

A Spellbinding True Tale of Survival and International Intrigue

By Robin LoRe-Prue

The Tribune

From Alex Konanykhin comes a thrilling true story of intrigue, survival and conspiracy so fascinating that it rivals any fictional tale of international espionage. Defiance is Robert Ludlum meets Tom Clancy in a story that chronicles one man's battle with two super powers who sought to control his destiny. If you have ever wondered about the reckless lawlessness occurring in the post-Soviet business and political world, or corruption in U.S. government, this book will enlighten, shock, and astonish you.

Imagine making millions by the time you reach the age of twenty-two by the merits of your own ingenuity and hard work, only to have it torn away in one fell swoop by a power so mighty that none dare defy it. None but Konanykhin that is; this brilliant wiz kid outsmarted the Russian Mob, the KGB, and corrupt American officials eager to turn him over to Russian criminals.

Alex Konanykhin's captivating, roller coaster life has been part resourcefulness and part brains, with a large dose of good and bad luck thrown in for good measure. While most people only dream of reaching millionaire status in their lifetimes, Alex Konanykhin has done it multiple times and in the face of such adversity that it boggles the mind. His early beginnings took him to a prestigious Russian University where he hoped to pursue a degree in rocket science. He was soon banished from college however, after dabbling in a part-time entrepreneurial venture—capitalism was a political crime in the Soviet Union. Konanykhin persisted and cleverly worked the changing political climate to build a multi-million dollar empire.

Conducting business in the “Wild East” of post soviet Russia was no minor accomplishment. He soon found himself dodging the evils of a rapidly growing criminal element which he has aptly named the “Mafiocracy.” The Russian crime syndicate, made up of gangsters and former KGB officials, became the new super power to take over Russia in the country’s most vulnerable years following the demise of communism. Life as a young, rich and powerful entrepreneur became a living hell for Konanykhin and his wife, Elena, as they fought to hold onto their lives and empire while living in a glided cage of isolation.

The pair ultimately fled to America, losing everything they owned and just barely escaping with their lives. But their hopes of asylum in the land of free were horrifyingly thwarted. The couple became pawns in a dirty political deal that had absolutely nothing to do with justice. The ensuing courtroom battle that if lost, would mean the Konanykhins’ lives, was dubbed “. . .A spellbinding seminar on international intrigue,” by the Washington Post, and was extensively covered by The New York Times, USA Today, 60 Minutes, CNN, the Legal Times and many others. The media was captivated by the “Russian Rebel” who made and lost several fortunes, was responsible for Boris Yeltsin’s rise to power, and escaped kidnapping and murder all before his twenty-ninth birthday. Alex Konanykhin’s memoir reads like a thriller and is an amazing study in bold defiance that will leave readers breathless, inspired and enlightened.

BOOK OF THE MONTH

By Catherine Van Herrin

The Denver Daily News

Reminiscent of a John Le Carre novel, Alex Konanykhine's autobiography, *Defiance: How to Succeed in Business While Being Targeted by the FBI, the KGB, the Department of Homeland Security, the INS and the Mafia Hit Men*, firmly manages to convince us that reality is certainly far stranger – and even more incredible -- than fiction.

The true story of Konanykhine's steady entrepreneurial rise to power, money, and the apex of success in post-Communist Russia is a page-turning, best-selling thriller. *Defiance* is a commanding read about how a wunderkind grew into an enterprising young man who, after achieving success, wealth and his rise to power under perestroika, becomes a target for ruthless Russian Mafia, the KGB and the United States government.

The astounding personal and professional prices he and his beloved wife must pay for his ultimate freedom and success are as detailed and profound as the duplicity and betrayal he suffered under the hands of the Russian and U.S. governments.

This is an epic story of dramatic proportion, taking the reader through Konanykhine's first-person accounts of being forced into exile, tricked, ambushed, kidnapped, defamed and branded Russia's Most Wanted – and of how he was exonerated and cleared of all charges and become "The New York Businessman of The Year".

Defiance is the gripping story of a young man who came of age during the most powerful historic evolution of our time – the collapse of the Soviet empire, followed by the advent and then retreat of Russian democracy. After enduring years

of sturm und drang amid power-hungry leaders in two continents separated by more than just an ocean, Konanykhine has finally told his story with rich dialogue, descriptive and fast-paced action scenes, and actual court documentation.

An absolute must-read for anyone – particularly those who still believe “these kinds of things” only happen in spy novels.

BOOK OF THE MONTH

Reviewed by Johnny Blue Star

The Weekly Press (Philadelphia)

Defiance by Alex Konanykhin (pronounced ko-nen-ee-kin) was begun in an American prison cell on the last day of 2003. It is the story of an embattled entrepreneur's struggles for liberty against almost inconceivably powerful political forces. In fact, the book is appropriately sub-titled, "How to Succeed in Business While Being Targeted by the FBI, the KGB, the Department of Homeland Security, the INS and the Mafia Hit Men." This phrase bluntly describes accomplishments bordering on the miraculous. Indeed, Konanykhin's survival raises big question marks on almost every page of this remarkable, action-packed book about empire building against all conceivable odds.

Konanykhin, who comes of age in the Soviet Union in the 1980's, becomes a construction kingpin in a country hostile to the simplest capitalistic instinct. *Defiance* chronicles Konanykhin's almost inadvertent good fortune in backing the black sheep, Boris Yeltsin. This is not the only time that Konanykin's predisposition for good catapults him to a better position in the chess game of life. Indeed, this strange kismet of Konanykin's functions mysteriously in his life several times, converting an act of rebellion to one of unprecedented political opportunity.

After his banking empire has been illicitly hijacked by the KGB, he manages to cross the Atlantic to begin again. Once in the U. S., though, he must now face the tentacle-like penetration of the American justice system by the power brokers of the Russian secret police.

DEFIANCE

or How to Succeed in Business

Despite Being Hounded by the FBI, the KGB, the INS,
the Department of Homeland Security,
the Department of Justice, Interpol and Mafia Hit Men

A TRUE STORY

by Alex Konanykhin

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To Elena, the love of my life.

This is a true and a well-documented story. The abbreviation KGB stands for “KGB and/or its successor or predecessor agencies”, to avoid confusing readers with various abbreviations used at different times for such agencies. Where transcripts were not available, dialogues and scenes are reconstructed to the best of my recollections. Thoughts attributed to other characters are just my opinions on their likely motivations. Names of all main characters are real. I only changed or omitted names of some minor characters to avoid exposing them to risks of retaliation. An inquisitive reader can easily access related court transcripts which have become a subject of public record.

Acknowledgments

This book would not be possible if Judge Ellis were too busy or callous to care about the fate of two immigrants whom the U.S. government wanted to use as chips in a quid pro quo deal with corrupt Russian officials.

This book would not be possible if Judge Bryant found no courage to reverse his own deportation order, once he learnt that it was based on misrepresentations by the U.S. government.

This book would not be possible if attorneys Michael Maggio and J.P. Szymkowicz decided that they did not want to waste time on the hopeless case for which they were not likely to be paid.

This book would not be possible if Marc Fleischaker, Chairman of Arent Fox, declined to dedicate resources of his venerable law firm for a pro bono case, or if his partners John Nassikas and Jacques Smith thought that my case deserved less than their best because they could not bill me for it.

This book would not be possible if Donald Bucklin of Squire, Sanders would not make my case his top priority.

This book only became possible because Antoinette Rizzi sacrificed her government career to tell the truth about my case.

Elena and I are forever grateful to Austin McMurria, who bailed Elena out and took our fate so close to heart. We admire courageous investigative reporter Del Walters who was the first to reveal to TV audience the government conspiracy against us.

We are also forever grateful to our many friends who took risks by supporting us. I am not mentioning their names here to protect their privacy.

Special thanks to John Ballard, whose editing much improved the book.

Ambush at Peace Bridge

December 18, 2003

“Freeze!” boomed a voice out of nowhere. “Stop the engine! Get out of the car slowly!”

Suddenly, an officer in green fatigues wrenched open my door and stuck a machine gun under my nose.

“Don’t move!” the officer warned, fixing me with the unblinking gaze of a predator.

What should I do? Freeze or get out?

I didn’t have much of a choice. My seatbelt trapped me. If I reached to release the buckle, the officer might think I had a gun. So I raised my hands and peered out as a dozen troops in green fatigues and blue uniforms with Department of Homeland Security insignias on their chests surrounded our BMW. Some wore black facemasks, all carried guns, and none seemed in a particularly jovial mood.

“Stop the engine!” the officer yelled. “I said stop it, damn it!”

Only moments before, I had stopped at the toll booth at the U.S.-Canadian border, said good morning to the collector, and handed him three bucks. Ahead, the Peace Bridge, which straddled the Niagara River loomed like a beacon.

We were fated never to cross it. Instead, the officer reached over and tried to yank out the key, and I could smell old sweat and new aftershave. But the gear was engaged and the key stuck in its slot.

Furious, the officer unfastened my seat belt and grabbed me by the lapels. Heaving me out, he slammed me against the side of the car,

pulled my arms behind my back, and slapped on a pair of handcuffs so tightly that my fingers quickly went numb.

“Say hello to Mother Russia for us, comrade,” the officer muttered spitefully.

On the other side of the car, another officer cuffed Elena, my beloved wife. The sight sickened me. Then, after we were securely cuffed, four officers led us to the Customs and Immigration Building on the American side of the border.

“Sucks to be you,” observed one anonymous officer through his black mask.

I couldn’t disagree. Back in Russia, a panoply of neo-Stalinist horrors awaited me: inquisition and torture by the KGB (or whatever they were calling themselves these days); a nationally-televised Show Trial; and, following that, the infernal man-made miseries of the post-Gulag prison system, where tuberculosis, AIDS, and guard and prisoner brutality were rampant. “Accidental” death there seemed inevitable.

For twelve years, the KGB had been breaking my balls and making unprecedented efforts to destroy me. This was payback for my exposing their corruption in courts and the media, following their hijacking of my banking and real-estate empire.

I had battled these bastards every step of the way, but they gradually took over Russia. Now, in America, I was Russia’s most wanted man, hunted by KGB operatives and Mafia assassins.

Five weeks before, yielding to unprecedented pressure from the Kremlin, the United States government had revoked my political asylum, forcing Elena and me to flee for our lives to Canada. That

revocation was based on the astonishing pretext that Russia no longer conducted political persecutions!

Tell that to Michael Khodorkovsky, my former business partner who, like me, had had his business empire plundered by the KGB-controlled government. The richest man in Russia, Khodorkovsky was then put through a classic political Show Trial and tossed into the nefarious Siberian prison camps, a fate that could still easily become mine, too.

The officers led Elena and me into the Immigration building and escorted us down a narrow corridor.

“Pray,” she told me before they pushed us into separate holding cells. “Only a miracle can save us now.”

But maybe my share of miracles had already been used up.

At twenty-five, I could have died when the KGB kidnapped me in Budapest. I wriggled out of that one by the skin of my teeth.

At twenty-seven, the KGB took out a contract on me, but the FBI tipped me off, saving my life.

At twenty-nine, the U.S. tried to hand me over to the KGB in a dirty political deal. But the American courts intervened.

Court hearings revealed that the United States government had agreed to fabricate immigration charges against me, in return for keeping an FBI office in Moscow open. My life was to have been sacrificed for the FBI Director’s pet project. But why was this dirty deal still being played out, long after the court had found it illegal?

I couldn’t believe how expertly the KGB had manipulated this great country where we sought refuge from my assassins.

As I paced around my tiny detention cell, still cuffed – three steps forward, three steps back – I pondered my fate.

I had been blessed – and cursed – with an unusual life. I had studied to become a rocket scientist at the most prestigious technical university in Russia. But the first of many scrapes with authority killed my science career before it even started.

Afterwards, I made – and lost – a number of fortunes. By the time I turned twenty-two, I was a self-made millionaire. At twenty-five, I was one of the most successful businessmen in Russia, involved in the exhilarating effort to transform a totalitarian regime into a free, open, and democratic society. Then the KGB hijacked my business and I had to start anew, this time in America. Within three years, I built a successful business. It was unlawfully destroyed by the American government, and I had to start from scratch yet again. By the time I turned thirty-five, my Internet company was valued at one hundred million dollars.

All together, I had built up a number of pioneering businesses. I bankrolled Boris Yeltsin's rise to power. I traveled the world and met many fascinating people. I married a wonderful woman who was perfect for me. I walked tall, and fought for what I believed in.

But the enemy proved much too powerful. Now I was about to become a victim of the system that had claimed the lives of millions of others who dared to challenge it.

Even more painful was the thought that I had failed Elena. She was the most beautiful woman I had ever met, and the purest soul. In our thirteen years of marriage, she stood by me through triumph and tragedy, despite countless risks.

It appeared that the KGB had “bought” her from the U.S. government, as well, to guarantee that I would sign a false confession. And I was the one who had unwittingly brought this fate upon her. I was paying the price for taking on an adversary as dangerous as the KGB, but what was her crime? Nothing more than loving me. The thought gave me a searing headache.

I was thirty-seven years old, in excellent health and filled with energy, big plans for the future, love for life, and love for my wife. I was grateful for the many blessings I had enjoyed.

And I sure as hell wasn’t ready to die yet.

Part I

From Exile to Asylum

Chapter One

The Unraveling

By 1992, I controlled a banking and brokerage empire from my sixteen-story headquarters in the heart of Moscow. I lived in a luxurious compound that was the former State Residence of President Gorbachev. I was twenty-five years old and married to the most beautiful girl in the world.

An outside observer might be forgiven for thinking that mine was an idyllic life. Unfortunately, that was not the case.

Things were looking bleak all over my country. The Soviet Empire had just collapsed, and Yeltsin's fledgling democratic government was largely dysfunctional. The power vacuum was being filled quickly by organized crime. Russia was rapidly metamorphosing into what I call a "Mafiocracy". With a heavy heart, I realized that democracy in my country might be short-lived.

Economically, the situation was dismal. Young people couldn't find decent work, and many wound up joining gangs. Many of them were veterans of the brutal and pointless war in Afghanistan, and killing was their only skill. With the huge Russian army disintegrating, weapons filtered into the streets.

In 1990, the Russian mob was made up of beefy men covered in tattoos. By 1992, they weren't so obvious. Mafia ranks now included many well-dressed, well-educated, highly intelligent people with KGB backgrounds. Many former KGB officers who had lost their careers with the demise of the Soviet Union had joined the rackets,

since it was the easiest route to maintaining the lifestyles to which they had grown accustomed.

The KGB became the brains behind organized crime. They easily opened doors to senior officials. The police and the government were becoming subservient to crooks.

The Russian Mafia targeted legitimate businessmen and thought nothing of killing anyone who resisted its demands. Bodies of assassination victims began to pile up. Contract killings became so ubiquitous that newspapers didn't bother to cover them all. Gangs extorted from many, if not most, successful businesses.

My Russian Exchange Bank was the leading private financial house in Russia. Because my signature could move tens of millions of dollars, I was all too painfully aware that my wife and I were prime targets for kidnappers and extortionists, so we lived in a "gilded cage": a state residence surrounded by an elaborate security network. Whenever we left our well-protected compound, armed guards tagged along.

My security force at that time was about 250 strong and consisted of former police and, ironically, KGB officers. The cost of maintaining a small private army was enormous, but I was way ahead of most other bankers and businessmen, who were forced to pay off organized crime. Doling out extortion money would have been a lot more costly, and far more humiliating.

Compared to the risk of being kidnapped or worse, the KGB looked like the lesser of two evils. But I was considerably less well-protected than I realized when, following a botched takeover attempt of my bank, events quickly spiraled out my control.

Hijack Attempt

With my business empire growing rapidly, finding capable executives had become one of my biggest headaches. Eventually, I was forced to promote the most capable officers of my security detail – in other words, former KGB men.

Captains Sumskoi and Boldyrev, former shift commanders of my security, had performed their executive duties well. That is, they did until August of 1992, when they first tried to steal my bank.

I discovered their plot after chatting with two minority shareholders. Sumskoi and Boldyrev, the shareholders told me, had approached them, offering a small fortune for their voting rights. The rest wasn't difficult to deduce: these two guys planned to vote me out at the next quarterly meeting and take over my bank.

Though I owned a 51 percent controlling stake, 12.5 percent of that was through my commodity exchange, one of the key components of my business empire. And the exchange was managed by the captains. All they had to do was to lease 37.5 percent voting rights from the outside shareholders, then vote against me, using the voting powers of my own stock.

Such a backhanded maneuver would be a violation of fiduciary duties in a developed country. But Russia was still in the early stages of economic reform, so ethics and regulations were rudimentary at best. Nothing really stood in the way of a manager determined to betray the interests of a business owner. Simply put, loyalty was something I could never count on in the “Wild East” of post-Soviet Russia.

Fixing the immediate problem was easy: I fired the captains and

revoked their powers-of-attorney. Then, to increase my stake in the bank, I transferred \$3 million dollars from my personal account to the Russian Exchange Bank and used this to buy extra stock. End of problem.

Bluntly, this put Captains Sumskoi and Boldyrev in deep shit. They had borrowed heavily to buy votes, hoping to repay the loans from my bank's plundered assets. Now they couldn't pay back their personal loans. Worse, my investigation revealed that their lender was one of the most brutal of Russia's crime groups.

Desperate, and fearing for their lives, the captains visited me at my office the next day.

"You think you can just throw us out like a used condom?" blustered Captain Boldyrev. "We've been working like crazy, and have a right to a piece of the business."

"I have 2,000 people working just as hard as you guys," I replied. "Not everyone can be a co-owner."

Boldyrev paused to collect his thoughts. "All right," he blathered on. "So you outsmarted us. Congratulations. But I'll tell you what." He leaned forward. "It would be better for everyone if we parted on a positive note. That might save future trouble, if you get my drift."

This not-so-veiled threat made me seethe. "What do you have in mind?" I asked coldly.

"Three million bucks. Call it a severance package."

The thought of forking over millions in extortion to these KGB shakedown artists was repugnant to me.

"You guys were fired for a reason, and will be paid only what you're entitled to under your contract. You may go now."

Arrogant bastards! I thought as they got up furiously to leave. They think they can intimidate me! Thank God I'm too well-protected to have to worry about the threats of these clowns.

As far as I was concerned, the problem was over. I called up the head of my security detail and told him to keep an eye on the two traitors.

The following morning, business matters sent me outside the country. At six o'clock, the heavy gates of my state residence swung open and the convoy rolled out. One guard stood at attention at the control post while another — armed with a submachine gun — covered the convoy's exit.

As usual, I was ensconced in a heavy, armored government limo, with an armed chauffeur and Presidential guard in the front seat.

Racing off, the lead car switched on its red-and-blue lights and siren, breaking the silent charm of the pine forest.

I lowered the window separating me from the driver and requested that both be turned off, since there was no traffic. The guard relayed the order by radio, the siren was squelched, and the lights were extinguished. As we drove along in renewed silence, I gazed out through the tinted glass window at the walled complexes that housed our nation's leadership.

Forty minutes later, I arrived at Moscow International Airport, climbed aboard a jet, and went straight to the VIP section. I had no idea that I was leaving Russia forever.

Chapter Two

Kidnapped

Hungarian Surprise

No security detail awaited me when I touched down at Budapest Airport, three hours later. Foolishly, I never felt in danger outside of Russia, and therefore didn't feel the need for security.

I dashed over to the long-term parking lot and found my car right where I had left it, three weeks before. The silver Mercedes 500 SEL was a bit dusty, but the engine fired up at the first turn of the key.

I drove to our Budapest apartment, where Elena was waiting for me.

Elena is gracefully thin, and moves like a dancer, which indeed she is. She has green eyes, long, wheat-colored hair, milk-white skin, a soft voice, and a slender neck that Modigliani might have enjoyed painting. As a native of Moscow, Elena also doesn't like the heat, and because I had neglected to install air-conditioning, the place was sweltering. So I called to reserve a room in a nearby hotel, then drove to downtown Budapest for a meeting.

After parking, I ran into my good friend Eugene. Eugene had brown tousled-hair and a round, friendly face. "Hey, Alex, I didn't know you were in town."

"Just flew in."

"How 'bout dinner tomorrow night?"

“Sounds great,” I replied. “Elena and I are staying at the Aquincum. Why not meet us outside the entrance at eight?”

“Deal. Maria and I will see you tomorrow.”

The following day, Elena and I were enjoying a late lunch at the nearly-deserted hotel restaurant. Two severe, militant-looking people dressed in plain clothes – a man and a woman – appeared in the doorway. Spotting us from across the room, they strolled over to our table.

“Mr. Konanykhin?” asked the woman. “This is Officer Andros from the Hungarian Ministry of Security. I’m his translator.”

With their short hair and old-fashioned dress clothes, both definitely looked the part.

On my request, they showed their IDs. I took Andros’s and gave it the once-over. It looked legit.

“How may I help you?” I asked, handing back the ID to Andros.

“Our ministry is conducting an investigation into the arms-trading deals of Mr. Ryashenzev,” explained Andros through the translator. “We’d like to ask you a few questions.”

“What sort of questions?”

“I understand that his company maintains an account in your bank,” said Andros. “Correct?”

“That’s right. So?”

“If you don’t mind, Mr. Konanykhin, we’d like to go over these matters with you at the Ministry.”

“Do I have to go?”

“No. But we’d appreciate it if we didn’t have to compel your cooperation.”

I weighed my options. I held a permanent residency permit in Hungary and saw no reason to alienate the local authorities. I nodded, indicating my agreement, and asked Elena to wait for me up in our room, adding that I’d return in a couple of hours. Then the officers and I went outside, got into a car, and drove off towards the city’s center.

We never made it to the Ministry of Security. The car stopped in front of an ordinary apartment building, a few blocks away. The officers got out and opened my door.

“This isn’t the Ministry,” I said, stepping out warily.

“We maintain an office here for confidential meetings,” the translator replied.

“I’m sorry,” I said, smelling a rat. “I’ve reconsidered. I’m not going in with you.”

“I’m afraid we’ll have to insist,” said the translator. “If you resist, you’ll force us to use our weapons.”

Scuffling with two armed Ministry of Security officers didn’t seem like a terribly bright idea. Neither did running away and getting shot in the back. So I followed the officers inside, hoping against hope that my suspicions were unfounded.

We trudged up a rickety flight of stairs and arrived on the first landing. There was a heavy aroma of fried onions in the air.

The three of us walked over to a door, which opened without anyone knocking.

As soon as I got a look at the six people inside, I knew things were terribly wrong. Five of the men there were clearly thugs, wearing the cheap, dark suits and gold neck chains favored by gangsters.

I had been led straight into a den of thieves.

The sixth man there, Vadim Avdeev, was the man I'd recently appointed to manage my Russian Real Estate Exchange. Vadim also happened to be a former KGB lieutenant and close friend of the two officers who had tried to extort three million of bucks from me, just two days earlier.

Oh shit, I thought.

"Well done," said Vadim to the officers who had delivered me. Evidently, he was their leader. "And welcome, Mr. President," he said, addressing me with mock reverence.

"What's going on here, Vadim?" I asked.

"You'll see."

Vadim directed me to a second, barely furnished room, much larger than the first.

A tall, muscular guy with a crewcut followed us in. From the corner of my eye, I noticed that the two Hungarian officers were leaving. I had to admit, they had played their parts quite professionally.

Vadim motioned for me to sit on a large leather sofa. As I settled down, he took a seat on the matching chair across from me. The enforcer who had accompanied us sat at the end of a large desk, which was bare except for one menacing object: an electric iron, the infamous torture tool of Russian racketeers.

"Well, Alex," said Vadim, smiling wryly. "You should have been

fair when you had a chance. My comrades asked you politely for a little money, but you wanted to keep it all for yourself.”

Vadim sounded genuinely disappointed. What an actor!

I said, “So what would you like me to do now?”

Vadim paused dramatically, and then replied, “The cost has gone up, I’m afraid. We have since incurred expenses. You will sign your companies and bank accounts over to us. All of them.”

“And if I don’t?”

“Then you might accidentally drown in the apartment’s bathtub,” the enforcer chimed in. “Or maybe it will be something else.”

My mind raced as I searched for a way out. I realized that, as soon as the crooks had what they wanted, they’d kill me. There was no way they were going to leave a person they had swindled out of hundreds of million bucks alive to tell the tale.

Unfortunately, attacking Vadim wasn’t a solution, since the two of them could overpower me. Besides, four other goons waited in the next room. The only thing left to do was buy time and hope for a miracle.

“Hey Vadim,” I said. “Your friends never even asked for a share for you.”

Vadim shrugged. “They just didn’t want to tip you off to my involvement.”

“You sure? They were trying to screw me. Do you really think they’d have been more honest with you?”

But Vadim wasn’t in a chatty mood. “Listen, Alex, we worked eighty-hour weeks while you got massages in your state residence or

entertained your wife in Paris. So let's start with the bank accounts."

Vadim removed a piece of paper from his pocket, unfolded it and extended it toward me. "Here's where the money's to go."

"Well," I said, receiving the paper. "Looks like I have no choice except to cooperate."

"You got that right," quipped the enforcer.

I took a moment to look the paper over. Then I said, "Where's the telex?"

"The what?"

"The *telex terminal*?"

"What do you need that for?"

"To move the money, I need the account numbers, a telex, and the security codes. You do have access to a telex, right?"

Vadim suddenly appeared befuddled. The enforcer said, "Stop the fancy nonsense!"

"Fancy nonsense?" I replied, feigning astonishment. "So tell me, Vadim. How did you envision something like this happening? That I write the instructions on a napkin, we send it by carrier pigeon to Credit Suisse, then they move the millions?"

"We have a fax and a typewriter."

I shook my head in disbelief.

"Look," I went on. "No bank accepts faxed instructions for large amounts. Faxed signatures are too easy to copy from another document. Swiss banks have special confidential code values that are calculated based on the date and amount of the transfer. You've been

an executive. You know this stuff!”

“He’s right, Sasha,” replied Vadim, divulging the big guy’s name. “Why didn’t we think of it before?”

My appeal to Vadim’s business ego had worked. In reality, he knew as much about international banking as I knew about breeding polo ponies.

“We’ll get you a telex,” said Sasha without conviction. “Where are the codes?”

“In Moscow.”

“*Moscow?*” Vadim exclaimed.

“Yes. In my bank. In my personal safe.”

After a heavy minute of silence, Vadim beckoned for Sasha to leave the room with him.

Through the open doorway, I saw them engage in a quiet but heated discussion. I considered running to the window, smashing it with my fist or elbow, and yelling for help. But with the four bored thugs staring at me through the open doorway, I wasn’t sure it would do much good.

Vadim and Sasha returned

“Let’s reassign your companies,” said Vadim. “Surely we can do that now.”

“I guess we can,” I replied. “Where’s the paperwork?”

“Paperwork?”

“Yes, paperwork. You can’t transfer ownership of a major commercial group without the proper documents. Surely you know

that?”

“We’ve had no time,” admitted Vadim. “But let’s do that now.”

“*But how?*” I said, as if totally disoriented. “We’re talking about transferring ownership of an elaborate group of enterprises, including five banks. A task of that magnitude takes half a dozen lawyers a couple of weeks.”

I was exaggerating by at least four lawyers and one week. But luckily they didn’t know that. They exchanged sour, disappointed glances and left for another colloquy in the anteroom.

Then, after a few more minutes of tense, hushed discussion, Vadim made some phone calls. They were obviously to his co-conspirators in Moscow, to relay news of these unforeseen hitches.

Meanwhile, Sasha came back and slammed the door. He squatted down at the edge of his desk and folded his arms in an intimidating matter.

I refused to make eye contact and so we sat there quietly for what seemed like an eternity, though it was probably only half an hour.

Finally, Vadim returned. He looked frustrated, exhausted and stressed.

“You look tired, Vadim,” I observed.

“We haven’t slept for the past two days,” he replied. “We can rest now, though. Since nothing can be done tonight, you’ll stay right here. The guys will keep you company and we’ll work everything out in the morning.”

“Whatever you say,” I said. “But I’m sure Elena is already very worried and has surely called the chief of my personal security by

now. If I don't return tonight, I'll be declared missing. The authorities will figure I've been kidnapped, and by tomorrow my signature will be worthless."

Sasha looked totally stunned. It took several seconds for the weight of my words to sink in. Then he had a meltdown: he swore loudly, kicked the desk, and turned furiously to Vadim. "Did you guys think this thing through at all?" he fumed.

Vadim glared nastily back at his enforcer, intimidating him into silence. Though Vadim had fucked up royally, he was still a KGB man. He wasn't about to let Sasha forget who the boss was.

I then waited agonizing minutes while Vadim talked on the phone again in the other room. When he returned, he looked even more exhausted.

"So here's the deal," announced Vadim with a rusty voice. "My guys will take you to the hotel, where they'll keep a close eye on you. Don't even think of doing anything stupid. As you know, the Ministry of Security is on our side, and so are the police. They'll do anything the Ministry tells them." Vadim paused for effect, and then continued, "If you fully co-operate, we'll allow you to keep half of your fortune. Understood?"

"Understood," I said, feigning relief. "And thank you! I'm tired of all this pressure. I want out, I really do. I'll let you guys worry about running the business. Half is enough for me. Half is fair."

"Half is *more* than fair," broke in Sasha.

"Half is more than fair," I confirmed, hoping my act was convincing.

Vadim searched my expression. Then he said, "Show me what

you're carrying.”

I emptied my pockets, dumping my passport and residence permit on the desk, along with 140,000 Hungarian forints, and some petty cash in U.S. dollars. Then the enforcer patted me down.

“That’s it,” confirmed Sasha after completing his search.

Vadim said, “We’ll start the transactions tomorrow at ten. I need to catch up on sleep now.”

Out of the Den of Thieves

Vadim exited the room, leaving me with Sasha. We went into the room where the four other goons were waiting to escort me. The apartment door was open, so I led the way downstairs while the goons followed a step behind.

Two cars were waiting for us on the street. The translator who had helped abduct me was in one of them. Two of the goons and I piled into her car, with the other car right behind.

Surely our odd bunch was a strange sight as we entered the lobby of the exclusive Aquincum Hotel: a tall, young Russian accompanied by a Hungarian woman in her early forties, followed by four obvious thugs. Hotel personnel watched suspiciously but didn’t interfere.

We took the elevator and went to my room. I knocked and waited.

Elena, pale and worried, opened the door. As soon as she saw the goons who accompanied me, she turned a whiter shade of pale, as the famous song goes.

We entered the room. The translator asked to see Elena’s passport

and resident's permit. Elena looked at me and I nodded. She went over to the desk and retrieved the documents from her handbag.

"Good," the translator said, taking Elena's papers. "How much money do you have?"

"Only some petty cash."

"Very well then. I will leave you now. Remember, no stupid moves."

The translator flashed a feeble smile, then left, along with the goons. I closed the door, relieved to find myself separated from this motley crew for the first time since the ordeal started. But, as Vadim had said, there was still plenty of work left to be done.

Escape

"What's going on, Alex?" asked Elena, searching my eyes.

"Be calm," I whispered, even though she was perfectly composed. "I was kidnapped by the KGB guys who tried to squeeze me in Moscow. They think I'm going to sign over my companies. Pack your valuables. I'll fill in the blanks later."

Elena stashed some jewelry into her purse as I quickly explained my plan. Then I asked her if she was ready.

"Ready."

"Then let's go."

I gripped the handle, took a deep breath, and opened the door. Outside, two of the goons were loitering in the corridor. When they saw us, they became visibly concerned.

“We’re just going to walk around the hotel,” I told the Russian thug. “I have a huge headache and there’s a lot to do tomorrow.”

“Just take it slow. Remember, we’re watching you.”

“Gotcha,” I replied, stabbing the elevator button.

Elena, I, and the goons stepped into the car.

When the doors opened downstairs, we noticed two other thugs looking terribly out of place in the plush lobby chairs. Ignoring them, Elena and I headed towards the clerk at the reception desk.

“Any messages while I was out?” I asked loudly enough for the goons to hear.

As the clerk checked my box for messages, the goons from upstairs joined their cohorts in the lobby for a hushed conversation.

“I also need my safe deposit box,” I told the clerk softly in English, hoping the thugs wouldn’t understand.

“Here you go, sir,” said the clerk moments later, handing over several pages of faxes.

I pretended to review the messages, though their content couldn’t possibly have been of less interest to me at the moment.

Less than a minute later the clerk put down my safe deposit box on the counter.

Positioning my body to block the thugs’ view, I withdrew cash, credit cards and passports from the box, and stuffed them into my jacket’s lapel pocket. Then I slid the box back to the clerk.

This is it, I told myself. It’s now or never.

I took a deep breath, glanced at Elena, and headed for the door,

still pretending to review the faxes. Elena followed closely behind, with the goons lingering a few paces back.

Through the hotel's revolving glass door, I could see Eugene and Maria parked in their new Volvo. Thank God he wasn't late for dinner!

Reaching behind to place my hand on Elena's shoulder, I gently ushered her ahead of me into the one of the door's chambers. We spun through the mechanism in what was surely the longest four seconds of my life.

Popping out on the other side, we rushed across the sidewalk to the Volvo. I yanked open the rear door, shoved Elena in, then dove in behind her, slamming the door and locking it.

"Go!!!" I shouted.

Eugene realized he had to drive first and ask questions later. He jammed the stick shift into gear, and then floored it.

As we raced away, I peered back through the rear window to witness a sight worthy of slapstick. At the hotel, three thugs were trapped inside one chamber of the slowly revolving door, bouncing against the glass in a futile effort to accelerate its rotation. It was way too small for three large men, and they were only able to take baby steps in their frantic attempt to get free.

Leaving Hungary

Within seconds, we were several blocks from the hotel, driving at 120 kilometers per hour and still accelerating.

"Slow down, Eugene," I said hoarsely. "We don't want to get

stopped by the cops.”

“Where to?” asked Eugene calmly.

I was about to suggest the airport, then thought better of it. That was undoubtedly the first place the KGB would search for me. I had to avoid panicky and predictable moves, and needed time to think.

“Why, the Brazilian restaurant you suggested, of course,” I responded lightly, noticing that the relief of the escape was making me feel almost giddy. However, we were not out of danger yet, and I made an effort to switch to the serious mood. “We really need to talk.”

“You got it, Alex.”

At the restaurant, I described everything that had happened to me that day.

“Jesus,” replied Eugene worriedly. “So what the hell are you going to do now?”

“I don’t know yet. Let’s brainstorm.”

So we sat back and talked as the Brazilian barbecue went cold.

Eugene kicked things off by stating the obvious. “If their Ministry of Security is involved, you can’t call the police.”

“Agreed,” I replied. “But that also rules out staying in the country.”

“True.”

“So the only choice we have, really, is for me and Elena to get out. But how? We can’t use the airport or railroad stations because those are the first places they’ll look. Can you take us to Bratislava?”

“Of course,” replied Eugene, to my vast relief. “But why not shoot for Austria instead? The KGB can still get you in Czechoslovakia. After all, it’s a former Soviet Bloc country, just like Hungary.”

“They might be looking for us at the Austrian border,” broke in Elena. “They know we have a business there. They’re much less likely to expect us in Slovakia.”

“Besides,” I added, “the bastards seized our passports with Austrian visas, and we don’t need visas for Czechoslovakia. Good thing we travel so much that we have accumulated a stack of valid passports. The Ministry of Foreign Affairs would often just issue us new sets of passport when I asked them to get us visas.”

While Eugene and Maria nibbled at their food, Elena and I reviewed the passports I had retrieved from the safe deposit box. We quickly realized that, though we had many valid visas in the remaining passports, the only Western country *both* of us had permission to enter was the United States.

“So as far as I can see now,” I told Elena, “we have two options: return to Moscow or fly to the United States. Quit the game or stay in.”

“Why so dramatic, Alex?” broke in Eugene. “You’re a big man in Russia. You know the President and you have a private army. The kidnappers are just a bunch of rogue KGB officers. You can crush them like that.” He snapped his fingers.

“The problem is, if we go back to Russia, I’ll have to have them killed.”

“Killed?”

“See, if I let an attack like this slide without bloody retribution,

they or others will soon attack me again. I'll be seen as risk-free prey. The street is watching, as the saying goes."

"No killings," pronounced Elena.

"Exactly," I agreed. "You do it once, and there's no going back. Every time I look in the mirror, I'll be seeing a criminal. I hate those bastards, and I'm not about to become one now."

Maria said, "What about the Russian police?"

"The police won't touch the KGB," replied Eugene before I could. "In fact, the *KGB* won't touch the KGB."

For a few more minutes, we picked at the barbeque in silence. Then Elena said, "Today, you weren't supposed to walk away, Alex. You got lucky. I'm not sure that you'll be so lucky next time."

"You're right, sweetheart. So, the next stop is the States. I'll sell my companies. Khodorkovsky or someone else will grab them. Even with a fire sale, we'll still be set for life. And then, hopefully, we'll start something even more successful in America or Canada or Europe. We're lucky. We have plenty of options."

I did not *feel* very lucky, though. The KGB was forcing us to leave Russia, possibly forever. The irony was that they and the Communists weren't even in power. We supposedly were.

Border Crossing

Less than eighty minutes later, we were nearing the Czech border. Eugene said, "I hope they haven't put a border alert out yet, or your American plans are screwed."

I knew we were taking a risk by showing up here, but I figured it

would be difficult for the kidnappers to put out a national alert so quickly. That would have required the time to fabricate a pretext and negotiate bribes.

Most importantly, the kidnappers thought they had seized our only passports, so sealing the borders probably wasn't their top priority.

My pulse raced as we pulled up to the gate, but we crossed without a hitch. The officer saw no reason to question four well-dressed people in an expensive car. He respectfully reviewed Elena's and my passports – the type normally carried by government VIPs – and waived us through with "Welcome to Slovakia!"

Half an hour later, we were at the airport – which, to our exasperation was closed. Through the glass walls of the terminal, we saw that a flight to New York would be leaving at nine the next morning, so we drove to Bratislava to wait out the night.

We wound up at a hotel bar. The four of us sat in the candle-lit atmosphere, drinking in silence.

By this time, the adrenalin had worn off, and I was beginning to feel how tired yet wired I really was. It would take four shots of Cognac before the tension gave way to warmth and relaxation. Unfortunately, the tiredness lingered.

Elena and I kept wondering what was going to happen, now that our lives had been turned upside down. Still, we didn't forget to thank Eugene and Maria for saving us.

"No problem," my friend responded. "Any decent man would have done the same."

With nowhere else to go, we sat at the bar until closing time at

4:00 AM. Then we strolled through the old section of the Slovak capital. Two hours later, we found a café which had just started to serve breakfast. After our sleepless night, we all felt we could use some caffeine.

Following our liquid breakfast, we drove back to the airport. I paid for the tickets with cash; then we went up to the registration desk.

“Luggage?” asked the clerk.

“None,” I replied. Then, realizing how suspicious we’d look flying over the Atlantic empty-handed, I lied, “We have our carry-on bags in the car, though.”

The clerk handed over our boarding passes.

“I hope the KGB isn’t checking the passenger lists,” said Eugene after Elena and I checked in. “They probably can force the plane down, anywhere in Eastern Bloc airspace. The KGB used to control these countries, you know.”

Chapter Three

Empire Stolen

Our Exile Begins

Though totally exhausted, I didn't sleep a wink during the flight to New York. I kept thinking about the security blunder in Hungary which had cost me so dearly, trying to figure out if I had committed other mistakes which might bring about future disasters.

I was also regretting not calling Colonel Ivanov, the head of my security detail, and other key people in my companies, from the Bratislava airport.

Then again, getting to a safe country had been our top priority. I simply couldn't have risked being traced through my phone calls to Moscow. Instead, I decided to call from New York, where we'd finally be out of the KGB's reach.

It was still early in the day when Elena and I checked into the Dumont Plaza Hotel on East 34th Street. We took showers, climbed into bed, and slept for fourteen hours straight, more than twice as long as I normally sleep.

We had brought nothing with us, not even a toothbrush, so when we woke up the next morning, we went out to buy toiletries. Half an hour later, we returned to our room, brushed our teeth, and went downstairs for breakfast.

It was 10:00 AM in New York and 6:00 PM in Moscow when I finally started making calls. My chief operating officer and his

deputies had already left their offices, which was unusual. Still, I got to talk to Val, my assistant and old high school friend.

The news Val delivered was devastating: the kidnappers had already taken over my companies!

Val went on to explain that, the day after my escape, Captains Sumskoi and Boldyrev showed up at my bank with Vadim Avdeev. They announced that I had reinstated them in their positions and appointed Vadim as executor in my absence. Everyone there sensed something was wrong, but no one really understood what was happening, and they knew better than to mess with the KGB.

“But you can still take the bank back, right?” asked Elena after I hung up with Val. “Surely you can call Yeltsin or the Minister of Security.”

“I can, dear,” I replied, “but it won’t make a difference. A bank is little more than its assets and debts. The hijackers have surely emptied all bank accounts. The assets are gone; all that’s left are debts. Everything I’ve worked so hard for: sayonara.”

“It’s all right, honey,” said Elena, kissing me. “We still have some money left, and you’re smart and young. You’ll launch something that will be even more successful. And this time in a country where no one will steal it.”

“You’re right,” I said, pondering how close to death I had been in Hungary. “It could have been much, much worse.”

A few more calls confirmed that all my banks and companies had fallen under KGB control. I shouldn’t have been surprised. The Russian Exchange Bank was *de facto* headquarters for my corporate empire. Once they got control of that, it wasn’t difficult to swipe

everything else.

I kept trying to reach Colonel Ivanov, but couldn't get through. Later, I learned that his phone had been disconnected by the KGB.

After staying up all night, I finally went to sleep at eight the next morning. I was still jetlagged, but was also numb from the realization that, within a matter of days, I had gone from being on top of the world to being lucky to be alive.

Seeking Justice

"So what now?" asked Elena after I filled her in on the details. "Will you call the President and the police?"

"I have to. But you know something? The story is so bizarre, it's difficult to explain. It will take a long time to tell it to everyone, and the authorities will need a written report, anyway. So I think it would be better to write the report, send it out by fax, then follow up with phone calls."

We roamed the streets until we found a computer store. There I bought a laptop and printer.

The sun had set by the time I managed to install Cyrillic fonts on the computer but, by noon of the next day, my letters to President Yeltsin, the Minister of Security, and the Secretary of the Security Council were printed out.

In the letters, I described what had happened to me and demanded an immediate investigation. One of my loyal assistants in Moscow found the fax numbers and street addresses of all the recipients. Reports were also faxed to police officials, the Minister of

Finance, the Mayor of Moscow, and the Hungarian police.

Finally, I wrote to the Chairman of Russia's Central Bank, asking him to take my bank under government control to protect its clients.

As a backup measure, hard copies of my letters were also sent to the recipients by express mail.

Then, after everything had been sent out, I was finally able to reach Colonel Ivanov. I told him all that had happened and he promised to see that my letters received proper attention.

Trek South

I continued to sleep unusually long hours every day, but the fatigue lingered.

Eventually, I realized what was happening: Eight years of constant work had taken their toll. A major chapter of my life, which had spanned my defining years, had just been slammed shut. The accumulated stress and exhaustion was flattening me like a low-grade virus.

Bustling New York wasn't the best place for someone who needed rest, so after searching through travel books, I decided to head to Hilton Head Island in South Carolina. A few days by the ocean, soaking in the Jacuzzi, finally relaxed me.

From Hilton Head, we flew to Washington, where the pace of life was less hectic than New York. Elena and I rented a suite in a cozy hotel near Georgetown.

The KGB had masterfully seized practically all my business and

personal assets. Avdeev surely made good use of me foolishly telling him about the codes and the telex: the hijackers swiftly blocked the money I controlled in Swiss banks. We now only had access to a little over a million dollars of our money. Even that only happened because the codes for those accounts were not in my office safe. It was a fraction of one per cent of what I used to be worth, but at least we did not have to go hungry or live on the streets.

Though we could order food or book a hotel room, our English wasn't by any means sufficient to conduct a meaningful conversation. We decided that our next priority was to become proficient in English. We took Berlitz courses, listened to tapes, watched TV, rented videos, and read American books with a dictionary handy.

The other priority was figuring out what the hell we were going to do with the rest of our lives.

Colonel Ivanov Railroaded

While Elena and I adapted to life in America, we anxiously awaited news from Moscow. To my astonishment, nothing much was happening there, despite my calls and letters. Finally, Colonel Ivanov filled me in with a grim report on the so-called investigation.

"The police came to the bank," he told me. "Two colonels. The KGB guards made them wait in the lobby for more than an hour. Eventually, they left, totally humiliated, without seeing anybody. I spoke to them afterwards. They said that they weren't going to interfere because they can't investigate the KGB. They told us to call the Ministry of Security."

I asked if there was any word from the Ministry of Security.

“I’m going there tomorrow.”

But the Colonel never made it. He was arrested that very same day, on a monstrously improbable charge: stealing my car! The charge was made even more bizarre by the fact that the Colonel had been carrying my notarized authorization to use it.

Reporters from *Kommersant*, the primary Russian business publication, just “happened” to be present at the arrest scene. “Colonel of Presidential Guards Steals Car,” was their headline. *Kommersant* went on to feature the story in two more issues. Thoroughly defamed, Colonel Ivanov was forced to resign.

This act of character assassination was a dazzling demonstration of the power the KGB had regained in Russia. They had cooked up an absurd, implausible charge to show that they could arrest *anyone* at *any time* — even the Colonel of the Presidential Guards.

The worst part was that it worked. Even senior government officials, when I called for support, said: “What do you want from me? You had tons of money and access to the President. They attacked you, then they squashed the Colonel of the Presidential Guards like he was a fly. Just imagine what they could do to me!”

It was a difficult point to argue. Why should someone sacrifice his life or career to help a deposed tycoon?

I had all but given up hope for justice, when one day my fax machine spit out a news report that claimed the conspirators who had hijacked my business empire had been arrested.

“It seems that what they did was too much, even for a country as corrupt as Russia,” I exclaimed, passing the report to Elena. “That’s really saying something.”

“We’ll see about that,” she replied with sensible skepticism.

Sure enough, the conspirators were soon scot-free. A source in Yeltsin’s government later told me that a \$3 million bribe had secured their release.

Lost Cause?

My efforts to go public with the crimes committed against me were producing depressing results. I wrote countless articles for major publications, warning of the dangers of the impending KGB takeover of the nation. But only a few newspapers would publish them.

Unfortunately, KGB and Mafia takeovers were becoming ordinary facts of Russian life. Most of the country’s banks were falling under criminal control, and my story was quickly becoming yesterday’s news.

In 1994, the Directors of both the FBI and CIA reported to Congress that 80 percent of Russian banks were under the control of organized crime. “Russia has become the superpower of crime,” ruefully admitted President Yeltsin.

Kommersant around this time ran a full-page interview with my former kidnapper, Vadim Avdeev. “I wouldn’t bet even a single dollar on the life of Konanykhin,” boasted Vadim on the pages of the most influential business publication in Russia.

The KGB was, by now, looking for me everywhere. Elena and I were still at risk, even in the United States.

While I realized it would have been prudent to shut up and admit

defeat, I continued to seek justice and write about the danger the KGB posed to Russia's fledgling democracy.

The one person I was trying to contact most urgently had already proven he wasn't afraid to take on the KGB, even when standing defenseless before their tanks: Boris Yeltsin. But reaching the Russian President from a Washington hotel turned out to be infinitely trickier than when I had a direct line to him at my Moscow desk. Forced to keep talking to the gatekeepers, I made little progress. This was where I learned just how vast the gulf between "tycoon" and "former tycoon" really was.

I finally reached Mr. Yeltsin in the spring of 1993, half a year after my escape from Hungary. He promptly ordered an investigation.

Soon thereafter, I was contacted by Major Volevodz of the Russian Military Procuracy, formerly known as the Investigative Department of the KGB. He asked me a few questions and assured me that he'd do everything possible to restore justice.

I was skeptical. The kidnappers had proven extremely effective at intimidating all previous investigators, or buying them off with the cash they stole from me. There was little reason to think things were suddenly going to turn around now.

Contacted by the KGB

Late September of 1993, a year after the kidnapping, I received a peculiar phone call.

"This is Colonel Alexeev," the caller said. "I'm with the Russian Ministry of Security. Our Minister read your letter and ordered

an investigation, which has confirmed the facts you described. I'm leading the investigation. I'm charged with the task of returning your property and finalizing the criminal case against the perpetrators."

It sounded too good to be true. I asked, "So what's your plan of action?"

"Let's meet to discuss it in person. How soon can you get to Moscow?"

To me, this smelled like crude entrapment. "As soon as the perpetrators are arrested," I replied. "Until that happens, it might be a little dangerous."

"The Minister guarantees your security."

"Thanks. But after my own security people kidnapped me, I don't want to try my luck with the KGB again."

"We're called the Ministry of Security now," pointed out the Colonel.

Big fucking difference, I thought.

"I'm just concerned, Colonel," I explained, "that there might be rogue officers in your organization. Why don't we meet here in Washington and save the Ministry the trouble of my security?"

"Impossible. Our department doesn't do business in the States. That's the prerogative of Foreign Intelligence. I don't want to step on their toes."

"Then I'm sorry."

A week later, the Colonel phoned back. "Let's meet in Berlin," he suggested. "We still have military bases there, and our planes aren't subject to German border controls. My deputy and I won't need a

visa.”

By that time, I had done a background check on the Colonel and was reasonably sure he wasn't working for the kidnappers. I agreed to the meeting.

Elena and I arrived in Berlin a day early. It was our first trip to the city. We marveled over still-standing stretches of the Berlin Wall, then visited the Reichstag and other historical sights.

“I'm so happy we no longer live in a country that seizes people who want to leave,” remarked Elena at the Checkpoint Charlie Museum, dedicated to those who tried to escape over the Wall to freedom. “Nothing like that could possibly happen in America.”

Nine years later, I would bitterly recall her words when the American government ambushed us at the Peace Bridge.

Devil's Proposition

My meeting with Colonel Alexeev took place the next day in a house that used to house the KGB Chairman on his trips to Berlin. Sequestered in a pleasant residential section of what used to be East Berlin, it was identical in style to the housing built for top government officials in Russia.

The Colonel and I sat down in the living room, and his Deputy served us espresso. The Colonel was ruddy and portly, while the Deputy was tall and thin. They reminded me of a middle-aged Laurel and Hardy.

“We have a nice surprise for you,” offered the Deputy.

The Deputy left the room to fetch the surprise while the Colonel

got up to turn off the remote-less Soviet-made TV. When his back was turned, I quickly switched cups.

“What a wonderful aroma!” I exclaimed, sipping from the Colonel’s cup.

Two minutes later, I was pleased to observe that the Colonel, who had just taken the final slurp of espresso from the cup intended for me, was still conscious.

Just then, the Deputy sauntered in with two large suitcases. He said, “Recognize them?”

I sure did. They were the ones Elena and I had left behind in the Budapest hotel after fleeing our kidnappers.

“Few people get anything back from the KGB’s Lubyanka storage,” the Colonel went on to explain. “Academician Sakharov was the last. By order of President Gorbachev, you know.”

“Of course,” added the Deputy, “some of the jewelry might be missing. Expensive things sometimes get lost in our storage.”

Great, I thought. The KGB can’t even stop looting in its own headquarters.

After a little more small-talk, we got down to business. The Colonel said, “The Minister wants to know, Mr. Konanykhin, if you’d be interested in establishing a Foundation of National Security and serve as its president.”

He went on to explain that the Ministry, formerly known as the KGB, would return whatever property of mine could be salvaged, and that I’d donate 50 percent of it to the Foundation. They, in turn, would provide me with security and connections.

“In no time at all, you’ll be much wealthier than before the kidnapping,” the Colonel added.

“Tell me more about the Foundation,” I asked him.

Other businessmen, too, might decide to “voluntarily donate” to the Foundation, especially when the Ministry “helped” them, the KGB representative went on explaining. Thus, the Foundation would undoubtedly have *very* substantial resources.

“And what will these resources be used for?” I asked, thinking that I knew the answer already.

“National Security. At the discretion of the Foundation’s chairman.”

“In other words, the Minister.”

“Correct.”

Elegant little plan! I thought. Currently, the Minister was limited on how his agency’s funds could be allocated. His power would increase enormously if he could distribute billions of rubles any way he wanted. With KGB officers collecting hefty “donations” from businessmen in exchange for protection, this could easily become the greatest shakedown racket in world history.

I asked, “What do you need me for?”

“You are in a unique position, Mr. Konanykhin. You’ve demonstrated that you can be spectacularly successful in business. Yet, unlike other successful entrepreneurs, you’re not currently preoccupied with running your own business.”

“Your downfall was caused by a security mistake,” broke in the Deputy. “And security is something we will take care of.”

“Can I have a day or two to think it over?”

“What can there possibly be to think about?” the Deputy exclaimed. “It’s the opportunity of a lifetime!”

“It’s all right to think before making such a big commitment,” offered the Colonel. “Let’s resume tomorrow at the same time. Agreed?”

Though I had no intention whatsoever of cooperating with this nefarious enterprise, I agreed to see them the following day. I needed time to consider whether there was some better reply than telling them to fuck off.

It was then that the Colonel said the Ministry had a little favor they wanted to ask of me.

Another one? I thought.

“We would like, Mr. Konanykhin, for you to buy the Museum of German Capitulation.”

Sure, I thought. That’s exactly what I was thinking of doing today: buying a museum.

But the Colonel wasn’t joking. The museum in question was located in the mansion where the Germans had signed the Act of Unconditional Capitulation upon surrendering to the Allies in 1945. The Colonel explained that, because Germany was re-uniting and Russian troops were leaving, the German authorities were going to shut down this reminder of their national defeat. But if it became private property, the owner could then do whatever he wanted with it. Like keep it open.

“They respect private property here,” broke in the Deputy, his tone expressing bewilderment over the concept. “Needless to say,

we will secretly provide you with the necessary funds – and with an appropriate commission.”

Great! Now they want me to launder KGB money in Germany!

After parting company with the Colonel and his sidekick, I drove erratically for a few miles, making sharp turns and constantly checking my rear-view mirror. No vehicles tailed me.

I pulled over to the side of the road to inspect my car and the suitcases the KGB had returned. I found no bugs or tracking devices. Relieved, I drove back to the hotel.

“How did the meeting go?” asked Elena when I walked in.

“We wasted our time coming here.”

After outlining the Colonels’ various proposals, I said, “I’m not getting into bed with the KGB. Sleep with dogs and you’ll catch fleas.”

Elena said, “So this means they’re not going to punish the kidnappers, right?”

“Punish one of their own for my sake? No way.”

“Well at least you got our suitcases back.”

Later, after rummaging through our cases, Elena said, “Everything’s here except for our camcorder and the diamond earrings my grandpa gave me for my sixteenth birthday.”

“Well, the wife of some KGB bigwig is undoubtedly wearing them now.”

Reforms Abandoned

The following morning, CNN broadcast live footage of tanks shelling the Russian Supreme Soviet. Inside, the Chairman, the Vice President, and the Minister of Security were holed up. Their effort to take over the country from Yeltsin had backfired.

“Quite a gamble,” I told Elena. “But that explains why the Minister wanted to set up his Foundation. He knew the coup was coming and, with his agency running the country, the opportunities for plunder would have been overwhelming.”

Elena and I stayed glued to the TV until, later that day, all three coup leaders surrendered and were taken to the KGB prison on Lubyanka Square. So much for the Minister’s shakedown racket!

Shortly afterwards, the phone rang. It was Colonel Alexeev. He was calling to say that our meeting would have to be postponed until “some later time.” Evidently, he had been watching the coup on CNN, too.

Of course, the attempt by a lawfully elected Parliament to impeach the President hardly fit the definition of a coup d’etat. And Yeltsin’s use of the Army to shell Parliament in response to his impeachment clearly was no triumph of democracy.

Still, history is written by the victors. Shelling Parliament was spun into saving democracy. Western governments gobbled up the story and endorsed Yeltsin’s interpretation of events, because they considered him more acceptable than a pro-communist Parliament. More importantly, his victory was a *fait accompli*.

Another common misperception is that Yeltsin kept and

consolidated power. The underreported truth is that, though he kept the title of President, Yeltsin was forced to give up much of his authority to the KGB to secure their support. Yeltsin had won, but at the price of losing most of his muscle. His “victory” left him largely a ceremonial head of state, a paper tiger.

Russia was now neither a democracy nor an empire. It was a Mafiocracy. The KGB and Mafia alliance firmly controlled key government ministries, including law enforcement.

The corrupt Alexei Ilyushenko became Attorney General, the Russian equivalent of the U.S. Attorney General. He promptly terminated all investigations that had been launched in response to my requests. Not stopping there, he also ordered prosecution against *me*.

Chapter Four

American Businessman

Trying to Settle In

Shortly after arriving in the States, Elena and I applied for permanent Canadian residence.

I didn't see us settling in Washington or New York, for I had found the summer heat and humidity in these cities unbearable. Born north of Moscow, I occasionally found even Moscow summer days oppressively hot. I recalled walking around Washington in my business suit on a hot June afternoon and thinking that I was going to pass out from heat stroke. Canada seemed more suitable.

While we waited for our landing visas, I tried to keep busy. I didn't know the American market well enough to start my own business yet, so I decided to start by representing a few leading Russian companies. That would give me time to fathom the American business landscape.

Greatis USA

In 1990, two years prior to my unplanned immigration, an innovative advertising campaign for one of my prime competitors grabbed my attention. It was the first major branding campaign in Russia done by Western standards. Massive TV advertising with quality commercials was coordinated with consistent supporting ads in print media. My assistant quickly found that the campaign

was handled by an advertising agency called Greatis. *Why are these obviously talented people working not for me but for my competitors*, I wondered.

Soon thereafter, I dropped by the Greatis office, unannounced. There I discovered a dank, dark, dingy basement where three young guys, including President Nikolai Menchoukov, were going over storyboards. Nikolai had straight brown hair, a powerful upper body that inclined at times to puffiness, and powder-blue eyes.

Though the place was a dump, it took only a short conversation for me to see that these guys were bursting with ideas. I hired them immediately and they quickly turned my companies into household names.

Greatis didn't stay in their basement for long. I moved them to a nice building I had acquired for a bargain price on my real-estate exchange. Nikolai gave me stock in his company and a place on the board, as a sign of his appreciation. That gesture would later cost him his business, his country, and nearly his life.

Three days after the kidnapping, I contacted Nikolai and explained what had happened to my business empire.

Since my companies were the primary clients of Greatis, the news was devastating for his agency. But Nikolai took the blow stoically.

"The important thing is that you're all right," he said. "The papers are full of stories of businessmen much less fortunate."

We talked some more and decided that I'd market Greatis's services to U.S. clients. We were going to become the first agency to advertise Russian companies and products in the United States.

Jones Day, America's second largest legal firm, incorporated

Greatis USA. Nikolai became chairman and I took on the president's role. I rented a spacious office in the historic Willard building, right next to the Treasury and the White House, and hired an assistant.

Back in business!

Partnering with Michael Khodorkovsky

Another person I called shortly after arriving in the States was my banking rival, Michael Khodorkovsky.

Michael was, at that time, the founder and CEO of MENATEP, the main competitor of my Russian Exchange Bank. Through superb networking skills and organizational brilliance, Michael had developed one of the great business empires in Russia. His bank had introduced numerous innovations, and I was quick to imitate him. And vice-versa. Michael and I hit it off from our first meeting back in Moscow, largely, I think, because we were of the same age and similar backgrounds, with much in common.

After listening to my account of the KGB's hijacking of my companies, he said he'd rather continue the conversation in person.

"I've been thinking a lot about what happened to you," said Michael when we met in Washington a few weeks later. "As you know, our businesses are very similar, so I'm facing similar risks. Frankly, what happened to you made me think that maybe it would be better to quit the game while I'm ahead."

"You are leaving Russian business?"

"I've decided to stay. I'll just have to avoid making the mistake you made."

“Mine was a dumb mistake,” I admitted. “But the KGB is inventive, Michael, and there is more than one way to skin a cat. They are coming back to power and I think this trend is irreversible. Do you really think you can cover yourself from all angles?”

“I’ll try.”

For the next twelve years, I would marvel over not only Michael’s survival skills, but also how he became one of the world’s richest men while skillfully dodging endless hazards.

We talked some more, and Michael made me the offer I had been hoping for. “Alex,” he said, “with you no longer in the game, MENATEP is now the most successful private bank in Russia. My goal is to build an international financial group with a strong presence in every key market. The problem is that neither I nor my staff really understands foreign markets.”

“I know,” I replied. “Back in Russia, I had the same objective but didn’t have time to study international markets.”

“So, seeing how you’re free now, why don’t we join forces to make MENATEP truly international? We’ll be partners. I’ll pay all expenses and you’ll get half the profits on international operations you develop.”

It was a generous offer and I accepted without bargaining. We shook hands and, shortly thereafter, Michael returned to Russia.

Terra Incognita

Opening the very first Russian bank in America was an exciting prospect. MENATEP could become the bank of choice for most

American corporations doing business in Russia.

I researched U.S. banking laws and asked the Jones Day attorneys to draw up the paperwork. Then, a few days later, one of them called with discouraging news.

“We talked with the Board of Governors of the Federal Reserve,” the attorney reported. “The Fed people said they wouldn’t permit Russian banks to open subsidiaries in the U.S. They think many Russian banks are Mob-controlled.”

“But not MENATEP!” I replied indignantly. It was painful to think that my whole nation was now blacklisted.

On one hand, the world was hailing the nascent Russian democracy and trailblazing Russian businesses. On the other, the Fed wouldn’t even consider issuing a license to a Russian bank. How much sense did that make?

But then, as I simmered down, I realized my indignation was misplaced. My own story was the best evidence: there was simply no guarantee that any Russian bank wouldn’t be taken over by hoodlums.

If the United States was off-limits for Russian banks, then I had to develop an alternative strategy. I researched the regulations and policies of many other countries, and then prepared a plan for the international development for MENATEP.

Stage One of the plan called for opening branches in three jurisdictions.

Austria was one location I selected. Traditionally, it had served as a cultural bridge between East and West. It seemed like an ideal place for a MENATEP subsidiary. My Austrian attorney said there’d be no

political barriers for us, but that the licensing procedure normally took upwards of two years.

Uruguay was another country I suggested. It was the banking capital of MERCOSUR, the economic union of Uruguay, Argentina, Brazil, and Paraguay. Located on a continent notorious for volatile politics and military coups, Uruguay was known as the “Switzerland of South America” because of its relative political stability.

For decades, Uruguay and Argentina had been supplying meat and leather to Eastern Bloc countries in exchange for automobiles and industrial equipment. That arrangement came to a sudden halt when the Soviet Union and its only foreign trade bank collapsed. Nobody had yet rebuilt a financial bridge between the two trading blocs, and I saw this as a fantastic opportunity for MENATEP.

With Khodorkovsky’s approval, I spoke to Uruguayan officials, who invited me to visit.

Our timing was perfect. Because it was an election year, politicians knew that resuming trade with Russia promised to improve the lives of the nation’s farmers and thus secure their votes. Interest in restoring trade with Russia was so high that Elena and I were treated as VIPs by the Uruguayan ministers. We were even issued Uruguayan passports for visa-free entry to their country.

I also recommended that Michael incorporate an offshore bank in the Caribbean. Practically all the major financial groups had offshore subsidiaries, and for a good reason: legal tax shelters.

As soon as Khodorkovsky approved my proposal, I retained Coopers & Lybrand, one of the Big Six accounting firms, and set things in motion. As a 50 percent partner in three international

banks, I was certain I'd soon develop a higher net worth than before the kidnapping.

Sandbagged by the KGB

Just as things were starting to look up, I learned that Volevodz, the Russian investigator who had assured me that justice would be restored, was formally accusing me of having plundered \$8.1 million dollars from my own bank.

Though I was bitter, I certainly wasn't surprised. After the KGB railroaded Colonel Ivanov for "stealing" my car, I figured it was only a matter of time before similarly absurd charges were leveled against me. Stealing from myself was apparently the most imaginative crime my nemesis could devise.

Unfortunately, absurd as the charges were, it was not a laughing matter, as the major acted on orders from the new Russian Attorney General, an official so crooked that he would later be jailed for corruption.

A week after Coopers & Lybrand sent me the banking license for East European International Bank they had registered for us in Antigua, Khodorkovsky phoned with alarming news.

Michael said, "Volevodz and another colonel just stopped by to ask if I was doing business with you."

"And?"

"I told them it was none of their business. Damned if I'm going to let two KGB clowns push me around."

By this time, Michael had become one of the most powerful men

in Russia, one of the so-called “Oligarchs” who later pulled off the almost-impossible task of getting an unpopular President Yeltsin re-elected. Unfortunately, Michael had underestimated the enemy, and the KGB made him pay dearly for it.

A “classified government report” was cooked up and leaked to the international media. It falsely stated that MENATEP was the Russian Mafia’s Number One bank. The shocking news made headlines all over the world.

The damage was colossal. Apart from ruining our reputations, the KGB also scuttled our joint banking venture. No one was going to do business now with a bank that reputedly served the Russian Mob.

I could no longer appeal to Boris Yeltsin. By 1994, Yeltsin had known as well as anyone that the Russian Mafia was taking over the Russian economy, with the KGB as its brain center. A skillful politician whose only concern was staying in power, he chose to ride, rather than fight, this trend.

No prosecutions of major crimes would ever be launched under Yeltsin’s rule. The country would be allowed to remain, as Yeltsin himself worded it, “a superpower of crime.” By the end of his second term, Yeltsin and his inner circle would come to be known as “the Family.”

The End of the Partnership

Soon after the KGB killed our joint ventures, Michael and I met again in Washington. I regretted inadvertently being the cause of the huge damage the KGB had inflicted on his bank. I told him that,

under the circumstances, it wasn't worth continuing our partnership. He agreed, we said our goodbyes, and I never saw him again.

"I'm worried about Michael," confided Elena after the meeting. "He's a prime target for the Russian mob and the KGB. The popular mood in Russia has always been 'all businessmen are exploiters and enemies of the people.' Doesn't he see the danger?"

"I told him all that. I also said the worst part of it is that, to stay in business, he will have to play by the new rules of the game, and they really stink. The time when it was possible to run an honest business in Russia is over."

"Well, I'm glad we live here now," replied Elena.

"Me, too."

Cutting off the Oxygen

As expected, Volevodz wasn't finished yet. Back in Russia, he visited Greatis and pressured Nikolai into severing ties with me. Afterwards, Nikolai called me, boiling with rage, and determined to defy Volevodz.

But I certainly didn't want to have the demise of Greatis on my conscience, so I told him to cool it. I said I'd limit operations of Greatis USA to the domestic market, to minimize his direct involvement with me.

My business plans were shattered. The KGB had successfully derailed two ventures which could have netted me hundreds of millions. In KGB jargon, the operation against me was called "cutting off the oxygen": deprive the target of income and supporters, and he

becomes easy prey.

Meanwhile, Elena and I were making little progress in securing permanent residence in Canada. On the application form, I had to reveal that I had first visited Canada as part of President Yeltsin's delegation, and this drew the scrutiny of the Canadian Security and Intelligence Service.

They interviewed me on four separate occasions, but my story made no sense to them. Canadian officials simply couldn't believe that my business empire could have been stolen without a government investigation. And they couldn't fathom how someone in his early twenties came to employ a former KGB Chairman and a host of other former top government officials.

I really couldn't blame them. I realized that, for people who lived in a civilized country like Canada, the things that had happened to me must have sounded fantastic.

By the time I was called in for the fifth interview in Buffalo, we had already received approval of our green card application, and had decided to stay in the U.S.

Because of its security, Elena and I chose to live in the Watergate. We bought a spacious apartment, withdrew our Canadian application, and prepared to settle down.

Offshore Finance

When the KGB forced Khodorkovsky to sever ties with me, his stock in the orphaned Antiguan bank we had established was sold to a prominent Hungarian businessman. The new owner's goal was to

serve clients mostly from Western Europe, so he changed the bank's name from East European International Bank to European Union Bank.

He asked my advice on a winning strategy for his new venture and I recommended making the bank the first to be internationally accessible via computer. He loved the idea and asked me to stay on as Vice President, with the task of making this dream a reality

I still owned almost half of the bank's stock and wanted to make sure the bank succeeded. I accepted the offer, and in October of 1994 Elena and I moved into a beautiful house in a tropical paradise. By early 1995, we were in business.

Offshore banking historically had been a perk of large corporations, financial institutions, and those wealthy enough to afford expensive tax consultants. My goal was to revolutionize the offshore financial industry by making the same information, services, and benefits available, via the nascent Internet, to the middle class.

One American bank beat us to our goal of becoming the first bank to offer Internet access, but we did manage to become the world's first offshore bank accessible through the Net.

I proudly felt that we were revolutionizing the industry.

After the disastrous 1992 and 1994 setbacks courtesy of the KGB, things were again looking good for me. I was the co-owner of a bank poised to take a share of the enormous offshore financial market. And Elena and I were reveling in our sun-soaked Caribbean lifestyle.

Back in Russia, however, things continued to deteriorate. Russian citizens had grown weary of democratic "reforms", and seemed to crave a strong hand that would restore order. A complete takeover of

Russia by the KGB was inevitable.

I was done fighting the KGB. But, as I would soon find out, the KGB wasn't done fighting me.

Manhunt

In May of 1995, Elena and I were having a light dinner on our terrace, which overlooked the spectacular English Harbor in Antigua. We had just returned from a leisurely walk along a pristine beach near our house. As we dined, we watched the sun set over the horizon, bathing a flotilla of yachts in the harbor with golden light. Then the phone rang.

"Hi, Alex," said my Washington attorney, Donald Bucklin. Donald was a partner at Squire, Sanders & Dempsey, one of the country's biggest firms. "Are you okay?"

"Yes," I replied, alarmed by his anxious tone. "Why do you ask?"

"The FBI visited me today. They've just learned that the U.S. branch of the Russian Mafia has taken out a contract on you."

"Jesus. Did the FBI say anything else?"

"Yes. They advise you not to reveal your whereabouts to anyone on the Russian side. They also confirmed your account of the kidnapping in Hungary. I'm faxing you a letter that details everything."

"Thanks," I replied, suddenly feeling very tired. "I'll call you tomorrow."

"Wait, there's more. The FBI gave me a copy of Russian government documents you need to see. They show that the KGB is looking for you everywhere. They even tracked your phone number

in Uruguay.”

Donald added that the Americans had only found out about this because of the Russian government’s request to extradite me. As soon as the Department of Justice determined that it had been made by a corrupt prosecutor on behalf of the Mafia, the extradition was denied. More than that, the Department of Justice even sent the Russian files to my attorney.

I hung up, dazed. Elena and I sat on the terrace, gazing out to the harbor. We wondered when the KGB’s persecution would end, and to which remote corner of the world we’d have to trek to be free of them.

“We can’t let them make our lives miserable,” I told Elena finally. “If that happens, then they’ve won.”

“I agree.”

Suddenly, Antigua was no longer safe. From here, I had made calls to Khodorkovsky, and those could easily have been intercepted and traced.

Antigua was too small to hide in, and the police on this laid-back resort island could provide no real protection against Mafia assassins. We had to move back to the States, where I felt law enforcement agencies could protect us. But first, I needed to create a diversion.

To throw the KGB off our trail, Elena and I flew to Austria. Knowing that news of my sudden appearance would quickly be passed along to their new bosses, I visited the offices of RosFinConsult, a company I had co-founded with a former Austrian Vice-Chancellor and Finance Minister. After the KGB took over my bank, he had resigned as chairman, but some of the original employees stayed on.

I stopped by unannounced, chatting with the staff about politics and other matters. I also casually mentioned I was very happy in my new, secluded home in the Austrian Alps.

Hoping that the KGB's manhunt would now be centered in Austria, Elena and I returned to Washington.

I was extremely grateful that the FBI – and the Department of Justice – had gone out of their way to save our lives. What I didn't yet know was that the FBI had since sold us out to the Russians.

Chapter Five

Russia's Most Wanted

Bushwhacked at the Watergate

Elena and I were working in our home office at the Watergate on June 27, 1996 Dina, the black kitten I had given her for her birthday, two months earlier, slept on Elena's lap.

There was a knock on the door, and I got up to answer it. Through the peephole, I saw the familiar face of Charlie, the maintenance man. I opened the door.

"Immigration Service," someone bellowed as four men in suits rushed past Charlie into our apartment. They were followed by four more suits, who stepped out of the hallway elevator. Two headed straight to our office and ordered Elena to stay put.

"What's the problem, officers?" I asked.

"You don't have valid U.S. visas," a heavyset man in a gray sports coat told me. I'd later learn that this was Special Agent Trent.

"But we do, officer. Let me show you."

I leaned towards my briefcase, but one agent grabbed my hands as another snapped the case open.

"Gun?" asked Trent.

"No weapons, sir. But his passport's here."

The agent handed the passport to Trent, who reviewed it carefully. He paid special attention to the page with my U.S. visa.

Then Trent gave the passport to another agent in a dark suit. I would learn later that this was Assistant District Director Goldman, the senior officer of the operation.

Goldman said, “You’re both under arrest as illegal aliens.”

“But you just saw my passport.”

“It’s a forgery.”

I was taken aback. “May I call my attorney? He has copies of all INS—”

“No attorneys. They may screw things up.”

Screw things up? I wondered. So many times I had heard in American movies, “You have the right to an attorney.” If this operation was legal, why wasn’t I allowed to call my lawyer?

Trent said, “We need to search the place.”

I asked, “Do you have a warrant?”

Ignoring me, the agents began opening drawers and sifting through papers.

I went over to Elena. Two young officers trailed behind.

“This must be a mistake,” I told Elena, but she wasn’t buying it. This definitely didn’t look like a routine visit by the INS to immigrants suspected of overstaying their visas.

“Let me shut down my computer,” I said to the two officers.

I leaned over the computer and pressed “Ctrl-A” to select the text of the document I had been working on. I typed: “The INS is arresting us. Please help.” Then I clicked the fax icon and searched for Donald Bucklin’s name.

Just then Agent Trent rushed in. "Step away from the computer!" he barked.

I clicked on another application to cover my tracks, then turned to face Trent. "Just shutting down," I said.

After collecting Elena's diploma, the titles to our cars, our marriage certificate, passports, and a few more items, the agents slapped handcuffs on us.

Seeing Elena being treated like a criminal made my heart ache. Because of the possibility of a moment like this, I had shunned her, years before. But eventually I hadn't been strong enough to resist including her in my life, and now she was suffering the consequences.

The agents escorted us out of the building through the underground garage.

Echoes of the arrest of Colonel Ivanov back in Russia! A TV crew was waiting for us on the sidewalk. Despite the bright summer light, they threw on the klieg lights and began shooting.

Expired visas, I thought bitterly as the crew walked backwards to film us. *Yeah, right.*

Half an hour later, we were fingerprinted and photographed at the INS office. Once again, I asked to call my lawyer.

"No need to," one of the agents replied. "You're going to Moscow on Tuesday."

Elena gasped. Moscow meant death. Without any trial, we were being sent to the people who, as the U.S. Government itself had advised us, were criminals determined to kill me.

The *Post* Article

Two days later, a deputy sheriff opened the door to my Alexandria jail cell to announce an attorney visit. He led me away to a small room where, through a glass partition, I saw Donald Bucklin. Finally, a ray of hope!

“It wasn’t easy finding you,” said Donald after I sat down. “The INS completely stonewalled me. I had to force them to return my calls.”

I was fortunate to have an attorney who could get his calls returned. Donald had served as senior counsel to the U.S. Congress before going into private practice, and was currently president of the D.C. Bar Association.

“You’re making news,” Donald went on, pressing Page Two of the *Washington Post* against the glass. I read:

Russian Pair In Custody, Accused Of Embezzlement

by Pamela Constable

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The dashing Russian immigrant couple lived like prosperous jet-setters, renting a co-op in the Watergate complex and driving his-and-hers BMWs. He had once been a successful banker in Moscow, and she had movie-star looks, according to federal immigration officials.

But two days ago, agents of the Immigration and Naturalization Service, acting in co-operation with visiting federal prosecutors from the Russian

Federation, knocked on the co-op door and arrested the pair, who were wanted for allegedly embezzling \$8 million from the Russian Exchange Bank in Moscow.

Alexandre Konanykhin and his wife, Elena Gratcheva, are now in custody in Virginia, charged with violating the conditions of their U.S. visas. Immigration authorities will seek to have them deported, and Russian prosecutors said they will be waiting at the airport in Moscow if they are sent back.

This spring, Russian authorities traced the couple to Washington, where they apparently had been living since entering the United States on temporary visas in 1994, and asked for INS help in catching them. Volevodz and another prosecutor arrived here two weeks ago and began working closely with INS officials, who carried out the arrests Thursday morning. If they are deported and tried in Moscow, Volevodz said, they could face up to 15 years in prison and have all their property seized.

The sober-faced Russian prosecutor, 37, who had never been to the United States before this month, said he was somewhat amused that Konanykhin and his wife chose the Watergate, the scene of another famous crime, as their residence. 'It is a humorous coincidence, but these people were known to like luxurious surroundings,' he said sternly. 'I myself didn't like the Watergate. It has exclusive shops but

cramped quarters, like a museum with a nice entrance and nothing inside.’ Volevodz said he was staying in a more modest hotel in the capital.

“Alex, you’re really going to need a good immigration lawyer,” said Donald after I finished reading this heavily-slanted article.

Michael Maggio

The next day, a guard walked me to the visitor’s area where, for the first time, I met the attorney on whom my and Elena’s lives now depended.

Michael Maggio was one of the top immigration lawyers in the country. He looked energetic and successful.

“You have twenty minutes,” the guard told me, giving us no time for a meaningful discussion of the case.

Michael immediately bombarded me with questions, cutting me off whenever I tried to ask something. “Later,” he’d say. “We need to be prepared for the hearing on Tuesday and buy ourselves time.”

The next day, Michael called to say that the INS wouldn’t agree to release either Elena or me on bond.

“But why?” I asked. “Murderers get released on bond. We’re only being falsely accused of overstaying our visas!”

“As you read in the *Post*,” replied Michael, “they’re showcasing their cooperation with the Russians, even though the law only mandates them to deal with immigration matters.”

“How can we defend ourselves if we don’t even have access to

documents? They won't even give me a pen and paper here."

The following day, I finally saw Elena. It was in the jail's booking area. She was restrained like a terrorist or a cop killer. There was a chain running from her leg irons, looped around her waist, and attached to her cuffed hands. Within minutes, the same apparatus was wrapped around me.

"Forgive me if you can," I said to Elena in the van that was delivering our shackled bodies to the INS District office in Arlington.

"I don't blame you for anything," she responded. "I love you, and have always been proud of you."

Back at the INS building, agents placed us in separate holding cells.

"Are you here to see the judge?" I asked the bearded geezer with whom I shared the long concrete bench.

"What judge?" he replied indignantly. "Us immigrants, we don't get to see no real judges."

Later, the heavy metal cell door clanked open. A guard called my name, then escorted me to a tiny, shabby, stuffy courtroom.

Michael Maggio and Elena were already seated at the defendant's desk. A full-figured, dark-featured woman named Antoinette Rizzi sat in for the INS. Judge John Milo Bryant presided.

Before the hearing began, Michael told me, "The INS' position is that you had not been admitted to the country."

Elena said, "This is crazy. We entered this country officially and have been living in the heart of Washington for four years, never overstaying our visas. We were even given permission for permanent

residence here. How can they say that Alex hasn't been admitted into the country?"

"You're right," replied Michael Maggio. "It doesn't make much sense. But it's the INS. They can pretty much do whatever they want."

Changing Charges

"Your Honor," began Maggio at the startup of the proceedings. "This is a case which should not take long. My clients were accused of allegedly overstaying their visas, and we have documents showing that they had valid legal status. In fact, they were approved to receive permanent residency in this country."

"Actually, your honor," intervened Rizzi, "we changed the charges to immigration fraud."

Say what? I thought to myself.

Rizzi continued, "We did establish that, contrary to our initial belief, the Konanykhins had valid visas. However, we now believe that Mr. Konanykhin misrepresented his employment in Russia to procure the visa. We believe that he never worked for Greatis or Greatis USA, and that the latter is a non-existent company."

I couldn't believe it. Rizzi had just admitted that the INS's initial charges against us were false. But instead of apologizing and releasing us, they were hitting us with a different set of fabricated charges!

"This is completely new, Your Honor," responded Michael. "We need time to prepare."

"Fair enough. Let's reconvene in two weeks."

The one bright spot in these bogus charges was that they were easy to prove false. Greatis USA had been legally incorporated by the second largest law firm in the country. Its records were handled by a large accounting agency. Citibank, America's largest commercial bank, had handled all the financial transactions. How the hell was the INS going to surmount this?

"There's the matter of bond, Your Honor," went on Maggio. "My clients were arrested based on grounds which have already been proven false. They should be released, pending the hearing."

Rizzi retorted, "The Russian government informed us that Mr. Konanykhin is an international fugitive who embezzled millions of dollars. He's definitely a flight risk."

Maggio countered, "There are no allegations of wrongdoing against Ms. Gratcheva."

Just then, Rizzi jotted "\$5,000" in large letters on a legal pad and flashed it to Michael. Michael told the judge: "I understand that the Service is prepared to release Ms. Gratcheva on \$5,000 bond."

"Yes, Your Honor," confirmed Rizzi.

"Very well," said Judge Bryant, and then adjourned the hearing.

A huge weight lifted from my shoulders: Elena was out!

After the hearing, Elena and I had a few minutes alone with Michael Maggio.

"Bad news," Michael told us. "They just revoked your visas and permanent residency approval. I think you're going to have to apply for political asylum. I'm sorry, Alex, but you'll have to stay in jail until the next hearing. Your case is in expedited proceedings, so it should be resolved quickly."

No one then had any idea that our case would become one of the largest and most bizarre immigration cases ever. More than ten years later, it would still be going on, with no end in sight.

The KGB Searches the Watergate

“Ms. Gratcheva?” the receptionist said apprehensively when Elena walked into the Watergate lobby later that night. “I’m afraid there are FBI people in your apartment.”

Stunned, Elena phoned Michael Maggio.

When Michael arrived, he and Elena took the elevator up to the sixth floor. There they discovered a man seated on a sofa next to the open door of our apartment. He was reading a letter to Elena written by her mother.

Elena immediately recognized the mustachioed face from the news: Alex Volevodz, Colonel of the Russian Military Procuracy, a former KGB department.

Just then, an FBI agent emerged from our apartment. “You may want to check these as well, sir,” he told Volevodz, handing over more papers.

Michael Maggio walked up to the agent in charge. “What’s going on here?” he asked.

“The Russian government requested a search,” she explained, “and we are cooperating.”

Afterwards, when the commotion was over and the agents had gone, Michael approached Elena, who gazed ruefully across the Potomac River from our Watergate balcony.

“This building certainly has a reputation for bizarre searches,” he observed.

Fraudulent Fraud

A few days later, the INS filed fraud charges. They were based exclusively on a forged document provided by Colonel Volevodz. The letter claimed that I had never worked in Russia with Greatis, and that Greatis didn’t have a U.S. subsidiary. It was signed “Vice-President Rudikov.”

We didn’t know of anyone by that name in Greatis, so Elena called Nikolai Menchoukov, who happened to be on a business trip to California.

Nikolai was shocked. “That guy’s a security guard!” he exclaimed.

He went on to assure Elena he’d to come to Washington to testify to the truth of the matter.

When he and Michael Maggio later met with the INS, Nikolai proved the document provided by Volevodz was a forgery. Soon after this, Michael Maggio called with the news that the INS was releasing me on \$5,000 bond.

“Dinner’s on me!” I responded excitedly, thinking that the nightmare was finally over.

But an hour later, Michael phoned back to say that the INS had reneged on the bond.

“In the history of my practice,” Michael told me, “I’ve never seen anything like this. The INS sure seems to be under a helluva lot of

pressure from the Russians.”

What happened next seemed like something straight out of the KGB’s textbook. The INS barged into the offices of Greatis USA, arrested my friend and assistant Val, and paraded him, shackled and handcuffed, through the building. They then threw Val in jail and gave him an ultimatum that basically went like this:

“Either testify that Greatis USA is a bogus company, involved in crooked activities – and get your green card — or your wife and teenage daughter will be thrown in jail.”

Having witnessed what the INS did to Elena and me, Val knew this wasn’t an idle threat. He now faced a grim choice: either commit perjury or see his life and family destroyed.

Fortunately, Val found a way out: he decided not to fight deportation. Despite having a valid visa, he requested immediate deportation to Russia.

Inadvertently, I had become the reason behind the worst nightmare of his life. We haven’t spoken since.

Collateral Damage

Val wasn’t the only one to be hurt. The INS also targeted Helen, Managing Director of Greatis USA. She escaped pressure by claiming that she was nothing more than my part-time translator. What really saved her from being thrown into jail, however, was that she had a green card and was married to an American attorney.

The INS applied a lot of pressure to neutralize Nikolai. In court, the INS prosecutor began her examination of him by asking, “How

would you like to be arrested, right here and now?”

Nikolai was thoroughly shaken, but courageously continued to tell the truth. Unfortunately, he became so unglued during the hearing that he was unable to recall even his own phone number. The judge had to dismiss his nervous testimony as unreliable.

Nikolai had good reason to be antsy. Rizzi later testified that the INS had indeed intended to arrest him before his testimony. They hadn't gotten around to it because “all enforcement officers were on assignments at that moment”.

Like Val, Nikolai was in the country on a valid visa, but that didn't matter to the INS. They were determined to deliver the promised goods to the Russian secret police, regardless of the truth.

As for the “evidence”, the INS simply replaced Volevodz's forged letter with my own affidavit, prepared four years earlier. This document included the sentence, “Among other companies, I founded...”, followed by a list of the five largest companies I had established in Russia.

Since Greatis wasn't on the list, the INS argued with convoluted logic, it couldn't have employed me. It proved useless to point out that the sentence was a partial list of properties, not a comprehensive resume.

Equally futile was the affidavit of my Jones Day attorney, who had incorporated Greatis USA for me. The immigration judge simply refused to give any credence to my story. It was “fiction worthy of a Tom Clancy novel”, he pronounced dismissively.

Home, sweet home, I thought wryly, feeling like I was back in that twilight zone called the Soviet Union. It was the same nasty tricks,

the same facade of justice. This time, however, it was the American government playing dirty games, at the behest of the Russians.

Chapter Six

Jailed in America by the KGB

Mission Impossible

This was an all-time low for me. Once again, my business had been destroyed. I was locked up in jail, vilified by the media, and my chances of avoiding deportation seemed nil. The legal bills were mounting, and my savings were wiped out. There seemed to be no way out of this Kafkaesque nightmare.

Great responsibilities suddenly fell upon Elena's shoulders. To pay legal bills, she sold off all our assets, including our Watergate suite, and moved into a tiny rental apartment. She worked around the clock to help Michael Maggio prepare for our upcoming appeal.

Though I pleaded with her not to, Elena spent hours driving to Winchester, Va, twice a week to visit me for thirty minutes at a time during the whole thirteen months I was fated to be incarcerated. She also contacted senators, human-rights groups, and anyone else she thought might help, all to no avail. I was presumed guilty.

Around this time, the *Washington Post* published a long report, "Russian Crime Finds Heaven in the Caribbean". Author Douglas F. Farah parroted the KGB-planted stories about me plundering my own bank. He added that MENATAP had "a 'horrible' reputation for involvement with organized crime".

The conclusion — that our Caribbean bank was the bank of choice of the Russian Mob — seemed to be well-supported by the fact that I was presently in the slammer.

Other major publications quickly picked up the story, demonizing me, Khodorkovsky, and our businesses. Clients of the Antiguan bank panicked and withdrew their accounts. Thanks to KGB disinformation, the European Union Bank was out of business in no time.

Numerous investigations of the bank followed, but none turned up any wrongdoing. Unfortunately, the damage couldn't be undone. It was terrible to think that I was the reason so much harm had been done to so many friends and associates.

In October, 1996, Judge Bryant ordered my deportation. My only legal entitlement was an appeal to the Board of Immigration Appeals (BIA), which was part of the Department of Justice. But what were the chances of the BIA ruling that its superior had entered into a conspiracy? Even the usually upbeat Michael Maggio was pessimistic.

Around this time, the well-known Washington investigative reporter Del Walters bravely reported on the ABC-TV affiliate about the shady political deal which had resulted in my arrest. Afterwards, he also broke the story about the KGB's search of our Watergate apartment.

The conspiracy was getting a lot of media attention, but this held little consolation for me. Back at the Winchester County jail, I felt like I was on Death Row.

Still, I forced myself to act as if my life would go on. I took typing classes. I read innumerable books from the jail library, trying to improve my vocabulary. I even started an MBA correspondence course offered by the Edinburgh School of Business.

Sold Out to Russia's Secret Police

Unexpectedly, we learned exactly how the KGB had manipulated the U.S. Government into their conspiracy.

Michael Maggio had asked the court to order the government to release all documents related to my case. To our vast surprise, the INS complied.

The papers showed that Lt. Colonel Volevodz had requested my extradition as far back as September, 1994. His request resulted in an FBI investigation, which found that Volevodz was as crooked as a three-dollar bill. The Department of Justice therefore ruled against extradition, and advised me not to reveal my whereabouts to the Russians.

But the KGB refused to admit defeat. Volevodz formally accused the FBI of abetting a criminal. The notoriously corrupt Russian Attorney General demanded my extradition as *quid pro quo* for past services rendered. He indicated that, if the U.S. didn't deport me, Russia would not provide aid to U.S. law enforcement agencies.

This would have meant that the recently-opened FBI office in Moscow, the much-hyped brainchild of FBI Director Louis Freeh, would be out of business.

To the FBI, this wasn't an option, and they had therefore begun looking for any pretext to get me.

"Are there any immigration violations outstanding," queried the U.S. Legal Attaché in Moscow of the FBI Director in a telex report, "allowing immigration authorities to deport Konanykhin to Russia to stand trial?"

The INS was eager to oblige. Finding no violations, they simply went after me on a bogus no-visa claim.

When Donald Bucklin reviewed the government documents detailing these behind-the-scenes machinations between the Russians and the DOJ, he called me with the news that now I might have a chance to see a *federal* judge.

First Habeas Hearing

Within days, Donald filed papers for a *habeas corpus* – a special hearing where a prisoner can ask a federal court to review the Constitutional lawfulness of his detention.

The hearing took place just three days later, with U.S. District Judge T.S. Ellis III presiding. Judge Ellis seemed refreshingly impartial. He expressed dismay at the INS for their conduct. He upbraided the INS District Counsel on several occasions for lying.

In his ruling, Ellis made it clear that he thought the INS behavior looked extremely suspicious. And even though he felt we hadn't presented sufficient evidence to prove the INS was motivated by dirty politics, he released me on the grounds that they had violated their own regulations by arresting me.

So while Elena awaited my release, I was taken to the jail's processing area. There, two INS officers waited for me with paperwork.

Release papers, I thought excitedly.

"Mr. Konanykhin," said one of the officers, "we have to release you pursuant the order of a U.S. District Court."

I nodded.

“However, we are also re-arresting you, effective immediately, on the same charges. Sign here, here, and here, please.”

“There’s nothing more I can do,” said Donald Bucklin over the phone after this disturbing twist of fate. “The federal court won’t hear this case again.”

Michael Maggio was equally pessimistic regarding my appeal chances.

And so, frankly, was I.

More Collateral Damage

Right after Nikolai’s courageous testimonial on my behalf, armed goons destroyed the offices of Greatis in Moscow and scared away the employees. Overnight, Nikolai’s source of income was gone.

But this wasn’t enough wreckage to satisfy the KGB. When Nikolai Menchoukov agreed to testify, the INS called in Volevodz. Soon, armed people passed threats to Nikolai through his brother-in-law in Moscow. “Tell Nikolai to think of his relatives who remain in Russia,” was the message.

Nikolai testified nonetheless. Soon thereafter, an assassin blasted Nikolai’s brother-in-law three times. Miraculously, he survived. The story made headlines in Russian newspapers – yet another example of what happened to people who tried to help me.

Another widely reported example involved my former deputy, Alex Lazarenko. He was kidnapped in the middle of the night, taken to the cemetery, forced to dig his own grave, and then beaten

senseless.

Fortunately, Alex survived. Miraculously, he managed to crawl out of the cemetery by morning, and reported the assault to the police. The investigation went nowhere, reinforcing KGB's image of invincibility.

A successful businessman before testifying in my case, Nikolai was now unemployed and broke. He couldn't return to Russia without facing the wrath of the KGB. Reluctantly, he applied for political asylum.

Colonel Volevodz, on the other hand, received a Certificate of Appreciation from the U.S. government, which he still proudly hangs behind the desk in his office.

Critical Finding

Nikolai had no money for a lawyer. Fortunately, a law clinic at George Washington University accepted his case *pro bono*, and two students represented him. Searching for an expert witness who could educate the court on the grim realities of the new Russia, they consulted their professor, Jack Blum.

They were pleased to hear Blum say that one of his clients, KGB Major Yuri Shvets, was an expert on KGB tactics. In fact, said the professor, Yuri had recently served as the INS consultant in a similar case and proved that the KGB submitted fabricated documents to the INS.

"Do you happen to remember the name of that case, professor?" inquired one of the law students.

“Yuri told it to me. But it is unpronounceable. Something like Kohahihin.”

“Konanykhin?”

“Yes, that’s it! The INS asked Yuri to examine the case against this Konanykhin guy and, after careful examination, Yuri proved to them that it was a classic case of KGB disinformation.”

Becoming My Own Lawyer

Armed with this smoking gun, I could now prove that the INS committed fraud against the court by submitting documents that *their own expert* had identified as forgeries.

Unfortunately, there was a very big problem: like Nikolai, I was totally broke and couldn’t afford to hire a lawyer.

Michael Maggio had said that he would continue with my case, *gratis*. I was very touched by his selfless offer. But Michael didn’t practice in federal court, and I had to find someone who did.

After an exhaustive search, Elena and I couldn’t find a single attorney who would take on my case *pro bono*. Because I wasn’t a citizen, I wasn’t even entitled to a public defender.

Elena next made the rounds of human rights organizations, to no avail.

“They won’t help ‘thieves and millionaires,’” explained Elena ruefully through the glass partition during one jail visit. “No use explaining that you are neither – they accept accusations as the gospel.”

Elena seemed so desperate that I swore to myself that I’d find a

way. Walking back from the visitation area to my cell, I decided that, if nobody would help, I'd fight the case myself.

I had only been living in the U.S. for four years, my English wasn't great, and I had no legal training. But as an indigent prisoner, I was the best lawyer I could afford. So, the next day, I hit the jail's law library, where I would spend my days and nights wading through heavy legal tomes.

A month later, I began work on a federal court petition. Elena helped me with extensive supplemental research. If it wasn't for her help, I'd never have been able to complete it.

In our petition we urged the court to accept a new *habeas* case, based on newly discovered evidence. We listed numerous instances of fraud, perjury, use of false evidence, and an array of violations committed by the INS. We also assembled folders filled with documentary evidence.

On March 31, 1997, Elena filed the petition with the same federal district court in Alexandria where I had won the useless victory in my first *habeas* case.

Arent Fox

Days went by, exceeding the period during which the court was required to respond. But there was no response from the court.

I filed a motion for an expedited hearing. No response.

Then I applied for a court-approved attorney, arguing that even though immigrants weren't entitled to representation in *habeas* cases, the court had the discretionary power to appoint one. I argued

that the interests of justice demanded it.

Still, no response.

Next, I filed a motion asking for a court-ordered investigation into the actions of the INS. Once again, no response.

Just as I was beginning to think that my petitions would forever be ignored, I received word that I'd been granted a court date. Seeing Judge Ellis on the bench during the preliminary hearing for my second *habeas* case made me uneasy. His previous ruling in my favor hadn't really helped me at all.

Seated at the defendant's table in my prison overalls, I felt lonely, overmatched, and underdressed as I prepared to defend myself against the combined forces of the U.S. Government and the KGB. They were represented by four attorneys in pinstriped power suits.

I took a deep breath and mulled over what I was going to say. But this time it wasn't necessary.

"The case raises a number of interesting issues," began Judge Ellis, "And to help the petitioner best present those issues, I have decided to appoint the law firm of Arent Fox to represent the petitioner, *pro bono*."

On that note, the judge adjourned the hearing. I glanced over at the four government attorneys, none of whom were looking pleased.

As one of the top legal firms in the country, Arent Fox was a godsend. Founded in 1942, with nearly 300 lawyers in offices in Washington, D.C., and New York City, Arent Fox had a reputation for a strong commitment to community involvement and *pro bono* work.

“Represent Konanykhin as if he was General Motors,” Judge Ellis had instructed Chairman Marc Fleischaker, and Marc took the judge’s words to heart. He assigned two talented attorneys, John Nassikas and Jacques Smith to handle the case, and stayed personally involved as well.

One of the first things the Arent Fox team did was subpoena Antoinette Rizzi, the INS counsel in charge of prosecuting my case, to see whether she’d confirm or deny Shvets’s account.

The DOJ immediately stepped in and issued a formal order prohibiting Rizzi from testifying. It was a clear indication that we were really on to something!

Reluctant Witness

Yuri Shvets had been understandably reluctant to testify against the INS. He was acutely aware that, if the INS annulled his green card, he’d face extradition to Russia, where he’d be executed as a traitor.

His fears certainly weren’t groundless. The INS had already tried to hand him over to the KGB. Previously, they had argued that, by defecting to the United States and providing information to the CIA, Shvets had committed a crime, breaking his sworn loyalty to the KGB!

All together, the United States had spent a fortune and lost many lives trying to acquire the information Shvets had shared with them. But instead of showing their appreciation, the INS had tried to deport him back to Russia, where he’d undoubtedly be executed by the KGB.

This absurd situation had forced Jack Blum, Shvets's attorney, to ask the Senate and the media hard-hitting questions like:

“Why is the INS protecting the interests of the KGB, against the interests of the CIA?”

“How can the INS condemn people to death for defecting to America and helping American security interests?”

After the *Baltimore Sun* ran a detailed article on this bizarre case, the INS was forced to grant Shvets asylum. Unfortunately, now he was again facing the very real possibility of finding himself in a similar nightmare. Would he summon the courage to tell the truth in court, despite the extreme risks?

Pacing back and forth in my cell, I asked myself this question a thousand times.

Chapter Seven

Court Findings

Shvets Takes the Stand

For my big day in court, I was allowed to change out of my prison garb into a suit. After judge Ellis indicated that he was ready to hear my case, John Nassikas called Major Shvets to the stand.

Will Shvets tell the truth? I wondered, as the intense, dark-featured, youthful-looking former-KGB man walked forward. *Or is he going to change his tune, in the face of INS pressure?*

After being sworn in, Shvets began by describing his history of spying against the United States. He talked about how he used to prepare and identify disinformation. He had quit the KGB in 1990, frustrated over being used by the Chairman to dig up dirt on Mikhail Gorbachev.

Nassikas next asked Shvets about the work he had done for the INS concerning their allegations against me. Shvets replied that he had initially been contacted by the INS to advise them on how they could help the Russians deport me.

Shvets revealed interesting details of a meeting he had had with Eloise Rosas, the INS District Counsel. During their meeting, Rosas had told Shvets that the INS had received “instructions from the top to co-operate on the case.”

But it wasn’t until Shvets spelled out his second meeting with the INS that I really believed he was going to spill the beans on

everything.

The former spy went on to testify to a hushed, spellbound courtroom that the expert conclusion he had presented to the INS was:

“You are in big trouble with this case. This is a case about a KGB covert operation in which most probably hundreds of millions of dollars were smuggled by the KGB from Russia and deposited under secret accounts in the West. And since Alexandre Konanykhin fled Russia, moved to the United States and went public and started writing petitions to different Russian institutions and top government officials, so the KGB, together with the Military Prosecutor’s Office, made a decision to make a cover-up.”

It was bombshell testimony. I breathed a sigh of relief.

But Shvets wasn’t finished. Nassikas next asked what he had told the INS concerning what would happen to me if I were deported.

“The most likely development would be, if they get him back, they needed to publicly crucify him. . . It doesn’t matter what he says or what his defense is going to say. It is all irrelevant. His fate is predetermined. He would be put in jail, and he will rot to death in the jail. I said specifically that they would create such an environment for him in jail that every single minute for the rest of his life he will dream to be executed, because the life will be intolerable.”

Shvets also mentioned that he had met with INS Assistant District Counsel Debra Todd, the department’s FBI liaison officer. He strongly recommended sending the case back to the FBI to investigate it. Why? Because the Russians were lying.

“What was Ms. Todd’s response to those comments by you?”

asked Nassikas.

“There was no response,” replied Shvets.

Shvets added that, after reviewing the case against me, he told Todd that he was ready to produce a preliminary report. Todd declined the offer.

Nassikas asked: “Did she say why she didn’t want you to write the report?”

“She said, ‘If you write this report, we will have to attach it to our file.’”

Antoinette Rizzi

After Shvets stepped down, Nassikas called Antoinette Rizzi to the stand. If she backed up Shvets’s testimony, evidence of the conspiracy would be insurmountable.

John asked Rizzi point blank, “Has the INS made any efforts in recent months to prevent you from talking about what you know about the Konanykhin case?”

“Yes, they have.”

“Could you describe those efforts for the Court?”

“First of all, I was served with a notice by the District Counsel on August 20th, 1996, that any matters that I had prepared with regard to the Konanykhin *habeas* proceeding were confidential and could not be discussed with anybody outside the Department of Justice. And then, on June 9th, I received, by certified mail, a letter dated June 5th.”

“And what did that letter say?”

“That if I was issued a subpoena by any court,” explained Rizzi, “I should respectfully decline to testify.”

Evidence of a cover-up was piling up.

Rizzi went on to say that she was “torn between” assisting the court and honoring her obligations to her employer. She told the court that on several occasions she had raised ethical questions about the INS case against me, as well as doubts about the credibility of Russian officials. But her misgivings had all been dismissed by her superiors.

Rizzi also voiced concern over the way Volevodz and other officials were coercing witnesses to shut them up. She testified that she first became suspicious of the charges against me when the Russian prosecutors refused to provide additional evidence to support their claims.

Rizzi testified that there was even an INS account called “Operation Greatis” which contained funds that had been used to entertain Colonel Volevodz.

At this point, Judge Ellis broke in. “You’ve testified, Ms. Rizzi, that Ms. Rosas, in your presence, essentially promised the Russian prosecutors that Konanykhin would be kept in custody until delivered to Russia. Is that right?”

“That’s correct, Your Honor, and she said it more than once in my presence.”

Later, during his re-direct examination of Rizzi, Nassikas asked: “Are you aware of any false statements made by INS lawyers or officials to this or any other court?”

“It’s my opinion that the district counsel misrepresented to this court the motivation for arresting Mr. Konanykhin, and also misrepresented to the court, and continues to, the fact that the INS intends to send Mr. Konanykhin back to Russia.”

Essentially, the INS’s prosecutor was saying that the case she prosecuted against me was a fraud perpetrated for political purposes. The courtroom was mesmerized. How often does it happen that a prosecutor reveals to the court in sworn testimony that the case she was ordered to prosecute was a fraud?

I was very grateful for Ms. Rizzi’s honesty and integrity, especially when those around her had shown none.

Regrettably, she would be railroaded for telling the truth. Of all the government employees in this case, she was fated to become the only one fired by the DOJ. The treacherous Rosas, however, was promoted to the Office of the INS Counsel General.

As *The Washington Weekly* reported at the time, “Evidence of Clinton administration complicity in a giant corruption scandal involving former KGB agents is surfacing in an ongoing court hearing just outside Washington,” adding that “the Russian Mafia has contacts in the U.S. Justice Department who are more than willing to bend the law.”

After Rizzi stepped down, Judge Ellis delivered his ruling:

“Konanykhin has demonstrated a significant likelihood of success on the merits of the *habeas* petition. The record that the court has heard today suggests a basis — a significantly strong basis — on which the petitioner can argue that the District Director acted for reasons other than risk of flight and absence of public interest, and

that what he really wanted to do was to deliver this individual to the Russians, even though there is no extradition treaty.

“This is precisely the question that I had asked on a number of occasions in previous proceedings, and had been assured otherwise. Congress did not intend for foreign powers to pull the strings of immigration procedures.”

With that, the judge said that, even without waiting for the conclusion of the hearing, he was releasing me from jail to house arrest.

I could hardly believe it! After thirteen months on a *de facto* Death Row, I was free to go home!

I looked forward to being with Elena again, picking up the pieces of our lives, and rebuilding our business.

The next day, *The Washington Post* summed up the case nicely in a report titled “Judge Orders INS to Release Jailed Russian.” *The Legal Times* subsequently published a lengthy report on this remarkable hearing, titled “Did KGB Dupe INS?” *The New American* magazine dedicated several pages to a story on the U.S. government operation against me, called “Cozy with the KGB.”

Many other publications picked up the story. After receiving so much negative publicity over the past thirteen months, I found it refreshing to see the truth finally emerging.

The day after my hearing, a parole officer shackled a black plastic electronic bracelet around my ankle and released me. I was wiped out financially, but at least we had finally proven that the government had framed me.

Elena, trembling with excitement, was waiting for me outside the

jail. With tears of joy, she ran up and engulfed me in a bear hug. For the millionth time, I thought how lucky I was to have such a wonderful, supportive woman in my chaotic life.

Resisting Release

Soon after this, the INS decided to release me from my house arrest. John Nassikas was in the middle of delivering the good news when I interrupted him.

“Wait a minute,” I said. “If they release me, the hearing in the federal court is over.”

“That’s right.”

“Then I’m not sure I want to be released. The INS can re-arrest me again as soon as they fabricate some new pretext, right?”

“It’s possible.”

“Then I’d rather have a court hearing, expose their conspiracy, and go for a decisive victory.”

“You don’t have such an option, Alex,” explained John patiently. “If the INS releases you, you can’t say ‘No, I want to stay detained and fight the detention in court.’ Courts only hear cases where there’s a controversy between the parties. If the INS is releasing you, there’s no controversy left to litigate.”

After a little more thinking, I came up with a plan.

“Tell the INS that your firm wants to be paid for all the time you spent on the case. They will refuse, we will have a controversy, and the hearing will continue.”

“That’s also not an option. We accepted your case *pro bono* – for free, that is. We can’t demand payment.”

“Can’t you argue that the government’s behavior was so outrageous that they should bear the cost of the trial? Also, please insist on a written guarantee that the INS won’t try to arrest me while my immigration case is being considered by the courts.”

Nassikas reluctantly complied with my requests, but the INS saw through my little trap.

Rather than object – and therefore risk further embarrassment in court — the INS simply forked over nearly \$100,000 to Arent Fox and signed an agreement in which they promised not to arrest me.

Because *pro bono* lawyers never get paid by the government, the judge appeared to be amazed by my Settlement Agreement with the INS. Nevertheless, he approved it.

“We’ll just add it to the national debt,” joked the lead attorney representing the INS.

The Road to Asylum

“KGB manipulation is getting expensive for the U.S. taxpayers,” reported *Information Times* on August 22, 1997. They went on to quote John Nassikas:

“As a former member of the Department of Justice, I am troubled that our government conducted itself so poorly. As a citizen and as a taxpayer, I am sad to see that our government, through this settlement, has put itself in a position where it has had to pay a severe price for its own serious missteps.

“We believe that the record now shows that the FBI and the INS trumped up charges of immigration fraud to cozy up to Russian military prosecutors, and deceived a federal court about the real motivations for a *de facto* extradition to Moscow. Next, the Department of Justice should grant political asylum to Alexandre and Elena.”

Under increasing public pressure, the Department of Justice ordered an internal investigation. Unfortunately, this proved to be nothing more than a classic political tactic designed to take the heat off of an embarrassing issue and deflect further scrutiny.

“No wonder the DOJ’s Office of Professional Responsibility, which conducted the investigation, is mockingly referred to by many as ‘The Cover-Up Department,’” commented one of Arent Fox attorneys.

But Judge Ellis, who already had single-handedly restored my faith in the U.S. legal system, wasn’t about to let them get away with it. He responded by launching a court inquiry into the actions of INS District Counsel Eloise Rosas, who had supervised the INS operation.

During the inquiry, Judge Ellis sternly questioned and admonished Eloise Rosas. She, however, avoided court sanctions by steadfastly claiming ignorance.

Becoming Russia’s Most Wanted

Royally pissed off by the failure of their operation to manipulate the American law enforcement system into delivering me into their hands, the KGB stepped up their character assassination

efforts against me. The First Deputy Prime Minister of Russia in charge of all Russian police forces formally accused me of stealing \$300 million. He announced this absurd accusation to the Russian Congress several years after I left Russia. The deputies applauded, without bothering to question the country's top cop why the most intense investigation that spanned several years had failed to notice that hundreds of millions of dollars were missing.

Russia listed me as a wanted criminal in the database of Interpol, the international policy agency, making me a target of law enforcement in any country I might go to.

I had become Russia's Most Wanted.

Szymkowicz & Szymkowicz

I could not let the false accusations keep piling up. It was time now to clear my name.

To kick things off, I hired a talented young attorney, J.P. Szymkowicz, whose dark, brooding looks reminded me of a young Dustin Hoffman. I still had no money, but my case had become high-profile, and J.P. agreed to represent me on a contingency basis.

Working with his dad, John T. Szymkowicz, J.P. filed simultaneous libel suits against *Kommersant*, the primary Russian business newspaper, and *Izvestia*, Russia's main daily. These two publications served as KGB mouthpieces, and repeatedly accused me falsely of being a thief, a bigamist, and a briber of public officials, among other things.

J.P. also filed a \$100 million lawsuit against the Department of

Justice, of which the INS was a powerful branch, for collusion with Colonel Volevodz and the Russian government.

The charges included perjury, fraud, witness tampering, search and seizure without a warrant, conspiracy to kill, maim, or injure persons in a foreign country, and attempted murder.

Michael Maggio independently filed a motion with the BIA (Board of Immigration Appeals) to remand my immigration case to the Immigration Judge, due to the new evidence that had surfaced in federal court. The INS had little choice but to support the motion, and the case was returned to Judge Bryant.

“What good will this do?” I asked Michael. “Judge Bryant didn’t believe a word of my story in the earlier hearings. He didn’t even review the evidence. He’s obviously prejudiced.”

“Maybe not,” replied Michael. “You have to admit, your story did sound like a Tom Clancy novel.”

“I guess it does.”

“But because your story has been well-publicized since then, you’ve gained a lot of credibility. Maybe it will compel him to look at the evidence, this time.”

Konanykhin 2

“Konanykhin 2,” as Judge Bryant christened it, took place in the same courtroom as “Konanykhin 1.” This time, however, the judge really seemed to pay attention to the arguments of both sides.

One of the INS expert witnesses, Professor Louise I. Shelley, testified that I wouldn’t face persecution in Russia because criticizing

the KGB and organized crime was, as she put it, “as safe as a walk in Disneyland.”

I was stunned by such an absurd statement. Then, later that night, I was surprised even more when I found on the Internet an interview of Ms. Shelley’s in which she refused to comment on crime in Russia because she and her staff could face assassins with Kalashnikov rifles!

Professor Shelley’s income depended on government grants and consulting fees. It seemed clear she was lying on behalf of the INS to ensure that the bucks kept rolling in.

The next INS witness was Professor Peter H. Solomon, an expert in the Russian judicial system. Solomon was also on the government’s payroll, but he didn’t think that was a reason to commit perjury.

“Konanykhin is a whistle-blower,” Prof. Solomon testified, “and there’s an element of [Russian government] reaction and revenge in this case.”

The INS attorney cringed over hearing his own witness confirm my claims. He didn’t know that the worst was yet to come from his star witness, a former high-level FBI organized-crime official named Jim Moody.

Mr. Moody testified that I was one of the first to publicly expose corruption in Russia. He said that government officials whom I had exposed would have the ability to retaliate against me, both in and outside the courts.

When Moody mentioned that I might be a scapegoat for real criminals, the INS attorney looked decidedly glum. Moody’s testimony reinforced my belief that, despite my encounter with a

bunch of corrupt INS officials, most government employees were honest, hard-working people.

Vindicated in Three More Courts

The *Izvestia* case was the first of the trials to end. Here's the jury verdict:

We the jury in the case entitled *Konanykhin vs. Izvestia Newspaper, et.al.*, award the following damages to Plaintiff Alexandre Konanykhin against Defendant Izvestia Newspaper and Defendant Editorial Staff of Izvestia Newspaper, jointly and severally in the amount of Thirty Three Million Five Hundred Thousand Dollars (\$33,500,000).

Date: Dec. 13, 1999

Signed: by Jury Foreperson

The settlement was the highest ever awarded to a private plaintiff in Virginia's history.

"It's a symbolic victory," admitted J.P. Szymkowicz to the *Washington Post* reporter. "We didn't expect to collect, since U.S. verdicts could not be enforced in Russia."

Next came victory in the *Kommersant* case. This time, the jury returned a \$3 million verdict in my favor.

Though there was little chance of seeing any of this money, either, it still felt great to be vindicated.

Most importantly, the decision in *Konanykhin 2*, which we received on February 19, 1999, was also in my favor. Here, in his own words, is Judge Bryant:

“Based on the testimony and evidence which has come to light subsequent to Konanykhin I, the Court now finds that Volevodz engineered the case against Konanykhin in order to secure his return to Russia. Volevodz wanted Konanykhin returned to Russia in order to punish him for exposing corruption amongst Russian government and business officials. The zealous and exaggerated attacks against Konanykhin suggest that the charges are not legitimate and that he is being sought because his political statements were damaging to corrupt government officials. . .

“Furthermore, it is apparent that the men who seek to harm [Konanykhin and Gratcheva] cannot be controlled by the Russian authorities. Accordingly, Konanykhin and Gratcheva have met the statutory requirement for a grant of asylum.”

Political asylum! The nightmare finally seemed to be over.

It was more than just a moral and political victory. It was also a historical first. Elena and I were the very first people ever to be granted asylum from post-Soviet Russia on political grounds.

Judge Bryant proved to be a remarkably fair judge, who did not hesitate to reverse his own earlier decision in my case and ruled against his employer. Elena and I were deeply impressed and grateful.

Our story was even featured on The CBS news show *60 Minutes*, where I had the following exchange with Morley Safer:.

Konanykhin: The KGB stole one billion dollars from my bank. It was a lot of fire. To obscure it, they needed the smoke.

Safer: And you were the smoke?

Konanykhin: Yes.

Safer: And the story gets smokier and smokier.

Unfortunately, Mr. Safer's prediction proved to be correct – the story would indeed get much smokier.

Part II

Collapse of the Empire

Chapter Eight

Back to the Beginning

Becoming a Rocket Scientist

Since my teenage years, my life has been a roller coaster of unpredictable events, scrapes with authority, business highs and lows, and occasional brushes with death. But things didn't start out so chaotically.

I was born in the former Soviet Union in 1966, in the scenic lakeside resort town of Ostashkov, about 200 miles northwest of Moscow. Seventeen years earlier, the USSR had tested its first atomic bomb. Less than a decade after that, my country initiated the Space Age by launching Sputnik. In 1961, five years before I was born, Yuri Gagarin became the first man in space; two years later, the U.S.-Soviet hotline was established. For better or for worse, nuclear energy and rocket science became arguably the two dominant technological forces of the age.

My father, Pavel, was a peasant's son who, through hard work, would become the Secretary of the Russian Academy of Pedagogical Sciences and the author of several textbooks. My mother, Alexandra, a school teacher and later a university professor, was raised by a single mother, a very-low-income cleaning lady.

When I was eight and my brother Yuri was eleven, we moved to Riga, now the capital of independent Latvia. I quickly fell in love with this picturesque, cosmopolitan city on the Baltic Sea, which just three decades earlier had been an integral part of capitalist Europe.

Two years later, my father was appointed dean at a university in Novosibirsk, a sprawling high-tech hub and academic center in Siberia. Despite the stark differences from Riga, I enjoyed living in Siberia, with its wild rivers teeming with fish, and cedar forests where deer and bears roamed.

Three years later, my father's career required him to be closer to Moscow, so we moved again, this time to the gorgeous ancient city of Yaroslavl.

My parents were gone most of the time, working at the university, but I liked the freedom and solitude. I whiled away the hours exploring the fabulous old city, reading books from my parents' well-stocked library, and playing chess in the city chess club.

Yuri's obsession was with chemistry and physics. Around the age of thirteen, I wondered what he found so fascinating in those dreary-looking textbooks, so I started to read them, too.

As I turned the pages, a new world opened up to me. I began to learn how the universe works, and my young mind was spellbound by complex yet elegant concepts like Einstein's Theory of Relativity and Niels Bohr's ideas about quantum mechanics. I was amazed that humankind had learned to split atoms and discover new galaxies.

With my enthusiasm kindled, I studied passionately. During my senior year in high school, I won third place in the All-Russian Competition of Young Physicists and was accepted to the Moscow Institute of Physics and Technology (MIPT).

MIPT was the most prestigious technical university in the Soviet Union, and was often referred to as "the Russian MIT." It was MIPT that provided most scientists for the USSR's rocket, missile, and

nuclear-defense industries.

By Soviet standards, MIPT was one of the most liberal colleges in the empire. Students at most other schools spent countless mind-numbingly dreary hours studying, memorizing, and being tested on the works of Communist leaders. Though we were also expected to study their writings, the atmosphere at MIPT was unmistakably less dogmatic and more free-thinking and innovative than other schools. It had to be: the college had to produce scientists capable of questioning scientific and technological dogmas.

To make sure that the relative freedom of thought would never evolve into questioning the Communist system, however, the political police watched the college like a hawk.

The KGB

My first encounter with the institution that would later hunt me to all corners of the globe occurred within hours of my arrival on campus.

Newly-enrolled students were corralled into an auditorium where we were greeted by the suspicious squinting of a bland-looking, middle-aged bureaucrat. He introduced himself as a representative of the Committee of State Security – the infamous KGB. Then, as his assistant distributed forms to the audience, the secret policeman told us that, for the purposes of national security, we all had to sign them.

I received a copy and looked it over. The gist of the contract was a promise never to leave the country or communicate with foreigners without written permission. If a foreigner ever approached us, we

were to report the incident to the KGB immediately.

“But why?” shouted one student indignantly. “I have a friend from Bulgaria. Does this mean I can’t write to him any more?”

“You will provide us with information on your friend,” the officer instructed dryly. “If he is a member of the Communist Party or Communist Youth League of Bulgaria, we might permit communications.”

He went on to say that MIPT taught the most advanced technologies, on which the safety of our fatherland depended. In fact, many graduates of our Space Research Department would become officers of the Strategic Missile Forces, which defended the country from “American Imperialism.”

The officer assured us that every one of us might be targeted by the CIA. Some of their spies might even pose as citizens of socialist countries like Bulgaria, to justify their accents.

Reluctantly, we all signed the form.

Then as the assistant collected them, his boss underlined his message with a chilling reminder:

“Never forget that the violation of your sworn promise may constitute high treason, which is a capital crime, punishable by death.”

So much for a warm welcome to college!

Cold War Blues

U.S.-Soviet tension reached a peak in 1983, with the arms race in full swing. President Reagan had recently denounced the USSR as

“the Evil Empire,” and Soviet leadership responded by dramatically increasing spending on weaponry. The world seemed on the brink of disaster.

Not surprisingly, our second day of studies opened with a military training class. A tall, balding major kicked things off by trying to get the class to spring up in unison and bellow: “Long live Comrade Major!”

Our lackluster response, however, made him give up after about a dozen attempts.

“The war with militant American imperialism,” the Major solemnly lectured, “appears to be imminent. America is determined to attack our fatherland, as is clearly shown by their plans to place Pershing missiles in Europe. Since 1945, the destructive power of nuclear weapons has increased dramatically, and the American aggressors would be happy to use them against our country. Many of you will be entrusted with the important task of making sure the aggressor will be annihilated.”

Two days later, I awoke late. It was a rainy Saturday morning, and dark thunderclouds hung low in the sky.

I fixed myself tea – the bland, almost undrinkable Soviet kind, which tasted as if it was made from hay. As I sipped by the window, a shaft of incredibly bright light broke through the clouds. A luminous sphere seemed to be its point of origin.

Aerial nuke, I thought.

I instantaneously recalled the relevant part of the lecture: “Aerial nuclear explosion. . .maximizes destruction in densely populated areas. . . If you see it, it’s remote. Otherwise, your eyes burn out. . .Fall

face down to ground, and head away from the explosion. Crawl away from windows, since the arriving sound blast shatters glass.”

But then, as my eyes adjusted, I realized that what I was witnessing was simply brilliant sunlight bursting through a gap in the dark clouds.

I kept staring at that beautiful bright spot in the sky, trying to understand why the world seemed so close to annihilation.

My First Gig

Towards the end of my first year at MIPT, I listened enviously to friends going over their summer plans. Everyone seemed to be going away to exciting places, from the Black Sea to Lake Baikal, to kayak or to backpack, or simply to sightsee.

I wanted to spend my summer exploring the country, but had no money. The college stipend was barely enough for my frugal dormitory life, and I didn’t want to give up my newly gained independence by asking my parents for money.

Then, one day, I happened across an ad posted on our cafeteria bulletin board. “Looking for students not afraid of hard work,” it said. “Earnings of up to 25 rubles per day.”

Wow! I thought. Half the monthly college stipend per day! This is for me!

Minutes later, I pounded on the door of the dorm room specified in the ad. A freckly, red-haired, vigorous post-graduate student named Slava answered. I told him why I was there and he responded that I could begin work the next day.

My first job!

The next morning at six o'clock, I met Slava and nine other students at the train station and we traveled to downtown Moscow. Our job was to completely gut a five-story apartment building so it could be renovated.

By the end of the day, Slava had given the ax to four less productive students, but I was among six workers left standing. I was also 25 rubles richer.

“Hey, there’s a bathhouse two blocks from here,” announced Slava after paying us. “Anyone joining me?”

All of us were filthy and sweaty, so we followed Slava. After washing up and relaxing my aching muscles in the steam room, I sat with my new friends, gulping glasses of tomato juice. It was truly wonderful to experience the deep satisfaction that comes from hard, productive labor.

That weekend, I was exhausted and spent the whole time lying on my cot, reading. My whole body ached, walking was difficult, and my hands refused to hold a pen or a fork. But the next Monday morning at six a.m., I was back at the train station, along with the five other survivors.

“Tomorrow we will have a day off,” Slava told me on the morning train. “Go to the dean’s office and get a letter confirming that you’re a student. I need it to add you to the payroll.”

First Lessons of a Budding Capitalist

Soviet Union workers received very modest wages, with a cap to

make sure that people didn't earn more than their social position allowed.

A construction worker could earn up to 160 rubles a month. Earnings of 200 rubles could raise eyebrows and result in questions from labor inspectors. Earnings of 300 rubles could trigger a criminal investigation. At the same time, a salary of 120 rubles was guaranteed, regardless of performance. Thus the system provided no motivation for hard work. Instead, it bred tremendous apathy. Most of the time they were on the job, construction workers smoked, drank beer, played dominoes, and avoided actual labor.

Still, party leaders continued to prohibit productivity-based pay incentives that could have turned the economy around. To keep people from earning more by working two jobs, special labor passports were introduced. To be hired, a worker had to relinquish his passport to the employer, who held it for the duration of employment. No second gigs!

Slava was unwilling to be bound by such idiotic restrictions. His team members circumvented the salary ceilings by using their college friends as fronts. These "dead souls" were on the payroll, but in practice only showed up to receive their salaries from the government cashier. They kept a small cut and forward the rest to the actual workers.

Having sidestepped the income limits, Slava was determined to make his team work as productively as possible. Highly motivated, we soon learned to be five or six times more efficient than a typical Soviet construction team, and our earnings were proportionally higher.

I worked almost daily. By the end of the summer, I'd become the

most experienced team member, often supervising the staff in Slava's absence.

Slava was happy to have me as the acting foreman, since it freed him up to finish his Ph.D. thesis and pursue a romance. Eventually, he taught me every aspect of the business, from handling paperwork to dealing with officials.

By mid-August, I had earned more than enough to do some traveling before classes resumed, so I left for the place I had always wanted to visit: Leningrad, the magnificent capital of Czarist Russia, which since the collapse of Communism has reverted back to its original name of St. Petersburg. Here I marveled at the beauty of historic palaces.

Afterwards, I flew to the Republic of Georgia and enjoyed my first visit to the Black Sea.

I returned to college a new man. I felt rested and full of energy. Most importantly, I had developed the sense of self-reliance and confidence of someone who knows how to earn his own keep.

Chapter Nine

Metamorphosis

Economic Police

All MIPT students were required to do some work for Komsomol - the Communist Youth League. These tasks might include maintaining a shrine-room dedicated to Lenin or working in unpaid “communist labor” teams.

I chose to join the college police support force, where my obligations were limited to patrolling the campus twice a week to “help preserve peace and order.”

By this time, I was no longer a nerd who kept his nose in his books. With my newly acquired leadership skills from working with Slava, I earned the respect of fellow students and became popular with girls. I still lived in the dorms, but now had a room all to myself, which came in handy with my “girlfriend *du jour*.”

I still studied hard, but my interest shifted from purely theoretical physics to applied science. Instead of becoming a theorist, the ultimate geek, I now pictured myself managing major research projects.

The Manager of the force noticed my newfound assertiveness and appointed me his deputy. This basically meant that my responsibilities grew from strolling around campus to helping manage a force that numbered fourteen hundred students.

My primary assignment was managing the support team for the Economic Crimes Unit of our district police. Our team would

often accompany investigators on unannounced inspections of stores, companies, and factories. Some investigations involved team members purchasing groceries. The police agents would then enter the store, announce an inspection, and reweigh the purchases. Most of the time, they were lighter.

Sometimes my team's job was to help check a store's inventory against an official list. We often discovered shops selling black-market items produced by the vast shadow economy. Our inspections also exposed corruption in construction companies and factories.

My work with the economic police taught me volumes about the reality behind the facade of the Soviet system. It made me realize that most of my prior "knowledge" about my country consisted of misperceptions born out of ubiquitous communist propaganda.

All in all, it was a shockingly inefficient and corrupt system. Every single business, from factories to plants to stores, belonged to the state or, as the propaganda would have us believe, "to the people." But in the vast majority of cases, profits and other benefits went not to the people but to the thieves who brazenly stole at the people's expense.

By the end of my second year, I knew as much about investigative procedures as most of the regular officers.

One day, the captain in charge of the Economic Crimes Unit called me to his office. He shook my hand, handed me a red police I.D., and announced that I was now a fully-authorized police investigator. I was still eighteen, and was astonished by the power with which I had been entrusted.

The intimate understanding of Soviet economic realities I gained

doing police work would prove invaluable in my later business successes.

First KGB Offer

One day, before my class on strategic missiles, the lecturer, a Major, ordered me to report to the Commander of the College Military Department.

Arriving at the Colonel's office, I was greeted by a tall, athletic-looking man in his early thirties. He introduced himself as KGB Captain Novikov, and told me to follow him.

Wondering what on earth the KGB could possibly want from me, I climbed into a gray Volga, the official state car. The Captain chugged across campus, stopping at the girls' dorm. I had been here many times before, but was pretty sure the Captain hadn't brought me to say hello to my ex-girlfriends.

We parked and got out of the car. But instead of walking to the building's main entrance, the Captain headed towards a rusty iron side door with a faded sign. "Technical Personnel Only," it read.

What the hell is the KGB doing here? I wondered. *Spying on girls' showers?*

The Captain unlocked the door and we walked in. I found myself in a dark hall with two doors, one closed and the other open. I was ushered through the open door to an office.

It was a gloriously sunny day, but not a ray of light penetrated the heavy curtains. The only light came from a desk lamp, which illuminated a slight man in his fifties, writing behind his desk.

Like the Captain, the man was dressed in a gray business suit. Behind him ominously loomed a portrait of KGB founder Felix Dzerzhinsky, one of the most sinister figures in Soviet history.

The Captain and I waited patiently while the man kept writing. Finally he looked up.

“Comrade Colonel,” said the Captain. “As per your instruction, I have brought Alex Konanykhin.”

The Colonel motioned toward a chair. I gingerly approached the desk and sat down as the Captain quietly slipped out of the room.

The Colonel opened a folder with my name on the cover. I realized with a jolt that it was my KGB dossier.

I wondered what in God’s name they had on me, a second-year physics student whose interests revolved around studying and chasing girls.

“You have good grades.”

“Yes, Comrade Colonel.”

“What made you get involved with police work?”

“I want to assist in enforcing the laws of our Soviet society,” I said, offering a safe, patriotic response.

“This is good. We need more bright young people like you to protect our way of life. Have you considered joining the KGB after graduation?”

I sure as hell didn’t see that one coming!

“No, sir,” I replied as my mind raced, hunting for the words that would get me out of that drab office and back to class. “Frankly, the police work for me is an important Komsomol duty, but I’m studying

to be a scientist—”

“—not a KGB agent,” the colonel completed my sentence. “What we are discussing with you is a scientific career with the KGB. Do you know that quite a few MIPT graduates are working in KGB scientific research centers, satellites, encryption, communications, monitoring scientific research and technologies in the capitalist countries We employ thousands of the country’s best scientists. We have the best equipment and job conditions.”

Despite the many privileges that working for the KGB carried, I was instinctively repulsed by the notion of belonging to this notorious organization. But how could I wriggle out of this situation without jeopardizing my science career? The right words weren’t coming.

“You will have plenty of time to consider our offer,” the Colonel went on after an interminable pause. “At this stage, we only have preliminary conversations with potential recruits. The final decision won’t be made until after your fifth or sixth year of college. Needless to say, the facts of our conversation must remain strictly confidential. You may go now.”

I was delighted to get the hell out of there. Little did I realized that, in six years, top KGB brass would work for me and, a year later, would have me at the top of their hit-list.

Shvets Reports for Duty

Around the time that the KGB tried to recruit me, halfway around the world another recruiter, named Yuri Shvets, reported for duty to the KGB Chief of Washington, D.C.

Fresh out of the KGB Intelligence Academy, Shvets's instructions from his Moscow operators were seared into his brain:

“Your duty is to execute, at any cost, any task assigned by our motherland. You shall not harbor any doubts as to the moral justification or political wisdom of such a task. Everything coming from Soviet leadership serves the cause of world progress.”

Yuri's cover was conventional. He posed as a journalist for *TASS*, the main Russian news agency. To the FBI and the CIA, it was no secret that many, if not most, reporters with *TASS* and the newspaper *Izvestia* were spies.

Still, the cover was effective for conducting what the KGB called “Active Measures”: clandestine operations to extend Soviet influence throughout the world.

The chief weapon in this arsenal was *disinformation*: leaking rumors and false information, and planting forged documents, in an attempt to deceive the public via the media.

At the time, I hadn't even heard of Shvets or Active Measures. But both would later have a profound influence on my fate.

Chapter Ten

Outcast

Fateful Decision

By the end of my second year of college, I felt exhausted and was really looking forward to summer. One month of working with Slava and I'd be able to afford two months of traveling and vegetating on some beach.

Unfortunately, Slava came by a few weeks before the break with bad news: he was being assigned to a research center in Azerbaijan, and therefore had to dismantle the team.

I was really disappointed. My source of financial independence had suddenly dried up, and I couldn't afford to travel with only my meager college stipend. So that night I made a decision that would change my life forever: I would go into business for myself.

I had learned enough from Slava to manage my own construction crew, and that's exactly what I decided to do. I assembled a team, found clients, bargained and bartered for equipment, supplies and contracts, and tried to keep both my employees and my customers happy.

After taking care of wages and expenses, the leftover rubles, if there were any, would be mine.

If all this sounds like your typical small business, that's because it was. The critical difference is that there was nothing typical about it in a country where private property was outlawed, and entrepreneurs

were considered class enemies.

After three months of long days and interminable worries, I could breathe a sigh of relief: my business was a smashing success. My crew was thrilled to earn much more than they could anywhere else, and I netted a small fortune: nearly 20,000 rubles in three months, the equivalent of ten average annual salaries.

And the cherry on top of the sundae was that I had a week before school started, a week in which to soak up some rays on the Black Sea coast. I felt like the King of the World.

Unfortunately, the good life didn't last.

Class Enemy

Communism is one of the great ideological killjoys invented by humankind. God have mercy on you if you prospered and stood out in any way under this system. My success in Soviet Russia simply wasn't going to be tolerated.

When members of my construction crew realized I was earning much more than they did, they reported me to the college Komsomol bureau as a "class enemy".

The Economic Police then began reviewing my contracts. A month-long investigation concluded that, while there were no legal violations, I had disregarded sacred Communist principles.

The Komsomol bureau called a general meeting, with me as the guest of honor. As I sat there on stage with the review panel, I gazed out at the six hundred students who filled the large auditorium. Most of them weren't looking terribly friendly.

The Secretary of Ideology got up and strolled over to stand behind the podium.

“There is a class enemy amongst us,” he began ominously. “Like the blood-sucking capitalist leeches we dispensed with during the 1917 Revolution, he exploits the workers and seizes the fruits of their labor. In fact, he exploits his fellow students. *You*, my comrades.”

Hoots, jeers, and hollers resounded from the audience. The Secretary waited for things to simmer down.

“If we let parasites like him continue to operate,” he went on, “the whole system of social fairness will crumble. Construction workers will earn better wages than *you*!”

“Expel him!” shouted someone from the audience.

“Kick him out!” screamed another.

“And the worst part, my fellow comrades, is that he refuses to repent. He seems to consider himself smarter than the rest of us, we who worked nobly this summer on Communist labor teams, with no compensation, while he engaged in exploitation and profiteering.”

By the time it was my turn to defend myself, I felt despised by every single person in that auditorium. I got up and made my way to the podium to a resounding chorus of booing.

“I’d like to point out,” I began my rebuttal, trying to ignore the noise, “that nobody suffered as a result of my work. In fact, everyone benefited. The customers received quality work. And the construction team earned very good money.”

“You benefited disproportionately!” cried someone in the audience.

“You didn’t work!” shouted a former member of my team. “You just gave orders!”

“Stop wasting time!” yelled another voice. “Let’s cast our votes now!”

The result of my trial was that I was booted out of the Komsomol, which meant automatic expulsion from the college.

In no time at all, I had fallen from Big Man on Campus to *persona non grata*. My science career was over before it had even begun. From that day forward, I was barred from any position of importance in Soviet life. I was heading straight towards mandatory induction into the Red Army.

That night, I lay awake in bed deep into the early morning hours, pondering my fate. I was still only a teenager, but my life already seemed to be over. My small construction business accomplished little more than build a big private hell for myself.

Of course, my punishment paled in comparison to what I would have received under Stalin. Back in those days, millions of “class enemies”, most of them guilty of nothing more than being more productive farmers or professionals than their compatriots, and thus more independent, were shipped to labor camps from which most never returned. Or they were simply shot.

Still, I believed in my heart that my punishment was undeserved. On the contrary, I felt that businesses like mine could be a part of the solution my country needed to rise above its economic, political, and social woes.

In the moribund Soviet economy where, as the saying went, “the government pretended to pay and the people pretended to work,” I

knew that private enterprise could result in greater productivity. My own efforts had proven it.

And wasn't that exactly what our new leader was calling for?

Raising the Stakes

The morning after my Komsomol expulsion, I stood, with a lump in my throat, before that imposing citadel of Communism, the Central Committee Building.

Black limos with tinted windows surrounded the cold Stalinist architectural monstrosity, producing a grim aura of authority and secrecy. I took a deep breath, trudged up the stairs, and walked in.

What had given me the courage to be there was a recent change in our nation's leadership. After three party leaders succumbed to old age within the span of three years, the Soviet Union finally found itself with a young, energetic reformer at its helm.

The new General Secretary, Mikhail Gorbachev, stated the obvious and stated it often: what the country badly needed was major economic reform ("*Perestroika*"). Though his calls for reform were posted everywhere, nobody had quite figured out what these reforms would be.

I went up to the guard's desk and asked to speak with an ideology instructor, not really believing I'd be received in the headquarters of the largest empire in history. The guard rang up someone and, to my pleasant surprise, gave me a pass and directed me to an upstairs office.

Later, as I argued my case to Instructor Fyodorov, a middle-aged,

heavyset man with an unflappable manner, I realized I might as well have been talking to pigeons in the park. It was obvious this guy had no sympathy for my plight whatsoever.

It wasn't difficult to guess why. To achieve his privileged position, he had devoted a lifetime to kissing Bolshevik tushies. Yet here was a teenager, earning much more than he did, who had the *chutzpah* to request his assistance in overturning a decree from his brethren-in-arms. He wasn't about to lend aid to a cheeky young troublemaker.

"Do you know," said Instructor Fyodorov, "that Comrade Gorbachev's salary is less than what you were making?"

"I'm sure if we help Comrade Gorbachev reform the economy," I replied with a level of insolence that surprised even me, "the party will be able to adjust his pay. In fact, this morning I sent a letter to Comrade Gorbachev about my case."

In response to my last words, a hint of concern overtook the Instructor's smugness. If my letter caught the attention of one of Gorbachev's pro-reform aides, this guy didn't want to have to explain why he'd sided with the Hardliners.

"This is a Komsomol matter," the Instructor said finally, defaulting to the time-honored bureaucrat's strategy of passing the buck. "Appeal it there. Now give me your pass. I will sign it so you can leave the building."

An hour later, I showed my signed pass to a Komsomol Official.

"The Central Committee of the Communist Party expects you to re-examine my expulsion," I said. I emphasized my points by tapping a few times on the Instructor's flowery signature.

But this official, too, decided to pass the buck. He reached for

a phone, dialed the First Secretary of the District Committee, and ordered him to review my case and report back within a month.

Then, just as he was about to slam down the receiver, he added, “No, I can’t tell you how to handle it. We haven’t received sufficient instructions on Gorbachev’s new policies yet.”

I was getting bounced around between bureaucracies like a ping-pong ball, but because of Gorbachev there was still hope.

Eventually, the District Committee ruled that my expulsion violated several Komsomol regulations. They issued a reprimand to the Secretary of the College Committee and told me that the final decision concerning my case would be made after they received clarification about what Perestroika meant.

My fight was a long shot. Most people thought that Gorbachev’s reforms would only last as long as so many of the other reform campaigns that had periodically flared up in the Soviet Union. Which is to say, not very long at all.

Cause Celebre

The delayed resolution to my case gave me a new lease on college. The dean was forced to postpone my expulsion until the Komsomol made up its mind.

It was no longer just about me. Instead, it had become a tug-of-war in the heated argument between the Hardliners and the supporters of Gorbachev’s reforms.

For many people in our District, my case became a closely watched litmus test of the fate of Gorbachev’s reforms. Feeling like a pawn in

a big political game, I waited to see whether I'd be condemned as a political criminal or praised as a hero of Perestroika.

But it wasn't until the District Military Commissar spoke to me that I realized how perilous my situation was.

"Mark my words," he told me. "Afghanistan will set you straight."

Straight into my grave, I thought.

See, by going straight to the Central Committee, I had drawn unusual attention to myself. And standing out in Soviet society was *verboten*. Now I was faced not just with expulsion from college, but also with being shipped to a bloody, unpopular war from which I'd probably never return.

While the idea of becoming cannon fodder for the Communist bosses was repugnant to me, dodging the draft would make me a criminal. I was screwed, whichever way I looked at it. My only slim hope for the future hinged on Gorbachev.

Framed

"Konanykhin?" queried a hoarse-throated cop who rose from a bench before my building's entrance, where I had just returned from a library. I couldn't help but notice his enormous, throbbing Adam's apple.

"Yes?" I replied, stopping dead in my tracks.

"Please follow me."

"What's this about?"

“Please. Come.”

In the Soviet Union, it was never a good idea to question authority. I followed the cop to a nearby police car, where his buddy waited for him with the engine idling. Dark thoughts crossed my mind as we drove away.

Arriving at the precinct, I was led to an interrogation room where a young lieutenant waited for me. He stared at me for what felt like a minute, then announced: “We know everything.”

Though I was nervous as hell, I practically had to bite my tongue to prevent myself from laughing at his lame opening. What exactly did he expect me to do—fall down on my knees and beg forgiveness for some imaginary crime?

“What are you talking about?” I finally asked.

“We know it was you who stole MIPT’s new imported computers.”

“*What?*”

“There’s no use denying it. The evidence is irrefutable. You won’t see the free world again for ten years at least.”

I suddenly realized that it was not a case of mistaken identity. I was being set up.

“Look,” I said, “I work here for the Economic Police. Let me talk to my Captain or the Precinct Chief.”

I pulled out my police ID and slid it across the table. After looking it over, the Lieutenant Who Claimed to Know Everything was looking pretty confused.

“Sorry, pal,” he said eventually. “I guess you do have the right to

see your Captain. Let me go call him.”

Left alone, I tried to think things through. From my police work, I knew that party bosses routinely jailed people who got in their way. The police would descend on the marked man and find or manufacture any pretext to throw him in jail. This is exactly what seemed to be happening to me.

Fifteen minutes later, the Lieutenant returned. He explained that he was unable to get through to anyone. Then, after a brief pause, he regretfully added that I’d have to spend the night in a detention cell.

“Take it easy, pal,” he said as he led me to jail. “My orders were to arrest you, so I can’t just let you go. But we won’t process the records until my boss confirms his order. Maybe it was a mistake and tomorrow it’ll be resolved.”

In the cold detention cell, I laid down.

You won’t see the free world again for ten years. I recalled the Lieutenant’s threat. Was I bound for the labor camps for daring to challenge communist dogmas?

The cell door opened and a young soldier was ushered in. He nodded his greetings, then sat down on the floor.

“I stole a watch,” he said by way of an introduction. “What are you here for?”

“I have no idea.”

The following morning, my Captain came to my rescue.

“You have enemies, Alex,” he told me later in his office. “Someone stole computers. The First Secretary of Komsomol called the Chief of Detectives and said that it had to be you. There’s not a shred of

evidence, but you know how it works.”

I sure did.

“Anyway, the Chief didn’t know you worked for me. He sends his apologies. You can go now. But first, promise me something.”

“What?”

“Stay out of trouble.”

“I’ll try.”

Expulsion

Central Committee members had become bitterly disappointed in Gorbachev. Their hopes that he could improve the economy without deviating from Communist principles had been dashed.

It was now obvious that our gigantic, backwards, ideologically straight-jacketed country couldn’t be “accelerated” by cosmetic surgery. So Gorbachev now suggested far-reaching reforms that would undermine the stranglehold of power by the Party.

Needless to say, this didn’t go over very well with the Hardliners. Most upsetting to them was Gorbachev’s notion of “glasnost”: that is, freedom of expression. The minority who benefited from the system had no desire to hear the criticisms of the majority who didn’t. They rightfully saw it as the beginning of their control being undermined.

Another major irritation for the Soviet establishment was Gorbachev’s efforts to end the “equal pay” principle, which gave party bosses the power to decide what people were entitled to have.

Apartments, cars, land, construction materials, and even many groceries were distributed by government officials, rather than sold on the open market. Gorbachev's reforms threatened bureaucrats' enormous distribution powers, and therefore the innumerable opportunities for graft that went along with them.

With dwindling Party support, our new leader's position was shaky at best. Yielding to internal revolt, he was forced to make a number of concessions.

On the morning of May 24, 1986, I glanced at the front page of *Pravda* and realized that my fate was sealed. Below the motto "Proletarians of All Countries, Unite!" came news of Gorbachev's decree of "Punishment for Disproportional Revenues." The decree outlawed private businesses. Apparently Gorbachev's reform movement was over.

Immediately, the District Committee of the Komsomol reaffirmed my expulsion from Komsomol, and the dean signed the order expelling me from MIPT.

I read and re-read the orders, which were posted for everyone to see — again next to the "Proletarians of All Countries, Unite!" motto. When no one was looking, I ripped them, stuffed them into my pocket, and staggered away.

My career in science was now officially over. *Forever.*

In a few days, I'd be drafted into the Red Army and sent to Afghanistan. This was the standard way the Communists now got rid of people they considered undesirable. It was much easier and less costly than a Show Trial, yet equally effective.

I was dizzy. To clear my mind, I headed to the nearby woods and

roamed for hours, until the sun set. I saw no solutions. It felt like the proletarians had indeed united against me.

Later, hungry and exhausted, I walked into my studio apartment. There I found Julie, my latest girlfriend, extremely upset.

“They just left,” she blurted out without saying hello. “I’m not staying here a minute longer.”

“Who just left?”

“The army guys.”

Julie went on to explain that there had been violent pounding on the door, and she’d made the mistake of opening it. Three army officers then burst into the room and rushed past her, looking for me.

Julie told the officers that I was supposed to return home within the hour, so they sat down and waited. Figuring she’d try to tip me off, they refused to let Julie leave.

After a couple of fruitless hours, the officers were royally pissed off. They demanded to see Julie’s ID, then interrogated and threatened her.

“Do you understand,” the Senior Officer kept asking menacingly, “that it’s a crime to refuse assistance to military authorities? Do you, Julie?”

“What do you want from me?” she finally pleaded. “I’ve only known the guy for a couple of weeks. He said he’d be home by three. I have no idea where he is. How many different ways do you want me to say it?”

Eventually, one of the junior officers reminded his comrades

that their shift was over. Before leaving, they handed Julie an order commanding me to present myself at the Military Commissariat the next day. They also made her promise that she'd call the Commissariat the moment she laid eyes on me.

The Military Commissar who'd threatened me with the prospect of fighting in Afghanistan had proven to be deadly accurate. The Army *was* out to get me.

Chapter Eleven

Starting Over

Leap of Faith

Julie grabbed her toothbrush, a few LPs, and a bright orange tea cozy. Then she pecked me on the cheek and walked out of my life forever. I was feeling lonely and depressed when I heard a knock on my door, less than half an hour later.

Can it be the military police again? I wondered. *Has Julie tipped them off that I'm home?*

Whoever it was, the person knocked again. I tiptoed cautiously to the door, my heart pounding in my ears. Through the flimsy, state-built door, I heard the reassuring voice of my friend Pavel Bunin, a fifth-year MIPT student.

"You in there, Alex?" asked Pavel.

"Thank God it's you, Pavel," I replied.

Pavel was of medium height, with curly brown hair, and always seemed to be suppressing a grin. In the dorm, he was known for his quick wits and for being a popular D.J. in the college disco.

"Now that you're not in college any more," said Pavel later, over tea, "and no longer fighting that ridiculous Komsomol case, I figured you'd resume your construction business."

"I haven't thought yet about what to do next. Didn't you hear what I just told you? The Army is after me."

"Well, if you did re-start your business, I'd be happy to join you,

you know.”

I couldn't believe my ears. “But what if they ruin your life like they ruined mine?” I replied. “You really want to risk throwing away your science career within a year of graduation?”

“Hey, we just won't go around bragging about it.”

I liked Pavel's way of thinking!

Pavel and I talked things over further. We were sure we could find clients, despite Gorbachev's anti-business decree. State-run firms refused to handle small projects, and few people were willing to take the risks associated with running a private business.

The next morning, I moved to a remote corner of the greater Moscow region to scout the area and arrange our first jobs. The further away you got from Moscow, the less the zigzags of Kremlin politics mattered. This was as good a place as any to hide from the Red Army, pick up the pieces of my life, and start over.

Looking around at the dilapidated state of the buildings, I could see there was plenty of work. But would it be safe?

Back in Business

Pavel's and my hands were soon filled with simple jobs for local companies: mostly painting and road work. I handled the contracts, secured the supplies, and hired workers. Pavel managed the team and made sure we maintained high quality standards.

We worked hard and made a good living. But at the back of my mind I always had to wonder how long it was going to last.

Then, towards the end of 1987, the pendulum of Kremlin politics

swung back towards reform: Gorbachev had cleansed the Politburo of the most active Hardliners and permitted the first types of private businesses in the Soviet Union. To maintain the appearance of collective property, these were called “co-operatives.”

Since my team had already been operating as a *de facto* private business, we were among the first in the country to incorporate.

“We’re a group of students who’d like to do construction work in our spare time,” I lied to the First Secretary of the local Communist Party Committee.

“Students working part time,” he declared from behind his desk. “That is consistent with our values. You are all Komsomol members, of course?”

“Of course,” I lied again.

“We will call your co-operative Youth,” he decreed, crossing out the name I had chosen. Then he signed his approval to my application.

The Secretary stood up. With deep satisfaction, he announced, “I will report to Moscow today that I created the very first co-operative in the District!”

Good for you, pal, I thought as I grabbed my application and walked out.

Business Booms

Incorporating my business eliminated a lot of headaches. Rather than having to get every worker temporarily hired by each client organization, they now officially worked for me. I was also allowed to

open a business account in a bank, which meant it was now possible for me to buy or rent cars, trucks, and materials for my company.

Fledgling private businesses were only just appearing on the scene, so we still faced little competition. Most clients were willing to fork over the 30 percent advance our standard contract required, and this allowed us to expand our operations with no initial capital. Business started to soar.

Energized by these incredible opportunities, I worked 80- to 100-hour weeks. I drove thousands of miles, meeting with clients and suppliers, and inspecting my teams' performance. Later in the afternoon, I'd settle into my office to plow through mountains of paperwork and interview new recruits.

Leaving the office late at night, I often realized I hadn't eaten a thing all day. I was too excited, running my own business, to notice my hunger.

Like everything else in the Soviet Union, though, running a private business wasn't smooth sailing by a long shot.

Most government officials treated the new private businesses with outright contempt. Tools, supplies, and transportation were hard to acquire. Everything was distributed by the mammoth GosPlan, the government agency that had the gigantic and bewildering task of allocating supplies and regulating production for every company in the nation.

Practically nothing of value was for sale in the planned economy, so each deal was an exercise in medieval bartering. Frequently, we were paid with whatever the client produced or happened to have on hand.

A Day On The Job

Around this time, we picked up a lucrative sub-contract from a large government firm. Though I invested much of my working capital into the project, the client refused to pay up after we completed the work.

Arriving at the office of the diminutive, gray-haired, rather battered-looking General Manager, I asked for his signature on a pay form.

The G.M. took the form, put on his reading glasses, and looked it over. He said, "You used fourteen people for this job?"

"That's right. My top team. They broke their backs from dawn to dusk."

"Did you know I hired EIGHTY people for an identical task?"

"I'm sure theirs was much harder," I lied diplomatically, fighting the urge to point out that his men had probably spent their workdays playing dominoes and quaffing brewskies.

"Do you honestly expect me to pay your fourteen men what I paid my eighty?"

"The amount's based on government rates," I replied calmly, though I could see where this one was headed. "The rates have nothing to do with the number of people involved."

The G.M. leaned across the desktop. "You're probably going to keep half the money for yourself, right?"

"Oh, no sir!" I replied, feigning shock. "We have payroll and overhead to pay. After expenses, whatever's left over we use for taxes, expansion development, and reserve funds."

“Don’t bullshit us,” the Chief Financial Officer, who had been sitting quietly next to a bust of Comrade Lenin, interjected. “Supply costs are reimbursable under the terms of your contracts. Gorbachev’s decree set tax rates of cooperatives like yours at a laughable 5 percent. From this two-month contract alone, you’ll earn several times more than our combined annual salaries!”

“Bastard!” the G.M. broke in. “We used to shoot profiteers like you! We’d take you leeches one by one, walk you up to a brick wall, and then I’d personally—”

Frustrated, the G.M. collapsed back into the chair, unable to finish. He clearly felt betrayed by the General Secretary of his Party, who allowed young capitalists like me not only to exist, but also to prosper.

I left without saying another word. There was no chance to win an argument with someone who hated people like me so much.

Outside, I tried to calm down and ponder my options. I had no desire to let that Communist creep triumph. But what could I do?

In a normal country, I’d have been able to lodge a complaint in court. But this was Soviet Russia, and no commercial legal system existed because, up until a few months before, there was no private business sector whatsoever. The so-called People’s Courts simply rubber-stamped the Party’s orders.

Appealing to the G.M.’s government bosses wouldn’t work, either, since they’d just side with him. And there was that additional little matter of keeping my head down, to make sure the Red Army didn’t catch up with me!

Lost in a jumble of thoughts, I wandered the town’s streets for at

least an hour before returning to my car. There I found my foreman waiting for me. Ivan was a wiry and wily retiree from Siberia, and a man of few words. But he managed a crack team.

“You okay, Alex?” asked Ivan. “You look terrible.”

I outlined my fruitless meeting with the G.M.

“As if that bastard has any right to the high moral ground!” I added. “We all know how much he steals from his company. Half their cement probably gets sold on the side. A strong wind might cause his buildings to collapse.”

“Let me talk to him tomorrow.”

“Sure,” I replied, thinking that a seasoned foreman might be able to negotiate a compromise. “But I don’t know if he’ll see you.”

“Don’t worry. He’ll see me.”

Next Day

The next morning, Ivan and I arrived at the G.M.’s building. Ivan marched straight into his office, while I lingered in the waiting room.

“Do I know you?” I heard the G.M. snarl before Ivan closed the door.

There was a minute or two of silence, since the conversation didn’t penetrate the heavy door. Then the G.M. went ballistic.

“Are you out of your fucking mind?” he roared so loudly that I could hear him. “No way am I paying that much to you capitalist leeches!”

That was I all I heard for a while. After several minutes of waiting, I got up and carefully cracked open the door. Ivan, I soon realized, was in the midst of a pretty ballsy bluff.

“We’re talking more than embezzling cement here,” said Ivan with icily quiet menace. “We’re talking about endangering lives. It’s enough to have you expelled from the Party and thrown into jail.”

“Bullshit,” the G.M. responded. “This is how business is done. Nobody gets indicted.”

“Times are changing, my friend,” Ivan pressed on. “My boss is very upset over how you treated his boy, last night.”

I realized that I was “his boy”. Obviously, Ivan was implying that some powerful, perhaps even high-level commie owned the business the G.M. had been trying to stiff.

“So who’s the boss, then?” the G.M. asked finally.

“I can’t tell you that,” replied Ivan. “It’s not wise to own private businesses in your own name.”

I heard someone approaching, so I scooted back to the couch. A few minutes later, Ivan emerged from the office and handed me the payment voucher with the G.M.’s signature on it.

“How can I ever repay you?” I asked.

“You paid my men on time. Nothing extra is required. You’ve shown me how to manage a private business, and I think I can do it on my own now. The team wants to leave with me. Will this be a problem for you?”

Of course it was a problem. In fact, trained employees leaving to start their own businesses was just one of many new problems I was

regularly going to face. Still, since there was nothing I could do to prevent the inevitable, I just shook Ivan's hand and told him it had been a pleasure working with him.

Escaping the Red Army

I finally found a way to get the army off my back: I got married.

Unfortunately, there was nothing romantic about it. It was done solely to slip through a loophole in Soviet law which said, basically, that if you have two or more kids to support, then you don't get drafted.

A mutual friend had negotiated the deal. The girl's kids had no father. I applied for guardianship and handed over twenty five thousand rubles. In return, I received a marriage certificate that would allow me to apply for a Moscow residence permit, and a free pass from the Red Army.

The first time I met the girl, we went over the terms of the deal, then headed over to City Hall to sign the papers.

The second and last time we met was to dissolve our marriage, after I had received the residence permit and my "not eligible for draft" papers.

Today, I regard this as the most questionable deal I've ever made. But, at the time, I felt at war with the Soviet system, and I was determined to resist the Communists controlling my life. I didn't want to suffer through two years of Red Army brutality and humiliation. And I certainly didn't want to become a target for a cause I didn't believe in.

Meeting my True Love

It was a bitterly cold November day, back in 1989, and Pasha, one of my veeps, brought her into my office.

“Alex,” said Pasha, “meet Elena Gratcheva. She’s the sister of my good friend. She may be the great assistant you’ve been looking for.”

She was the most beautiful, aristocratic-looking girl I had ever laid eyes on. I spoke with her a few minutes and learned that she had just graduated with an economics degree from Moscow University, and was working at the Institute of Economic Planning. She was here because she was in the market for a better-paying job.

Mesmerized by her charm and beauty, I lost interest in the paperwork I had intended to finish that night. “It’s getting late,” I said. “Why don’t we call it a day and talk some more over dinner?”

We drove to my favorite local restaurant, and Elena and I hit it off instantly. Pasha had the good sense to remember an “urgent commitment” and excused himself.

The rest of the night was magical, and our tête-à-tête carried over until breakfast in my new apartment.

So I had found my new assistant and something else I hadn’t bargained for. Not only did Elena prove to be the most capable assistant I ever had, I also found a soul mate.

And *that* scared me to death!

Prior relationships of mine had been casual things – frequently one-night stands. I didn’t want to give up my freedom and mobility, and had never really found someone for whom I wanted to give up those things, anyway.

But this time it was different. Unfortunately, there was a big problem. I had no desire to subject Elena to the risk of persecution which would inevitably come my way when Gorbachev's reforms were exhausted, as everyone expected.

So I fought my attraction to Elena and tried my hardest to keep ours strictly a working relationship. But it was a losing battle.

It was then that I resorted to radical measures: I fired her.

Calm Before the Storm

By 1989, I owned several construction companies that collectively employed more than 200 workers. I had a nice office in downtown Moscow, as well as a fleet of cars. I had more money than I would ever be able to spend.

Success, of course, was wonderful, but my worries increased with each passing day. My fortunes were inextricably tied to Gorbachev, and his position was looking increasingly shaky. Most party officials were appalled by his reforms and determined to sabotage them. Word on the street was that our leader would soon be removed, his reforms abandoned, and those who had supported or benefited from *perestroika* would be thrown in jail.

But what the hell could I do? I had long since passed the point of no return. I was a "capitalist leech," a "class enemy," and whatever other disagreeable epithets the Communist Hardliners would have liked to have called me. For me, there was no turning back.

Chapter Twelve

Bankrolling Yeltsin

Fatalist

Ever since my expulsion from college, I'd felt doomed. I had grown up to be fiercely independent in a country that insisted on total conformity. People who tried to live differently were persecuted, and if they persisted in their ways, they disappear into one of countless labor camps.

I was an outcast who persisted. To remain free, I made painstaking efforts to stay below the system's radar. I compartmentalized my construction business into several different companies to conceal the true scale of my operations. I gave my companies names like ZhilRemStroy and CentroRemStroy, similar to the unpronounceable acronyms the government used for its own construction outfits. In the confusion that accompanied Gorbachev's reforms, my chameleon-like subterfuge worked, and I was free to build my business without interference. But I knew I couldn't fly below the radar forever.

House Woes

I had begun work on my mansion in 1988, when I was 21 years old, just after Gorbachev began permitting private businesses like mine to exist.

It was an unusual sight in the Russia of the 1980s: a spacious, five-bedroom, two-story red brick structure was only a fraction of

a sprawling complex that included a twelve-car garage, a large gym with a sauna, and a swimming pool. There was also an in-house orchid garden and an office building, separated from the complex by a high wooden fence.

Only as the house neared completion did I realize the trouble I had gotten myself into.

One day, a friend from the local mayor's office stopped by to show me three letters, each demanding an investigation.

"People are upset," explained Mark. "They don't like to see others living better than they do."

Anonymous letters (*anonimki*) had long served as a tool of "social justice" under the Soviet system. They ensured that anyone who deviated from the norm would be brought to his senses — or destroyed.

Each year, millions of *anonimki* flooded the offices of the KGB, the Communist Party, police precincts, and other governmental departments. Because of them, tens of thousands of arrests were made annually.

Though the handwriting of each letter Mark showed me was different, the gist of message was the same: an honest person couldn't possibly afford such a house.

"I can destroy the letters," added Mark. "But beware: there's plenty more where they came from, and they're surely not only being sent to our office."

Needless to say, I had no desire be taken down by a house, so I took the threat seriously. I transferred ownership to one of my companies with an official-sounding name.

“Oh, no, it’s not my house!” I would then explain to neighbors. “It belongs to an organization. I’m just supervising its completion for the boss.”

When pressed, I’d reveal the boss was an important party official whose name I couldn’t divulge.

To make the house look the part, I gave it the hallmarks of a government building. These included a bulletin board with industrial safety rules and warnings. I even added a standard propaganda banner that urged the workers to “Set New Records in Labor Efficiency Ahead of the Upcoming Communist Party Conference.”

Of course, I made sure you couldn’t see any of these eyesores from inside the house!

For a while, the subterfuge worked. But by 1990, when private businesses were becoming commonplace, my neighbors’ suspicions re-surfaced. For one thing, the house had long since been completed, but no one had ever seen “the Boss”.

It was beginning to dawn on my neighbors that I was using the joint for myself. I was going to need a much more effective beard than “the boss is traveling abroad.”

Then fate came to the rescue. When I discovered that one of my drivers had worked for the Central Committee and was fired from there for drunkenness, I was struck with an idea. I asked him to tell all his drinking buddies at the Central Committee motor pool that all they had to do to earn a case of premium vodka was park their government limos in front of my house for an hour.

For the next month, it frequently looked like my house was a conventicle for top party brass. The *anonimki* suddenly stopped.

Unfortunately, there were other problems.

Fateful Meeting

In March of 1990, the KGB intercepted a train carrying goods shipped by a co-operative called ANT. The goods they were carrying happened to be tanks.

“Gorbachev’s Co-operatives Sell-Out Motherland!” trumpeted one of the headlines.

The KGB Chairman and the Ideology Secretary of the Communist Party called for severe punishment for this “act of treason.” Nikolai Ryzhkov, our Prime Minister, actually wept on national TV over his authorization of the tank deal.

The controversy quickly reached Watergate proportions.

Though ANT did have government permission to import tanks, arms trading wasn’t a typical occupation for co-operatives. In fact, no other co-operative was known to be in the weapons business. But all this didn’t stop the Hardliners from using this incident as a pretext to demand extermination of the rapidly growing private-business sector. Bad news for me!

Around this time, one of my recently-hired employees who used to work for ANT told me he knew their CEO, Vladimir Ryashenzev, very well. He asked if there was anything I could do to help him.

Before deciding on anything, I wanted to form my own first-hand impressions. So a meeting was arranged that, in retrospect, would have many unforeseen consequences.

Vladimir Ryashenzev was a tall, stocky man with dark, penetrating

eyes. During our meeting, Vladimir explained that ANT had been in the wholesale trading business when the government invited them to participate in “programs of national importance”. Their mission would be to sell weapons abroad, then use the proceeds to buy food for the northern territories where the people were practically starving.

Because government ministries were incapable of resolving the crisis, the Prime Minister had wanted to demonstrate that private businesses could handle the job.

“I thought it was the chance of a lifetime,” Vladimir told me, “but now we’re left with nothing. Our accounts are frozen, we’ve been booted from our offices, and I’ve even been evicted from my apartment. The KGB dragged my deputies and me to Lubyanka Prison before releasing us on the Prime Minister’s orders. And now that Gorbachev seems to be going down, we’re probably doomed to life in jail.”

Since I knew what it felt like to be an outcast, I empathized with Vladimir’s plight. Then I did something totally irrational: I offered him my full support.

“You can stay in my house,” I told Vladimir, “and use my cars and offices. Let’s fight this thing together.”

Vladimir paused thoughtfully, then said: “Of course, Alex, you realize that we can’t possibly win. Right?”

“I know that.”

Later that day, with Vladimir installed in the guest quarters of my big, new house, I wondered why I had done such a spectacularly crazy thing. How on earth were the two of us going to battle both the

KGB and the Communists?

Putting up Vladimir instantly got the secret police on my back. KGB operatives began surveying my house 24-7 in an ostentatious way that was clearly designed to intimidate us.

Deep down, though, I knew it was a matter of pride. I didn't want to become one of those people who'd cross the street to avoid a man marked for persecution. I was simply sick and tired of seeing the Soviet system squashing people. If I was doomed to go down anyway, I wanted to go down fighting.

Taking Sides with Yeltsin

While Gorbachev was deadlocked with the Hardliners in a political arm-wrestling match, no decision on ANT's fate had been reached. This gave Vladimir and me time to plot a strategy for our David-and-Goliath contest against the Soviet system.

"By ourselves," observed Vladimir, "we can't even make a dent. We need to unite with somebody who can."

"Who do you have in mind?"

"Yeltsin."

"*Yeltsin*? Are you joking?"

"Absolutely not. Look, they booted him out of the Politburo and from his position as Moscow Party Chief. He's determined to fight back."

"But Yeltsin is one of them!" I countered. "He's been a commie party boss most of his life!"

“Yeltsin is a natural,” replied Vladimir, rising excitedly to his feet. “And now he’s attacking the commies.”

“He’s a demagogue.”

“Look, Alex, Yeltsin’s got the popular touch. After he was ousted, people began thinking of him as a martyr and the unofficial leader of the opposition. So that’s the part he plays now. And despite all the resistance from the commies, he still managed to get elected to the Supreme Soviet.”

Despite the ostentatious title, the Supreme Soviet of the USSR, like its Russian counterpart, was a paper tiger. It was a democratic facade created by the totalitarian Soviet regime to rubber-stamp laws prepared by the Communist Party.

“Yeltsin is only a deputy,” I said, standing up to face Vladimir. “One of 2,250. He’s got no power. Besides, he’s against Gorbachev, and we want Gorbachev to beat the Hardliners.”

“Gorbachev is still the General Secretary of the Communist Party, Alex. Though he wants to reform the party, it doesn’t want to be reformed and cannot be reformed. It must collapse.”

“You think Yeltsin can make it happen?”

“Of course not. But Yeltsin is the one rocking their boat the hardest, right now. I know it’s a long shot, but I don’t see any better alternative. Do you?”

I had to confess that I didn’t.

I was only twenty-three years old and had no experience in politics whatsoever. But I was about to embark on a gamble that would help change our nation’s political landscape.

Bankrolling Boris

Gorbachev had only recently allowed independent candidates to participate in elections. The process was far from democratic, since non-Communist office seekers were given no funds and had no access to the media, practically all of which was state-controlled. Worse, victory didn't give candidates any real power, anyway.

Yeltsin knew this as well as anyone, but his bid for a deputy seat in the Russian Supreme Soviet would at least allow him to maintain a level of public visibility.

Charismatic and popular, Yeltsin had no funds. So, without even meeting him, I provided him with most of his financing, through an intermediary.

Supporting Yeltsin, who was a pariah to the Politburo and a figure demonized by the media, was a suicidal move. No sane businessman wanted to jeopardize himself by associating himself with the Number One political enemy of the Soviet regime.

I, however, figured I had nothing to lose, and my generosity was rooted in my fatalism. It seemed that it was only a matter of time before the Communists confiscated all my assets, and then threw me into jail. Yeltsin was a noisemaker, so I gave him money to make more noise and distract my enemies. I figured it was better to fill the coffers of this Communist gadfly than keep my riches for the KGB to seize.

What Vladimir offered Yeltsin, on the other hand, was his formidable organizational talents. He became Yeltsin's campaign manager. Using my funds, he flooded Moscow with posters and leaflets. He also organized rallies.

Despite an intensive media smear campaign against Yeltsin, our efforts miraculously paid off. In May of 1990, Boris Yeltsin was elected a deputy of the Supreme Soviet of Russia. He was now perceived as the People's Warrior, single-handedly taking on the Communist Colossus.

Vladimir and I were delighted but, other than aggravating the Communist Party, neither of us had expected any positive results from our support of Yeltsin.

Resurrection

The first order of business for the newly-elected Supreme Soviet was to elect the Presidium, its ruling body. Yeltsin lobbied hard for a position, but the institution was dominated by Communists, and he failed to get elected. It was then that an elected Presidium member voluntarily gave up his own seat in Yeltsin's favor.

Just as Vladimir had predicted, Yeltsin proved himself to be an amazingly adroit politico. He pounced on the opportunity presented and got himself elected Chairman of the Russian Supreme Soviet. Basically, he coerced Hardliners into elevating their avowed enemy. How he managed this was beyond my understanding.

The Communists weren't sure what to do with Boris Yeltsin, now that he had become a folk hero. Squashing him with the usual commie tactics would signal the end of political reform. And that was something that Gorbachev simply couldn't afford to let happen, if he wanted to retain the people's sympathy.

Yeltsin then exploited his popular support and Gorbachev's vacillation to the hilt, usurping authority far beyond the official

powers of his new position. He started to build up his own political machine, developing his own support group, and rewarding those who made his political resurrection possible.

One of the first official acts of Yeltsin's Supreme Soviet was a decree ordering full government support to the corporation founded by Vladimir, with me on the board. Russian House, as it was called, received the official Registration Number ONE in the registry of Russian companies. Furthermore, Yeltsin decreed that all ministries and officials of the Russian Federation should provide "full support" to the activities of our company.

Well, let me tell you: this turn of events really blew me away! The first privately-financed campaign in Soviet history was yielding fantastic, unanticipated dividends. Most importantly, the support of the new leader of the Russian Federation now shielded Vladimir and me from the KGB.

My fatalistic outlook had changed. Things were different, times were changing. The reforms were finally approaching critical mass. Thousands of private businesses were springing up all across Russia.

Bold, ambitious, creative people were realizing that new opportunities produced by *perestroika* were their tickets to better lives and a wealthier nation. I was no longer alone in my fight against the commies. Maybe, together, we entrepreneurs could actually win.

Proposal

My efforts to fight my attraction to Elena had failed miserably. After several months of not seeing or working with her, I threw in

the towel and rang her up. She somehow found it in her heart to forgive me, and our affair – and business relationship – resumed.

A few months later, Elena and I were returning to the office from a meeting. Driving through heavy traffic, I was seized by an epiphany. I realized that sitting beside me was the one girl who made me feel alive and happy.

“Will you marry me?” I impulsively blurted out.

Lousy timing, to say the least! I had just spent months distancing myself from her, and now I was proposing during a car ride.

Elena refused, gently but firmly.

I closed my eyes and took a deep breath. My life, which had been bright and wonderful since Elena’s return, suddenly reverted back to gloom.

“Alex, look out!”

I opened my eyes just in time to see the car whose rear-end I was about to smash into.

“Are you all right, sweetheart?” I asked after the collision.

“I’m fine.”

Elena and I got out of the car to inspect the damage. The front of my car and the back of theirs were in pretty bad shape. Fortunately no one was injured and both cars were still drivable. Before the police could arrive, I paid the victim an amount far greater than the damages. Then we climbed back into my car and drove off.

“I love you,” I pleaded as I drove to the nearest service station. “I really do.”

“Alex!”

This time, it was a long construction truck in front of me, making a wide right turn from the left lane. I slammed on the brakes but got sideswiped.

Two accidents within a few minutes! The very first of my life! Proposing marriage while driving obviously wasn't a great idea.

Now the windows on the driver's side of my car were shattered, the door was jammed shut, and we were showered with glass. Luckily, no one was hurt. Unless, of course, you counted my broken heart.

"Okay," said Elena after the shock had dissipated. "Let's give it a try. I don't think I can survive another accident."

Entrepreneur Hunting Season

One night after I had moved Elena in, we returned home to find four guys strolling around my property as if they owned the joint. They were dressed in black jeans and T-shirts – the New York gangster style favored by local criminal groups. They had on plenty of gold neck chains and their arms were covered in tattoos.

The racketeers' sudden appearance was yet another sign of troubled times. Dramatic reforms had paralyzed the levers of government, including the police. As a result, organized crime had mushroomed.

Private sector, which the police had no desire to protect, was the favorite target of the growing criminal class. No wonder: for seven decades, one of the top police priorities had been persecuting, rather than protecting, businessmen.

"Do you live here?" the leader of the gang asked.

“I’m the superintendent of the property,” I responded with my old shtick. “My boss is out of the country. In East Germany.”

The goons chatted amongst themselves for a minute, then left without saying another word. As I watched them climb back into their car, I realized that the next gang to visit me might be less gullible.

Newspapers now were flooded with reports of businessmen being kidnapped for ransom. The gangs’ torture tool of choice was a red-hot iron.

Hunting season on entrepreneurs was open, and I was totally unprotected. If I didn’t react quickly, I would be a sitting duck.

Within days, I hired two guards, bought three German shepherds, and ordered the construction of a kennel and a guard house.

Calling in the KGB

A few months later, at about 3:30 in the morning, Elena and I were awakened by a series of low, booming thuds. Half asleep, I staggered into the living room and was jolted to my senses by the realization that someone was trying to break in.

I dashed up to the window to check on the guard house. *Completely dark.* Not a good sign.

“Who is it?” I yelled at the door, which had just sustained another powerful kick.

The string of profanities given in response can be loosely translated as: “What, are you scared, you capitalist pig?”

Directly on the heels of the man’s words, there was another powerful thud. If I hadn’t thought to install a reinforced oak door,

the assailant would already have been inside. Still, the next thud caused the hinges that latched the door onto the wall to give way.

Fully awake now, I dashed into the library and grabbed my shotgun. I pulled out a box of cartridges from my desk drawer and quickly loaded both barrels. I then rushed back to the living room, stopped ten feet from the door, and aimed at its center.

I was about to pull the trigger when I realized something: a mangled corpse on my threshold would surely be a major inconvenience!

Reluctantly, I pointed the barrel at the top of the door, then squeezed: *Kutch-boooooom!*

The shot blasted a hole bigger than a man's head. Luckily for the assailant, he was shorter than a basketball center.

"Where's the KGB when you really need them?" quipped Vladimir later, referring to the conspicuous surveillance under which we had lived after he moved into my house.

I laughed nervously at the gallows humor. But then I thought of something.

"Hey, you know something?" I said. "The KGB might not be such a bad idea. I think I'll hire them."

"Go back to sleep, Alex."

The next morning, I rang up a guy named Dmitry Savotin, who had recently bought the car I had crushed while proposing to Elena. With his dark suit, close-cropped hair, and air of privilege and authority, Dmitry's profession hadn't been difficult to figure out.

"Let me guess," I said to him when he stopped by my office to buy

the car. “KGB? Captain?”

“Bull’s eye!” replied Dmitry. “I’m impressed.” He unbuttoned his jacket to give me a quick glimpse of his armpit holster.

After we finalized the deal, Dmitry invited me out to celebrate in the traditional Russian way. Over a glass of vodka, he confided that he was in charge of security for a large KGB research institute but had been considering bolting for greener pastures.

“Inflation’s turning our salaries into a joke,” he said. “It doesn’t pay to be in the KGB any more. Tell me, do you know of any good openings in the private sector?”

“I might,” I replied. “Let me get back to you.”

The morning after the attempted break-in, I called Dmitry with the news that I knew a private company that was looking to hire a Chief of Security.

“Really?” replied Dmitry. “Which company?”

“Mine.”

Fortress Mentality

Two weeks later, I had a professional security team of active-duty KGB officers.

From the get-go, I figured they might be reporting on me to their superiors. But since I had already been under close KGB surveillance after inviting Vladimir to live with me, I doubted there was anything new for them to learn.

Dmitry and his team equipped my estate grounds with video

surveillance cameras, a civil-defense siren (originally designed to alert a whole district to air raids), powerful floodlights, and other gadgets.

“You cannot underestimate the power of psychological warfare,” explained Dmitry. “Picture the perpetrators crossing your complex on a dark night. The guard detects them on his night-vision monitor and punches the panic button. Suddenly, blinding floodlights and a deafening siren are switched on. Now the crooks can’t see and they can’t hear. It’s enough to scare anyone shitless. They flee so fast, they leave their shoes behind.”

“Just try to keep the body count low,” I joked.

“Hey, in my business, any shooting is a failure. Attacks must be pre-empted.”

I have to admit it: Dmitry did a great job. Most successful businessmen in Russia were routinely pressured – and worse – by racketeers. But no gang was brazen enough to attack an official-looking complex protected by uniformed KGB guards with German shepherds.

I couldn’t help but be amused by the irony. I was now using the KGB – my former enemy – to protect me from thugs. Life in transitional Russia was filled with such paradoxes.

Broker

Towards the end of 1990, a daring entrepreneur named Konstantin Borovoi founded the first commodity exchange in Russia. Just a couple of years before, the idea of such a quintessentially capitalist

institution in the Soviet Union would have been unthinkable. Times had surely changed.

I visited Borovoi's Russian Commodity Exchange (RCI) shortly after it opened. At the time, it occupied modest offices inside the Moscow Technical Museum. Thinking that it could help me buy construction supplies with fewer headaches, I decided to buy a seat.

Soon, commodity exchanges were popping up in every major city, and I bought seats on all major ones. By year's end, I realized that, quite by accident, I was in the unique and powerful position of having a seat on every major exchange in the country.

The opportunity was obvious, and I pounced: I founded the Russian Exchange Center, which was the only network of brokerage firms arbitraging the prices of commodities between all major exchanges.

It turned out to be a money-making machine! Because there was no market system to level prices, the cost of identical commodities varied widely between cities. Using computers, my brokers fed information to our headquarters concerning current buy-and-sell offers on their exchanges. Our analysts would compare prices, then instruct the brokers to buy or sell accordingly.

For example, if an analyst noticed that timber in Siberia was being sold at one third of the price it was in Leningrad, we only had to instruct the Siberian broker to buy and the Leningrad broker to sell for an instant profit of 200 percent. We didn't even have to trouble ourselves with logistical issues such as storage and transportation.

My Russian Exchange Center soon was generating so much money that I considered selling my construction business. Though

it was highly successful, it couldn't hold a candle to the fantastic returns of my monopoly on commodity arbitrage.

Inspired by my success with commodity exchanges, I also founded the Russian Real Estate Exchange, the first organized real estate market in the USSR. This allowed me to snatch up the most attractive properties at bargain prices and flip them for instant profits.

To manage the finances of my fast-growing group of companies, I also founded the Russian Exchange Bank.

Flight to Hungary

Business was great. It was better than I could ever have expected; beyond my wildest dreams. Unfortunately, the political situation took a turn for the worse.

The Empire was disintegrating. The Baltic republics (Latvia, Lithuania and Estonia) had boldly announced their independence and were doing everything possible to secede. Numerous publications had finally started to act independently, and turned harshly critical of the regime. Some were even ballsy enough to demand that Party bosses be brought to justice.

The Communist Party was quickly losing its grip on power. Gorbachev's General Secretary position no longer assured him of the Czar-like powers of his predecessors, so he tried to establish an independent power base. In March of 1990, he became President of the Soviet Union, a position he had invented for himself.

Politburo hacks certainly didn't like the way things were panning

out. Gorbachev's reforms, they realized, would result in their downfall and possible prosecution. The whole governmental apparatus was now stridently anti-reform. A *coup d'état* loomed on the horizon.

Then, in January of 1991, Soviet tanks rolled into the streets of Vilnius, the capital of Lithuania, and Riga, my childhood home and capital of Latvia. Their mission was to crush democratically elected republican governments and install KGB-controlled "Committees of National Salvation". In Vilnius, thirteen civilians were killed and 140 wounded in the first day of fighting.

I knew that Russian reformers were badly outnumbered, and that die-hard communists controlled every key government agency, including the army, the police, and the KGB. The KGB was itching to destroy both reformers and entrepreneurs, and the democracy movement seemed doomed.

I was in love with Elena, and all we wanted was a normal, happy life together. There was no reason to become martyrs, so we left the country, using passports provided by Yeltsin's government. Inaccessible to most Soviet citizens, these passports felt like "get out of jail free" cards.

We fled to Hungary. Having already gained its independence from Communist rule, it was as far West as we could get without visas. In the architecturally beautiful, cosmopolitan city of Budapest, I met up with Vladimir, who had moved there a couple of months earlier.

Surprisingly, the army raids on the Baltic capitals didn't develop into a full-blown coup. Gorbachev somehow managed to hold on to power. The tanks were ordered to roll back to their bases.

Still, it felt like little more than a temporary delay of the inevitable. Elena, Vladimir, and I decided to stay in Hungary and manage our companies from abroad.

Living in Hungary freed me, for the first time since my expulsion from college, from the horribly claustrophobic feeling of living in a hostile environment. I was only two hundred miles away, yet infinitely remote from the grim realities of the decrepit Soviet Union. I felt free, secure, and happy.

Elena was with me every minute of the day. We worked side-by-side and took long, romantic strolls through Budapest's charming parks. We bought a big, comfortable Mercedes and toured the country, occasionally popping over the border to check out Austria and its glamorous capital.

Remarkably, my business didn't suffer much. Since the Russian Exchange Center was a network of brokerage houses spread across Russia, the location of its management was practically irrelevant.

Though I was certain that my days of Russian entrepreneurship were numbered, I intended to operate my businesses right up until the KGB began running the show again.

Coup

The long-anticipated coup finally struck on August 19, 1991. While Gorbachev was held under house arrest at his Black Sea resort, the levers of government were seized by a cabal that included his chief of staff, Vice President, Prime Minister, Minister of Defense, Minister of the Interior (Police), and the KGB Chairman. The conspirators had the full support of all of the branches and key players in the

government.

As I watched tanks roll into Moscow on TV, I was certain that we'd seen the last of democracy in Russia. Along with grief for my country, I also felt very fortunate that Elena and I had managed to get the heck out.

That day, I bought a modest two-bedroom apartment in a simple middle-class Budapest neighborhood, before the coup could drive real estate prices through the roof. It was really all I could afford since practically all my assets were back in Russia. It was illegal to take more than 50 U.S. dollars out of the country without a government permit. Buying foreign currency without government permission was a capital crime, punishable by death.

President Yeltsin

A genuine political miracle changed the course of history and reopened the book of my Russian life, which I thought had been closed forever: the coup failed, defeated by Boris Yeltsin.

With nothing more than a handful of bodyguards, the first President of Russia took a desperate stand against coup leaders who controlled the government and all of the armed forces. Surrounded by enemy tanks, Yeltsin issued the call for Russian citizens to fight for freedom.

At first, Yeltsin's plight appeared hopeless. But then Russians saw the lame, disorganized press conference the coup leaders held on national television. Our country and the rest of the world witnessed their trembling hands, heard their incoherent jabbering, and recognized their gross incompetence.

As a result, several military regiments pledged loyalty to Yeltsin. In response, coup leaders gave the order to destroy Yeltsin and his supporters.

The tanks rolled forward in Red Square but stopped after crushing to death three young people who, along with thousands of others, had gathered unarmed to support Democracy. The army admirably refused to slaughter thousands of its compatriots on behalf of a cabal of Kremlin bureaucrats who were so obviously out of touch with the people.

The next day, coup leaders surrendered. Huge crowds packed the streets, celebrating the end of the Soviet regime and tearing down statues of Communist leaders.

After nearly eight decades of totalitarian rule, the Communist Party was banned by Yeltsin.

The world watched, mesmerized, as CNN kept replaying footage of the colossal bronze statue of KGB founder Felix Dzerzhinsky being toppled by a hoard of revelers in Lubyanka Square, right in front of KGB headquarters.

When Vladimir and I orchestrated Yeltsin's first campaign, we never could have predicted that within a year and a half he would soar so high. And even though our involvement was something of a fluke, I've often wondered whether, without us, the course of history might have been very different.

Chapter Thirteen

Accidental Kingmaker

Return to Moscow

Yeltsin in power meant that our Hungarian exile was suddenly over. With visions of helping to forge a democratic Russia, Elena and I flew back to Moscow.

Disembarking from the jet, we were pleasantly surprised to find a government limo waiting for us. We climbed in and were taken to our new home.

Just fifteen minutes from the Kremlin, and tucked away in a romantically gloomy pine forest, our luxurious new residence was an enclosed 30-acre complex. It was the former State Residence of Soviet Prime Minister Nikolai Ryzhkov, who had been trounced by Yeltsin in the elections. It came with its own chef and domestic staff, along with provisions largely unobtainable elsewhere.

Our new home also came with a twenty-member detail of the Presidential Guard, which wasn't a bad thing to have in crime-ridden, post-Soviet Russia! Boris Yeltsin was one politician who certainly hadn't forgotten who'd helped his rise to power.

Getting to Work

Once branded an “enemy of the people”, and later forced into exile, I returned home as one of the shapers of my nation's new destiny. But I couldn't squander time celebrating since there was

plenty of work to be done. We still had to dismantle the remnants of the Communist system.

It wasn't going to be easy. Yeltsin was very much like a Czar without a court, and his hold on power was a lot more precarious than it might have seemed to outsiders.

The vast majority of the population still worked for the state and depended on the government for money and provisions. Bureaucrats continued to distribute most of the vital goods, as well as apartments, vacations, cars, and other items that in normal countries are purchased in open markets.

In other words, enormous real power still resided in the hands of Communists and those loyal to them. If we wanted to make sure that the commies stayed down for good, we had to quickly replace the Soviet system with the mechanisms of a free market.

But was there going to be time for this before the collapsing economy resulted in hunger riots and the re-ascension of the Old Guard? We were racing against the clock and had to act quickly.

Branching Out

Controlling foreign currencies was one of the ways bureaucrats wielded power. At that time, if a business wanted to trade, say, rubles for dollars, it would entail weeks of haggling with officials for the necessary permits. For most businesses, those permits would never be granted anyway.

This meant that it was nearly impossible for Russian businesses to develop productive relationships with foreign companies. In

Russia, foreign trade was the privilege of only a few government monopolies.

Determined to end bureaucratic control, I announced that at my bank, for the first time in decades, every citizen or company could freely buy or sell foreign currency.

Yeltsin's new government was now doing everything possible to facilitate the growth of private businesses, one of its key social-support bases. My request for a license to operate in foreign currencies, the very first issued by the Central Bank of Russia, was granted quickly, without my having to pull strings.

The only requirement was to show that we were capable of handling international banking. That wasn't difficult, since my bank was equipped with a sophisticated infrastructure and employed experienced banking specialists. Most of my competitors had a long way to go before they could satisfy the Central Bank's requirements. I therefore had a head start, and my team worked vigorously to capitalize on this advantage.

My bank's daily currency auctions became Russia's first currency exchange. For a few heady months, until my competitors caught up with me, we actually determined the exchange rate of the ruble against other major currencies.

Currency auctions turned out to be astonishingly lucrative, with commission rates as high as 15 percent. Most auction clients didn't have hard-currency accounts, so they opened them with my bank, feeding its explosive growth.

When the Soviet Union imploded in December of 1991, the only bank for foreign transactions went down with it. Only two

other prominent commercial banks besides mine had currency exchange licenses: Incombank, co-founded by my partner, Vladimir Ryashenzhev; and MENATEP, founded by talented entrepreneur and my future partner, Michael Khodorkovsky. But Michael's and Vladimir's licenses had been issued by the State Bank of the Soviet Union, which no longer existed. That left me with the only valid license for foreign currency transactions.

The monopoly on currency transactions in the world's largest country was the next best thing to having a license to print your own money. Of course, my monopoly didn't last long. Incombank and MENATEP got their Russian licenses within a month, and other banks soon followed. Still, the head start made my Russian Exchange Bank a household name, allowing me to seize a large share of the market.

I launched other businesses, as well, which were supplemental to my banking and brokerage networks. One of them was the Russian Detective Agency, whose services I used to minimize my losses to fraud and related crimes.

I also founded the Russian Informational Center, an information-technology company that gave us access to state-of-the-art computer technologies.

Another pet project was a newspaper, the weekly *Stock Exchange Journal*. I modeled the paper loosely on the *Wall Street Journal* and had high hopes that it would eventually achieve a stature in Russia similar to its American analogue.

For the *Stock Exchange Journal's* editor-in-chief, I hired Arkady Maslennikov, Gorbachev's former spokesman. Arkady would go on to become my trusted advisor and press secretary.

Rubles for Dollars

Until the very last days of the Soviet Empire, foreign currency transactions had been a capital crime. Now that the ruble was experiencing free-fall, devaluing daily, the U.S. dollar, rock-solid by comparison, was becoming the *de facto* national currency.

The demand for dollars skyrocketed, and it was clear that there weren't nearly enough of them in the country. I recognized the unfulfilled demand and jumped on the opportunity. Capitalizing on our relations with leading international banks and my multi-layer security force, I began flying planeloads of U.S. dollars into the country.

For a while, my Russian Exchange Bank remained the only bank importing foreign cash. The market was so thirsty for hard currency that, initially, the sales commission was a whopping 10 percent. Making a profit of \$1 million was as easy as flying in \$10 million from abroad.

Rather than becoming a typical retail bank, however, I concentrated on the more profitable business of wholesale banking: handling currency exchange transactions for commercial banks throughout Russia and supplying them with foreign cash.

Most banks had no relationships with foreign banks and didn't have the security forces to safeguard cash shipments. Instead, they came to rely on us. The wholesale commissions were "only" 3 to 5 percent, but increased volume ensured huge profits.

I focused only on simple but profitable operations. Possibly the simplest and most profitable was gambling on the downfall of the ruble.

After exhaustive research, I had concluded that the ruble would plummet. While the Central Bank and government officials kept assuring the country that the ruble was bound to rise against the dollar, I gambled on hyperinflation.

At a time when other Russian banks paid no interest at all, I rocked the market by offering a 20 percent return on one-year deposits. Predictably, I was soon flooded with rubles, which I converted into dollars as quickly as they came in.

My gamble paid off handsomely. When inflation reached 1,000 percent, I needed to convert only 12 cents of every dollar back into rubles to repay the principal and interest after the year had elapsed. In other words, Russia's inflation left me 88 percent of every ruble deposited into my bank.

Our clients paid our high rates because we were the first to offer access to foreign currencies and markets. And our extraordinary profits allowed us to develop important markets extremely fast.

The Russian public was benefiting, too. By offering 20 percent interest rates, we triggered what became known as "the interest rates war," which eventually drove rates to 1,000 percent, cushioning companies and regular folks against rampant inflation.

Moving into Gorbachev's Place

By 1992, the former Soviet Union had gone the way of the dodo bird. First, in November of 1991, Yeltsin outlawed the Communist party. The following month, he arranged a secret meeting with the leaders of the Ukraine and Belarus to unseat Gorbachev.

During his meeting, the trio dissolved the Union of Soviet Socialist Republics. The following morning, Mikhail Gorbachev woke up as the President of a non-existent country.

I had long marveled over Gorbachev's survival skills. I was half expecting him to pull some kind of political miracle when I sat down to watch his Christmas Eve TV address.

Instead, I heard Gorbachev's farewell address. Even before the address was over, the Soviet flag at the Kremlin was lowered. The country I was born in officially ceased to exist, and the largest empire in history was no more.

Gorbachev stepped down with great dignity, but it didn't stop most people from blaming him, not Yeltsin, for the destruction of the Soviet Union.

Personally, I didn't agree with the drastic shortcuts Yeltsin had taken. He blatantly disregarded the will of the people, who at a recent referendum had voted a resounding "Yes" to preserving the USSR. Yeltsin's move hurt tens of millions. He created borders within what had been a unified country, and disrupted countless economic relationships. Nevertheless, Gorbachev's resignation resulted in another improvement in my living conditions.

During a chat with Yeltsin's assistant, I had asked if there were any suitable homes available for my key deputies. He told me that the State Residence built in Alexandrovka for President Gorbachev was vacant, and that Elena and I could move in and keep the former Prime Minister's residence for my Chief of Staff. So that's exactly what we did.

Was it only six years earlier that I had been an outcast?

By this time, I was one of the most sought-after employers in the country. Former top Soviet officials often inquired about jobs. Many seemed like caricatures of bureaucrats to me, but some impressed me with their worldliness, experience, and intelligence. Out of scores of applicants, I chose two former First Deputy Prime Ministers for board-level positions at my bank.

Vladimir Tscherbakov, who had been in charge of economic policy in the Soviet Union, became my principle adviser on economic issues.

Stephan Sitaryan, a highly regarded academic who had headed the Economic Co-operation Counsel (the economic union of the Eastern Bloc countries), became my international business advisor.

I also hired a former KGB Chairman as my security director. General Leonid Shebarshin, who had overseen the Soviet Intelligence Service for several years, had a remarkably short tenure as Chairman of the KGB: one day!

After the failure of the August 1991 coup, Gorbachev returned to Moscow and appointed the General. The next day, Yeltsin forced Gorbachev to replace Shebarshin for a very personal reason: Shebarshin had been in charge of the Alpha commando unit that had been ordered to kill Yeltsin during the coup.

After talking to Shebarshin, I was impressed by him. I figured he could serve the new regime as diligently as he had served the old one, so I hired him. But whenever I dealt with him, I always had the feeling I was playing a game of chess against a skilled opponent.

The General would often include in my usual security briefing a recommendation like: "We learned that Mr. Borovoi intends to

start currency trading on his commodity exchange. He privately mentioned that one of his primary objectives is to take from you much of your market share in currency exchange operations. I recommend close surveillance of Mr. Borovoi, and the development of detailed plans of *active measures* with the objective of preventing hostile actions.”

When Gorbachev appointed him to head the KGB, the General had the responsibility of coming to the same state residence every morning to brief the President. Through a twist of fate, his job responsibilities changed to coming there to brief a 25-year-old self-made banker.

Though the General was always professional and impeccably polite, he couldn’t have been thrilled by this turn of the events. At every briefing, he tried to manipulate me into actions that would make me dependent upon him. Proposing a war against Borovoi was just one such maneuver.

Because General Shebarshin was infinitely more experienced, I felt my best counter-strategy was concealment – that is, to hide my thoughts and play dumb. I never gave a direct response to his proposals, but instead pretended to be indecisive. From time to time, I thought about firing him but, manipulation attempts aside, he performed his duties well.

Instead, whenever dealing with the General (or, for that matter, with many others who worked for me) I took to heart the words of the Machiavellian adage made famous by *The Godfather*: “Keep your friends close, but your enemies closer.”

A Morning in Alexandrovka

Following my new routine, I got up at six a.m., changed into my running clothes, then walked down a flight of stairs to the dining room, where I was greeted by Serge, my personal trainer and good friend.

“No elevator this morning?” ribbed Serge cheerfully.

“Gimme a break,” I replied. “I just took it once to check out how world leaders are supposed to come down to breakfast.”

From a pile of papers, I grabbed the latest issue of *Kommersant*, and sat down at the enormous dining room table. I reached out for the teapot, but a butler materialized out of nowhere and poured me a cup.

The tea pouring was just one of the many small battles I was losing to the resident staff. It had taken me several days before they accepted that they were wasting their time preparing a huge breakfast for me. But the idea of allowing the boss to have his morning tea totally unassisted was something they couldn’t bear.

“They just don’t want to feel useless,” Elena had commented. But I suspected differently. All residence personnel were active-duty KGB officers, and surely they felt compelled to keep an eye on the new boss!

“Well, if you didn’t sweep the place for bugs so often,” remarked Elena, “they could monitor us in a less obtrusive way.”

I absently drank the rest of my tea, which was a mistake. Serge’s rule was that, as soon as I was finished with my tea, I was his.

“Let’s go,” said Serge, the moment I put down the teacup.

Outside, the air was crisp, the temperature just above freezing. Though it was still dark, the grounds of the complex were illuminated artificially. We began our run.

Later, we stopped by the gate of the Moscow River to rest. A gust of wind lifted snow from fur trees, and a pine branch fell down on the trail. Serge picked it up and threw it towards the property wall before I could stop him.

Suddenly, floodlights were switched on and a guard appeared from behind the trees, his walky-talky chirping.

“Affirmative, false alarm,” the guard said into his radio. Then he addressed me. “Good morning, sir. Sorry for the commotion.”

The guard gave Serge a stern look and retreated to his heated post behind the trees.

“They have three different sensor systems around the property,” I explained to Serge. “You probably triggered all of them.”

“No harm in keeping them awake. Let’s get back to the gym.”

Back at the house, we exercised for twenty more minutes in the gym; then I swam twenty laps in the twenty-five-meter indoor swimming pool.

“Like a massage tonight?” asked Serge after the workout.

“Not tonight. I have a dinner with some Swiss bankers.”

“Then I’ll see you tomorrow morning.”

“See you.”

Serge and I parted company. Legs aching from our workout, I glanced briefly at the elevator, but dismissed the temptation of taking it. I jogged up the stairs instead.

A True *Pravda* Story

“Proletarians of All Countries, Unite!” had been the Marxist motto tagged to every headline banner of *Pravda*, the official daily of the Communist party since 1918.

Pravda (“Truth”) was the mouthpiece Soviet leadership used to announce official policy. But now the newspaper was in dire straits.

After Yeltsin pulled the plug on the Communist party, the paper lost its financing and was in serious danger of going under. When its editor-in-chief came to me, asking for financial support, I couldn’t resist the temptation.

“Okay, I’ll pay your bills,” I told him. “But I’d like something in return.”

“Of course,” replied the editor, who was also the CEO of this formerly omnipotent paper. “You will share in my paper’s profits.”

“You have no profits. What I’d like is something changed in the paper.”

There was a brief, suspicious pause. “What sort of change?”

“I’d like your motto changed.”

“You mean ‘Proletarians of All Countries, Unite?’”

“That’s the one.”

What I was suggesting was blasphemous, and the editor seemed momentarily unable to speak. Finally, he took a deep breath then said, “So, what would you like it to be, then?”

Relishing his discomfort, I folded my arms across the desk, leaned forward, and announced, “Buy junk bonds from the Russian

Exchange Bank!’”

The editor’s face turned scarlet, and he huffed so violently that it seemed my words had knocked the wind out of him. He sprang up and waved an accusative finger at me. I buckled down for an extended rant, but the editor was too apoplectic to speak.

After a few stammered syllables, he stuffed his trembling hands into his pockets, huffed violently again, spun on his heels, and stormed out.

Two weeks later, he was waiting for me in my reception room when I arrived for work in the morning.

“Can I have a word with you, comrade— I mean Mister — Konanykhin?” he asked.

I nodded. The editor followed me into my office and apologized for his behavior during our last meeting. Then he asked if my offer to finance *Pravda* was still open.

“It is. Under the original terms.”

The editor sighed. Then he nodded agreement in a manner so strained that he seemed to be in physical pain.

“I’ll have my lawyer draw up a contract,” I told him. Then I turned to my computer, indicating that the meeting was over.

For the next three months, I was treated every morning to the delightful spectacle of seeing this formerly all-powerful commie rag pitching not Proletarian Unity, but my junk bonds. Then the joke grew old for me, and I pulled the plug.

Security Matters

One day, Oleg Ivanov, the Colonel of the Presidential Guards who had been assigned by Yeltsin to supervise my security detail, approached me in my office. He had just finished inspecting my bank's sixteen-story headquarters, and he took me up to the roof.

"The army Colonel you put in charge of bank security isn't up to the task," he told me. "He thinks like a military man, only concerned with frontal attacks. He put all those uniformed guards with their Kalashnikovs downstairs, but he never bothered to check whether the roof exit was locked."

"Well, is it?"

"No, it's not. Anyone can enter the bank during the day, sneak up to the roof, and hide in this structure right here, for example." Colonel Ivanov kicked a cubicle that housed elevator machinery. "Then they could re-enter the building at night, neutralize the downstairs guards, and walk away with millions."

Why on earth did running a successful business in Russia, I wondered, require a private army? Was it always going to be this way?

External threats like kidnapping, robbery, and extortion weren't the only things to worry about. Employee theft was another major headache.

One way to deal with this problem was by installing listening devices in every office. Though every employee signed a contract with a provision which authorized the bank to use audio and video surveillance, most employees assumed that the only surveillance was

the cameras in clear view at the entrances and near tellers' stations. With disturbing regularity, the head of the monitoring unit brought me tapes exposing clandestine deals where employees took bribes for doing clients favors at the bank's expense.

For example, when the currency rate changed unfavorably for a client, a bank officer would pre-date the agreement to the old rate, in exchange for a kickback of 25 to 40 percent of the scammed money.

Dealing with these problems wasn't easy. Launching a criminal case using the tapes as evidence would reveal the existence of the audio monitoring system, rendering it useless. And replacing these employees would usually just bring in new thieves: in Russia, theft and bribery were commonplace, while honesty was the exception.

In the end, I decided to use information collected over time to quietly remove only the worst offenders, and to change our operating procedures to minimize the opportunity for bribes.

To prevent larger heists by senior officers, I compartmentalized: I purchased four additional banks and split my operations among them.

At least now I was shielded from government extortion, which was a major problem for practically all private businesses in Russia. My bank was way too big for petty government swindlers, and senior officials were aware of my bond with the President.

Enjoying Life

One of the personal costs of my success was that, ever since I was eighteen, I had functioned as a calculating business machine. I was

always evaluating opportunities, considering risks, assessing people's motives, spending my days in meetings, reading business news to stay on top of market trends, and doing my best to see several moves ahead.

Even when we were traveling, I would spend hours every day on the phone with my staff, and attend meetings with bankers or businessmen which usually were the reasons for taking the trips in the first place.

I found business all-consuming, and my inability to snap out of my business mode irritated me no end.

But now that my life was everything I wanted it to be, things seemed to be changing. After years of working 80- to 100-hour work weeks, I had gotten things running smoothly enough to cut back on my hours. I finally started to enjoy life.

Born in the insular, oppressive Soviet Union, Elena and I spent many days traveling throughout Europe. This is where we had some of our best days.

We celebrated Oktoberfest in Munich, saw *Don Giovanni* in Vienna, skied the Swiss Alps, ate Beef Wellington on a chartered boat sailing upriver on the Thames, exhausted ourselves wandering around Paris, and enjoyed so many other wonderful experiences.

The stark contrast between the living standards of Russia and the Western democracies never ceased to amaze us. And even though we enjoyed an elevated position in our native land, we felt much more at ease whenever we were abroad.

Romantic Interlude

In the spring of 1992, I made an exception to my rule of never asking politicians for favors unless absolutely necessary: I cashed in some political capital for a romantic caprice.

First, I hired a coin designer. Next, I secured permission from the Central Bank and the Minister of Finance to mint a commemorative coin. Then, on Elena's birthday, I presented her with a stack of 10,000 ruble sterling silver coins with her profile gracing them.

"I cannot believe this," smiled Elena. "This is the most romantic gesture anyone has ever made for me."

"Then it was totally worth it."

Elena received another surprise after strolling into the world-renowned Moscow Kremlin Museum, where I was the general sponsor.

The first item on display was a portrait of Elena by eminent painter Alexei Maximov. He was well-known for painting royalty, including Queen Elizabeth II, the Queen Mother, Queen Beatrix of the Netherlands, and Queen Sofia of Spain.

"I don't know which stunned me more," said Elena after the exhibit, "that coin or this portrait. But you've placing yourself in a bind here. How on earth are you going to top this?"

"I'll love and cherish you to the last of my days."

Ceremony in Applewood

In June of 1992, we accompanied President Yeltsin on his first official visit to the United States and Canada for a four day-trip. Our delegation was greeted by U.S. President George H. W. Bush, and

later by Canadian Prime Minister Brian Mulroney.

For me and the other businessmen invited to accompany the President, it was a great networking opportunity. But the most important event during this visit had nothing to do with politics. When the official part of the trip was over, Elena and I decided to spend a few more days in Canada. It was there that we officially registered our marriage.

Though we had been living as a family since June of 1990, we hadn't wanted to register our marriage in the Soviet Union in their ridiculous state-mandated ceremony. There, a government official stood under the portrait of the Communist General Secretary and addressed the couple with these words: "Dear Comrades! Today you are forming a basic cell of Communist society: a Soviet family." How romantic!

Our ceremony in Applewood, Ontario, was nothing like that. It was intimate and sweet. The candlelit dinner for two afterwards suited our style much better than a noisy brouhaha.

Returning back to Russia from Canada, however, I realized that something rotten was happening to our country. The KGB and organized crime were quickly taking over the country. I began making plans to sell all my companies and assets and immigrate to London or Toronto.

Meeting Khodorkovsky

One day in early 1992, while foraging through a pile of fruit in one of the few Moscow hard-currency shops, I noticed a familiar face. I went up and extended my hand.

“Mr. Khodorkovsky?” I said. “Meet your main competitor.”

I had recognized Michael from a series of TV appearances that had turned him into a household name. Unlike Michael, I shunned publicity. Though my companies were aggressively promoted, I never made personal media appearances. Those I left for Arkady Maslennikov, who had performed his press duties so well for Gorbachev.

I enjoyed my anonymity, and I had no desire whatsoever to court fame. I was twenty-five years old and looked even younger. My clients would have had strokes if they thought someone barely into adulthood was at the helm of the institutions handling their money.

Michael and I chatted and hit it off instantly. Neither one of us could have known it at the time, but this chance meeting would ultimately wreck havoc on our businesses and our lives.

Part III

The Plane To Hell

Chapter Fourteen

Insane Asylum

Internet Millionaire

By 1997, the KGB had destroyed my businesses in Russia, Eastern Europe, and the Caribbean. With active assistance from the Department of Justice, they had destroyed my American business, too, and trashed my reputation.

All things considered, in the wake of being released from unlawful imprisonment, I was happy to be alive, healthy, away from Russia, and with my beloved wife.

For the third time in less than a decade, I had to start a new business from scratch. We moved to New York, where Elena and I partnered with Nikolai Menchoukov. The goal of our new company was to provide niche advertising to companies interested in targeting Russian consumers in the U.S. and Canada. Employing the initials of the last names of the partners, we christened our new business KMG International.

A few months later, a telecommunication company asked if it was possible to create a multimedia website. Multimedia web sites didn't yet exist, but we gladly took up the challenge.

After researching available resources and finding them severely lacking, we improved on existing technologies and produced a site which was years ahead of the pack.

Given the insane growth rate of the Internet, I realized that our

pioneering technology had vastly greater business potential than the ethnic advertising niche we had intended to carve. We modified our name to KMGI.com and started to specialize in high-end interactive production and online advertising.

Lacking startup capital, we had to work 80-100 hour work weeks. Within a year, we developed a client list that included the U.S. Army, DuPont, General Electric, Macromedia, Best Western, and Accenture.

By this time, we had relocated our staff of twenty-six to spacious offices on the 49th floor of the Empire State Building.

The American Association of Advertising Agencies in 2000 designated KMGI as their “Preferred Interactive Production Studio.” *Forbes* magazine lauded us as “the Future of the Internet,” while *PC World* hailed us “the new Standard of Online Advertising.” CNN ran a profile of our company, and the Fox network used me as an expert for their Business News segments.

Major investment banks were by now circling our company with enticing offers. Barely two years after our business was launched, investors were buying our stock at \$100 million pre-money valuation. This put Elena’s and my net worth at \$55 million.

I was pleased to have finally proven to myself that my successes in Russia weren’t just a fluke caused by the lax, unregulated business climate there. “If you can make it in New York,” Elena had told me, repeating the words of the popular song, “you can make it anywhere.”

Then the bubble burst. Within three months of the dot.com bust-up of April, 2000, we lost 80 percent of our revenues. Investors

vanished. Corporate clients suspended most of their Internet-related projects, pending strategy re-evaluations.

Instead of checks, we now received a stream of bankruptcy liquidation notices. As president of the company, I was faced with the unpleasant task of laying off most of my staff.

Nikolai took it badly. Only a few months before, his stock was valued in the eight-figure range. Now it was worthless, and he didn't even have the assurance of a regular paycheck. He decided to leave KMGI. Elena and I, however, were determined to make sure our company survived. We continued to work fourteen-hour days, soon restoring positive cash flow. Gradually, we won new clients, including Volvo, American Airlines, General Dynamics, and CNN.

Our work kept winning major industry awards, and we were invited to be judges in prestigious competitions. These victories were especially sweet in contrast to our competitors, most of which had gone belly-up.

By 2002, we were finally working normal hours, taking weekends off, and finding time to enjoy life. Business was good again, we loved each other, and we were happy.

Not This Crap Again

Our good fortune wasn't meant to last.

On November 20, 2003, four and a half years after Elena and I had been granted asylum, and eleven years after our arrival to America, Michael Maggio phoned with the terrible news: the Board of Immigration Appeals (BIA) had revoked our political asylum.

The U.S. government was once again trying to hand us over to the Russians.

The pretext chosen by the Department of Justice this time was surreal in its absurdity: “[We] find no evidence to suggest that the Russian government employs corruption in its criminal justice system as a tool of political persecution.”

That’s about as ridiculous as saying that Russians don’t drink vodka.

The BIA decision arrived just as leaders like Senators McCain and Lieberman were calling for sanctions against Russia for precisely such activities. Even the study which both the INS and BIA regarded as the final authority on international politics — the State Department’s *Country Report* — clearly stated that the “Russian judiciary is often subject to manipulation by political authorities.”

During the previous two and a half years, the INS hadn’t even bothered to file a transcript of my immigration hearing, which would have been needed for their appeal to move forward. So what had happened since then to change their mind and our situation?

The real reason for the BIA decision wasn’t difficult to fathom. Surely it was no coincidence that our asylum had been revoked right after the arrest, back in Russia, of my former business partner, Michael Khodorkovsky. It was clear that Elena and I were now collateral damage in President Putin’s war against Michael.

Putin Flexes His Muscles

By 2003, Michael had become the wealthiest man in Russia and

the foremost contender for President. He was one of a group of six tycoons who had achieved the seemingly impossible task of getting President Yeltsin re-elected in 1996, after his approval ratings had plummeted to as low as 3 percent. These men had become known as “Oligarchs” for the enormous political influence they wielded.

Khodorkovsky had leveraged his bank’s resources to acquire Yukos, the second-largest oil company in Russia. He had hired highly-respected international auditors, complied with all international accounting and reporting practices, and impressed the world by turning his company into the most transparent and valuable Russian corporation.

With the acquisition of rival oil group Sibneft in 2003, Michael controlled the fourth-largest oil company in the world, and the largest in Russia. *Forbes* put his personal net worth at \$12 billion, ranking him the sixteenth wealthiest person in the world.

A skillful negotiator, Michael developed alliances with key players in Russian politics. But challenging the KGB monopoly on power proved to be a dangerous game.

The KGB’s control over Russia had by then already become official. On New Year’s Eve of 2000, a grim President Yeltsin announced on TV that he was stepping down and appointing his brand-new Prime Minister, Vladimir Putin, as acting president.

Putin was the quintessential KGB officer. He had started his spying career at a young age, fresh from college, and patiently worked his way up through the hierarchy to become Chairman.

With good reason, many believe Putin squeezed Yeltsin out with threats of arrest or an “accidental” death. Whatever Yeltsin’s real

reason was for stepping down, Putin's ascension signified that the short Russian experiment with democracy was now officially over.

Tired of anarchy and rampant crime, Russians were hugely supportive of their new President and his strong-arm approach. Putin, whose approval rating at times was as high as 80 percent, seized the opportunity to destroy all political opposition. The Oligarchs were given an ultimatum: they could remain free and hold on to their wealth only by supporting the new regime.

The first Oligarch to be crushed by Putin for not complying was Vladimir Gusinsky, who owned newspapers and TV stations that had been highly critical of Putin's regime. Gusinsky soon found himself in jail, where he was forced to sign over his companies to the government.

Amazingly, the documents he signed included a government guarantee that he'd be released from jail if he turned over his media holdings to the government!

Once released, Gusinsky flew to Spain and revealed to the world what had happened to him. Putin could not forgive such "treachery." On request of the Russian government, Gusinsky was taken into custody by the Spanish government. But after reviewing the Russian charges, a Spanish court released him. Gusinsky was later arrested in Greece, and again a Greek court set him free after finding the charges against him to be politically motivated.

In another blow to Putin's quest to destroy Gusinsky, Interpol, the global police agency, rejected Russia's submission of Gusinsky's name to its database of wanted criminals. Interpol's general secretary classified his prosecution as politically motivated.

The second Oligarch to enter into Putin's crosshairs was Boris Berezovsky. A media baron like Gusinky, Berezovsky had dared to voice his concerns that Putin and the KGB were behind the bombings of residential buildings in Russia. Berezovsky's opinion mattered because he controlled the major TV networks and several prominent publications, including *Kommersant*.

Putin indicted Berezovsky, but the Oligarch managed to flee to London. Despite enormous pressure from the Russian government, the British authorities granted him political asylum.

And then there was Michael. Khodorkovsky had evoked Putin's ire by financing two opposition parties while revealing his own ambitions to run for the presidency in 2008. Suddenly, Khodorkovsky's deputies and key employees were being indicted, and his oil company was the subject of numerous investigations despite its fiscal openness.

Michael was arrested on October 25, 2003, on his private jet at Novosibirsk airport on trumped-up fraud and tax-evasion charges.

The arrest sent shock waves through the Russian financial market and caused an international outcry.

"Khodorkovsky committed what in the Kremlin's eyes is the worst crime of all," declared John McCain during an impassioned speech before the Senate. "Supporting the political opposition to President Putin."

McCain added that, "A creeping coup against the forces of democracy and market capitalism in Russia is threatening the foundation of the U.S.-Russia relationship, and raising the specter of a new era of cold peace between Washington and Moscow."

Many political and business leaders also campaigned for

Khodorkovsky's release. These all fell on deaf ears in the Kremlin. Putin was obviously hell-bent on destroying Khodorkovsky, to demonstrate that nobody in Russia was safe.

All Khodorkovsky's partners and vice-presidents were targeted by KBG in the "cut the oxygen" operation designed to deprive Michael of all supporters and resources. Ironically, I was on the list, despite the fact that my partnership with Khodorkovsky had ended a long time ago. Obviously, the KGB was exercising a "better safe than sorry" approach.

In 1994, Michael had been targeted by the KGB because of me. Now, almost a decade later, I was being targeted by the KGB because of him.

The Pretext

The day after the U.S. Department of Justice revoked Elena's and my asylum, four leading Congressmen introduced a bill calling for suspension of Russia's membership in the Group of Eight Industrial Countries (G-8). In it, they condemned "the Russian Government's selective prosecution of its political opponents."

"It is time to send a signal to President Putin's government," the bill went on to say, "that undemocratic behavior will exclude Russia from the company of Western democracies."

Discomfort with Putin's crackdown on Khodorkovsky reached the highest levels of government. George W. Bush phoned his Russian counterpart to convey, as CNN reported it, "his concern about the rule of law and the future of democracy in Russia."

For me, it was all truly amazing to consider. The President of the United States was alarmed enough about Russian political persecution to phone Putin. Leading Congressmen thought the situation warranted drastic legislative measures. The State Department believed corruption was a common Russian problem. The United Kingdom, Spain, Greece, and Interpol all found that Russia's prosecutions were politically motivated. Yet the Department of Justice was hell-bent on sending me back to Russia, using the pretext that such problems didn't exist there!

Seven years earlier, they had made a deal to sell Elena and me out, to keep the FBI Moscow office open. Now, caving in to pressure from Putin in his quest to destroy Khodorkovsky, DOJ officials were restoring the deportation order issued on the trumped-up charges which had already been proven bogus in multiple court hearings.

On The Run

"But we can appeal this absurd order, right?" I asked Michael Maggio after he told me of the DOJ's decision. "And they can't deport us until the courts decide, correct?"

Michael replied cautiously, "You indeed have the settlement agreement with the DOJ, which prohibits them from deporting you without the final court decision. But they've broken laws in your case before. I can't assure you that the government won't break the law and the agreement again. This decision smells very fishy."

"What would you do, if you were me?" I asked finally.

"Don't consider this legal advice: I'd consider going to Mexico. *Immediately.*"

I thanked Michael for all he had done for us, hung up, and went to our safe. After retrieving our vital documents and cash, I went into Elena's office, asked her to follow me, and left our apartment forever.

In Central Park, I updated Elena on what had happened. She shivered, "Then our life in the United States is over?"

"I'm afraid so. I can't even go back to the apartment now. You can. The DOJ gave you thirty days for voluntary departure. But you will only return to see the movers pack our stuff and take it to storage, okay?"

"So our business is destroyed again?"

"Not if we safely cross the boarder. I think we will. They have no right to touch us anyway. I'm afraid of a few corrupt officials, but I don't think they'd start a major conspiracy. After all, last time they got caught."

"Are we going to Mexico?"

"No. Let's go north."

Elena nodded. "Let's do it. I'm sick and tired of these dirty games the American government keeps playing."

I kissed Elena and we walked off to nowhere. Frankly, I wasn't sure where to hide from the government. I knew they'd come searching for me, despite the written promises they'd made.

The government indeed soon raided the apartment – but found it vacated. Elena had by then joined me in a place I rented for cash.

It was in Canada, where we hoped to start over for the fourth time. There, we hoped to be free from the constant threat of deportation

and governmental harassment.

I hired a Canadian immigration attorney, John Somjen. He arranged for our asylum interview for the earliest possible date: December 18th. I asked John if anyone ever had problems leaving the States.

“Stop being paranoid, Alex,” he replied. “You’re not behind the Berlin Wall. Immigrants are free to leave America any time they want. Thousands of out-of-status immigrants leave for Canada every month without the INS trying to stop them. Why should they? After all, they’re leaving the country, not entering it.”

“So you don’t know one case where a person’s exit was prevented?”

“Not a single one. In fact, there are charity organizations at the border that provide free temporary housing to hundreds of illegal immigrants waiting for their interviews. The INS knows about them, and never raids those places. Your concerns are totally unfounded.”

Comforted somewhat by John’s assurances, Elena and I hung out in a hotel at Niagara Falls for the next two weeks while we waited for our interview in Canada, unaware that the Department of Homeland Security was already preparing an ambush at the border.

Chapter Fifteen

The Nightmare Continues

An Extraordinary Rendition?

Two hours after being ambushed at the Peace Bridge, Elena and I found ourselves, still handcuffed, on a plane bound for Washington, D.C. Accompanying us were four DHS officers.

I gazed across the aisle to my wife, where she sat next to her hulking captor. Elena's eyes were closed, and I realized she was praying. She knew what would happen to me if we were deported to Moscow, and I could sense the anguish beneath her composed features.

I considered joining her in prayer, but what for? Born in a country where religion was outlawed, I had never before seen evidence that our lives were in God's hands.

I peered out the window. Below us were the White House, the Capitol Building, the Lincoln Memorial, and other familiar landmarks I had associated with justice and freedom. I recalled countless times from the past when Elena and I had savored walking the quiet streets of Georgetown, dining peacefully in restaurants, touring the Smithsonian, showing off our adopted city to friends. During our first six years in America, we had called Washington home. Now I wasn't sure what to call it.

After landing at Reagan National Airport, the DHS officers handed us over to their local counterparts, whom I recognized immediately: Officers Watson and Green. They had transported me back and forth between jail and court during my thirteen-month

detention of 1996-97, before my arrest was ruled unlawful and the INS was ordered to pay up. To me, they seemed like decent guys, just doing their jobs.

“Can’t say I’m happy to see you, officers,” I said. “Would it be all right if I called my attorney?”

“Negative,” replied Officer Green. “Our orders are to take you straight to the Russian Embassy. Then, tonight, we’ll accompany you back to Moscow.”

I instantly went numb in the gut. I looked over at Elena, and her face was ashen. Whether he realized it or not, Officer Green had just delivered my unofficial death sentence. We were being shipped back to Russia in an illegal, covert operation, and there was nothing we could do to prevent it.

Ours was beginning to look like one of the fastest deportations in history. *Is this what they call an ‘extraordinary rendition’?* I wondered.

“Sorry I couldn’t protect you from this,” I said to Elena, back in the DHS car.

“I love you,” she replied tenderly, our cuffed hands clenched together.

The car was passing by the Watergate, our home for years. There, we had experienced some of the best years of our lives, believing that we had left our KGB pursuers on another continent. Now I realized how deluded we had been.

Minutes later, we pulled up at the rear entrance of the Russian embassy, where the Russian Consul was waiting for us.

This is it, I told myself. I’ve run out of lives. And miracles.

The Crime of Non-Compliance

The Russian Consul walked us into the building and introduced us to Frances DeChoudens of the DHS.

“You must have passes for your trip to Moscow,” the Consul announced. “I have everything ready here. Sign the forms.”

The request really ticked me off. It was like they were ganging up on me to okay my own execution. I replied: “We’re not signing these.”

“What do you mean? You must!”

“I have no desire to go back to Russia.”

“But you have to! You’re being deported.”

“The deportation violates a court order. I’m not signing.”

Frustrated, the Consul turned now to Elena.

“Mrs. Gratcheva,” he pleaded. “Please sign your form.”

“I refuse,” replied Elena, quietly but firmly.

“Please?”

Elena shook her head.

The Consul now turned to DeChoudens. To my astonishment, he said: “I cannot issue travel documents without their signatures.”

That was when all hell broke loose.

DeChoudens reached for the phone to dial Neil Clark, ICE (Immigration and Customs Enforcement) Assistant Deputy Director. For the next ten minutes, everyone in the room bore witness to Clark’s non-stop diatribe. Fortunately, DeChoudens was the only

one who could actually make out what was being screamed.

Then DeChoudens handed the phone over to the Consul. This time, the ranting and raving lasted even longer. It amazed me to see the Consul put up with it so patiently. He managed it with a graciousness that surely only a diplomat could muster. He explained to Clark that if Elena and I refused to sign the forms, he wouldn't be able to issue travel documents until receiving orders from Moscow. It was already night-time in the Russian capital, however, and therefore too late to call.

The Consul promised to send an urgent telex to Moscow, adding, "What difference does a day make? It's not like they're going anywhere."

But Neil Clark knew exactly what difference a day could make. He knew that an illegal covert operation like this had to be executed swiftly, before the courts could intervene. Desperate, he demanded to speak with me.

"What's going on here, Mr. Konanykhin?" hissed Clark. "Don't you realize you're only making your situation worse?"

"The deportation is illegal, and you know it."

"Then you're going to jail!" barked Clark. "First we'll punish you here. Then they'll punish you there. Got it?"

Getting locked away in an American jail wasn't exactly my idea of a good time. But it was a helluva lot better than being tortured by the KGB in Moscow's Lubyanka prison.

"You do what you have to," I replied, trying to provoke the ICE bureaucrat into keeping me here.

"You'll regret this! You'll never see the outside of a jail again!"

I handed the phone back to Ms. DeChoudens and considered Clark's agitation. Surely he was well aware that the *quid pro quo* deal that the DOJ had made with the KGB was essentially cold-blooded political murder.

Clark also knew that the first attempt, seven and a half years before, to deliver Elena and me to Moscow had also been intended to be quick and clandestine. But that had backfired, resulting in a judicial investigation of his agency. Now, with their conspiracy and his career in jeopardy, he certainly wasn't going to let a few regulations stand in his way.

"It's my duty to inform you, Mr. Konanykhin," said DeChoudens after talking for a few more minutes with Clark, "that, according to the Immigration Act, your failure to request a travel document is a crime punishable by up to four years in jail."

For that to happen, I realized, they would first have to try me. And there was simply no way, or so I thought, that DeChoudens' bosses would be stupid enough to let a jury get wind of their conspiracy.

"Understood," I replied. "May I discuss these criminal charges with my lawyer?"

"Well. . ." replied DeChoudens uncertainly.

I searched her expression. As a law enforcement official, she obviously was well-aware that someone accused of a crime has the right to an attorney.

"Look," I pressed on. "Let me call my lawyer. Then he'll fax you the court order. It clearly states they're not allowed to do this."

After a few moments of hesitation, DeChoudens slid her cell phone across the desk.

“Thank you,” I said, grabbing the phone.

The problem with high-ranking government conspirators, at least in this country, is that they often expect their subordinates to do their dirty work for them. However, the Russian Consul, Ms. DeChoudens, and many others were just honest people trying to do their jobs, and they didn’t want to get caught up in anything illegal.

Neil Clark’s attempt to scare me had backfired. As a result, I was finally free to call my lawyers. They, in turn, did something Clark and his co-conspirators desperately didn’t want to have happen: they immediately alerted the federal courts to my predicament.

My Dream Team

The minute Michael Maggio got word of my arrest, he cleared his calendar and gathered together a team of assistants. Maggio also called J.P. Szymkowicz, who had successfully represented me in my earlier defamation cases. J.P. immediately rang up his girlfriend to cancel their holiday shopping plans.

Though Christmas was on its way, the last thing I was feeling was festive as the DHS van delivered Elena and me to the Arlington County Jail. The jail was part of the complex where I had spent days exposing the KGB’s character-assassination campaign against me.

Neither Michael nor J.P. was allowed to talk to us that night. The courts were about to close, and there was no time to review past records or coordinate their attacks.

Still, both attorneys did everything in their power to thwart the DHS conspiracy. Motions were filed, that same night, in the U.S.

4th Circuit Court of Appeals and with the U.S. District Court in Alexandria.

Back in the USSR?

The next day, Officers Green and Watson barged into the Arlington jail's processing area. There they found Elena and me, dazed, haggard, cold, tired, scared, and hungry after a sleepless night on hard plastic chairs.

"Hurry up!" urged Green. "We have a plane to catch!"

"A plane to where?" I asked worriedly.

Green sighed, and I was touched by his compassion. "I don't think I have to tell you."

"Well," I said to Elena, "now it looks like we've really run out of miracles."

"It's never over till it's over," she responded adamantly, with the strength and defiance that I've always admired in her.

Shortly thereafter, we were bundled into a DHS car and rushed back to Reagan National Airport. Trailing behind us was another car that contained two more DHS agents.

By the time we reached the airport, the check-in period for the last connecting flight to New York had elapsed. But our four officer escorts were under strict orders, come hell or high water, to get us to New York, from where we would fly directly to Russia. And that was what they were determined to do.

Thinking quickly, Green unfastened our handcuffs at the Delta Airlines terminal. "Grab your suitcases and run after me," he ordered,

dashing ahead.

But I was damned if I was going to rush to embrace my doom. I grabbed my gear and lollygagged behind, while Elena and the three other officers trailed with the rest of our luggage.

“We’re with the Department of Homeland Security,” Green told the clerk at the Delta counter. “We have a federal court order mandating us to be on this flight.”

Though the “court order” part was an elaborate lie, it achieved the desired result. The clerk got on the phone to her supervisor, who turned up almost immediately.

The supervisor was obviously exasperated over the prospect of delaying a flight during the holiday season. Still, he wasn’t about to argue with officers from the Department of Homeland Security, and boarding passes were duly issued.

So we were rushed, against our will and against the flow of pedestrian traffic, through the checkpoint for arriving passengers.

As the jet ascended with the DHS officers, Elena, and me on board, I looked out the window and again saw the familiar streets and landmarks of a city that had once welcomed us. I had flown from Washington to New York many times before, but I had always been heading towards new opportunities. This time, I was flying towards almost-certain death.

Forty minutes later, our plane cut through wispy layers of clouds as the plane began its descent to JFK airport. The skyscrapers of Manhattan loomed into view. Not too long before, we had rushed out of that city via the Henry Hudson Parkway, leaving Manhattan behind forever on our way to Canada. Or so we had thought then.

We had grown to love New York during our five years there, and had truly regretted having to flee across the border. We had made great friends and spent some of the happiest moments of our lives there.

Now we were back, but only for a brief stopover on the way to our final destination: a KGB dungeon. Very much to my surprise, I bowed my head and muttered a simple prayer. My very first ever.

Meanwhile, hundreds of miles away, my legal team was fast at work on Emergency Motions to be filed in Federal Circuit and District Courts.

Chapter Sixteen

Five Hearings to “Freedom”

“But here it is, Friday afternoon. They are going to put him on an airplane to Russia, which is forever. . . I was in what was then the Soviet Union for a month and a few days in 1969. Returning him now could be forever. I think it will take the folks there a few generations to change that society completely.”

—Judge T.S. Ellis III

Emergency!

In the wake of 9/11, draconian legislation prohibited federal district courts from hearing immigration cases. Under new American law, immigrants have no more right for a day in court than prisoners of Guantanamo Bay.

What enabled J.P. to ask for our case to be heard was that, unlike other immigrants, I had a pre-existing contract with the U.S. government. In our Settlement Agreement from 1997, the government had promised not to deport Elena and me, pending final resolution of appeals of our asylum claims, including judicial appeals of any government decisions. The agreement was written to preclude precisely what was now happening.

We had appealed the BIA’s order when it was issued back in November, but the U.S. government had broken its promise and

violated the agreement by arresting us at the Peace Bridge.

The Judge couldn't hear about the merits of my immigration case or about the absurdity of the BIA's decision. He could only look into the breach of contract of the Settlement Agreement.

J.P. knew that the hearing, if granted, would not be an easy one. On one side there was the United States – including but not limited to the Department of Homeland Security and the Department of Justice, partnered-up with the Russian government. On the other side, there were two stateless immigrants: Elena and me.

The Hearings Begin

As Elena and I were preparing to be shipped to Moscow, Michael Maggio and J.P. Szymkowicz vigorously fought to save our lives.

While Michael argued for a stay of deportation with the Fourth Circuit Court of Appeals in Richmond, Virginia, J.P. requested an emergency hearing in the Federal Court at Alexandria. T.S. Ellis III, the same judge who'd heard my two previous *habeas* cases back in 1996 and 1997, presided at Alexandria.

An unmistakable undercurrent of tension was palpable from the get-go. The Judge was obviously perplexed that complicated issues which had seemingly been put to bed years before were once again rearing their ugly heads.

"I don't understand what's going on here," Judge Ellis told government attorney Kathleen Pepper at the hearing's start-up. "I have your pleading that says that they now intend to put him on an airplane at 5:30."

“That is correct, Your Honor,” replied Pepper, “and in the interim here, I went back to the office to ascertain his status, and he is still in transport to New York.”

“Well, while I’m having this hearing, they had better not put him on the airplane. I’ll enter an order right now to stop that. Is that clear?”

“Yes, it is, Your Honor.”

“Do you need to call somebody and tell them not to let him get on an airplane until I’m done?”

“I would appreciate the opportunity to do that, Your Honor, just to make sure it’s crystal clear.”

“All right, I’ll give you a chance to do that, because he is not leaving this country until I have had this hearing.”

“I understand, Your Honor.”

“This has all the earmarks of something strange. I don’t understand what’s happening with this man and Russia and our country. I just don’t understand it.”

Long Weekend

Elena and I felt like we were being led to the firing squad as we stood in JFK airport at the departure gate for Moscow. And in a sense we were. We were just eight short hours away from our executioners.

Just then, Officer Watson’s cell phone rang. After a few seconds of listening, he turned to us, tracing his index finger across his neck. “Flight’s aborted,” he explained. “Federal court order.”

Elena collapsed against me, tears running down her cheeks, her body trembling. The composure she'd displayed throughout our ordeal had suddenly cracked.

For the second day in a row, an unexpected twist of fate had saved us. Could it have been Elena's prayers? Or even my own first clumsy appeal? I didn't know what to think.

While the DHS officers awaited new orders at the baggage counter, one of them kindly permitted me to use his cell phone to call J.P., who explained our last-minute reprieve.

"Jesus," I replied. "This is like a last-minute pardon from the governor. Ten more minutes and we would have been airborne. Then, nothing would have been able to save us."

"I'm afraid there's more, Alex."

What now? I thought.

J.P. continued, "See, the stay's only good until Monday. But Maggio filed a similar motion in the Federal Circuit Court of Appeals, last night. Judge Ellis indicated that if the Court denied your motion, he wouldn't be able to interfere. After all, the Circuit Court's his superior."

There was an ominous pause. Then J.P. added, "The Court of Appeals just denied your motion, Alex. I'm sorry, but there's nothing I can do now to prevent your deportation."

I was stunned, speechless. My rekindled hopes had just been stomped out.

Elena and I were depressed and exhausted when two officers from the New York office of the DHS led us to their car. From there, we departed Kennedy Airport in the direction of Long Beach, where

only a few weeks before we had planned to rent a summer house. The devastating news that the Department of Justice had revoked our asylum had arrived just as we found our perfect home.

But the final destination of the DHS car wasn't a place as idyllic as Long Beach. Instead, it pulled in at a nondescript single-story block of prison cells. Here, Elena was taken away and escorted inside. Left behind in the car, I wondered if I'd ever see her again.

Afterwards, the DHS car entered Manhattan by way of the Brooklyn Bridge, and soon passed the Empire State Building, where Elena and I had had our offices. I recalled the glory days when major investment banks approached us, eager to buy a stake in our company.

Craning my neck upwards to the great Art Deco icon, I remembered the spectacular, panoramic view of the Manhattan skyline from my office. Just days before the ambush at Peace Bridge, the *Wall Street Journal* and *USA Today* had reported on our latest innovations. It had given me tremendous satisfaction to think that our company was considered one of the industry leaders, and our services were used by some of the world's top corporations.

The DHS car passed before the house on West 73rd Street where Elena and I had lived for the past five years. We passed the Manhattan Tae Kwon Do School where I had trained almost daily for the last two years. We also flashed by charming Riverside Park, where Elena and I loved to roam in the summertime.

Our car crossed the George Washington Bridge, then eventually passed through Saddle River, a sleepy little village where we lived for a while, back in 1997. From there it was on to Patterson, where our two cats were staying for the moment with close friends. Patterson

happened to be the site of my final destination for the day, but not for a reunion with our cats.

No Stay

After Ms. Pepper phoned New York to temporarily detain our death-flight, the hearing resumed. Though it had been six years since Judge Ellis presided over my *habeas* cases, he remembered all of the important details.

“There was, in effect, a sinister deal between the INS and the KGB. They wanted this guy back for some reason, the U.S. wanted an FBI office in Moscow; so they dealt. It was that simple,” the judge summed up for Pepper, adding, “And there have been misrepresentations made to this Court in the course of it, too. I was quite upset with it, and it seemed to me to be a sad spectacle. Indeed, ultimately the United States paid money to Konanykhin in settlement of the suit he brought. Am I correct in this regard?”

“That’s correct, Your Honor,” confirmed J.P.

The government alleged that it was I who had violated the settlement agreement. Fortunately, Judge Ellis wasn’t buying it. He kept wondering aloud what the rush to deport us was, and why the government should be so concerned that Elena and I were returned to Russia rather than to another country. “Why is there such an interest by the United States to get this man back to Russia?” he asked government attorney Pepper.

“I do not know, Your Honor,” she replied.

“Well, I just find it hard to understand. There is something more

going on, obviously, than you know, Ms. Pepper, and that I know, because there is a lot of energy being spent on hustling somebody out of here who has been here for years and years. There is more to this than meets the eye, and I'm unlikely to be very hospitable about doing nothing as long as there appears to be an avenue of appeal."

The Judge adjourned the hearing until Monday, saying to J.P. "I must tell you, Mr. Szymkowicz. If the Fourth Circuit decides not to stay the removal order, then I think it's over. I anticipate my stay order to last no longer than Monday."

Immediately after the hearing's adjournment, J.P. phoned Michael Maggio.

"Any word from Richmond?" asked J.P.

"Yes," replied Michael. "We lost."

Now, Elena's and my fate was entirely in the hands of just one man: Judge T. S. Ellis.

Back to Jail

For a person who never committed a crime, I thought as they booked me at the Patterson County Jail, I've seen a helluva lot of jails. And how truly bizarre that the KGB has repeatedly managed to jail me here, in the land of the free.

Never in my life have I seen a worse jail than Patterson. Nine prisoners were jammed into a tiny, unheated, concrete intake cell. It was literally a freezing cold stinkhole. Still, bad as this was, it was infinitely preferable to what awaited me in Russia.

As I cautiously greeted everyone, I scanned their faces, evaluating

possible threats. I'm 6'3" and strong, but that was no reason to be careless.

Sensing no obvious danger, though, I placed my overcoat on the cold floor and lay down. It had been a sleepless and incredibly stressful couple of days. I fell asleep instantly.

Four hours later, I was rudely awakened by a guard's voice, summoning me and my fellow inmates to the booking block. There we were fingerprinted and searched.

Afterwards, they took away our clothes and gave us flimsy jumpsuits in their stead. Then they escorted us back to the same holding cell.

Without my coat, sleeping on the floor was no longer an option. And though my cellmates and I were visibly shivering, no one even bothered to give us blankets.

Despite the cold, I kept dozing off where I sat, in snatches of several minutes. But this sleep was far from refreshing, and the dreams were ugly.

In the first, I was dragged out to the gallows, where a noose was tightened around my neck. As gleeful spectators looked on, Vladimir Putin, a former KGB chief, nodded approval from his balcony seat of honor.

The executioner, whom I recognized as the Russian Consul in Washington, winked at me, and then pulled the lever. I fell through the trap doors and kept on falling until I woke up, with a jolt, to find myself in a Patterson jail cell.

I did some push-ups to warm up and stay awake, but after about fifteen minutes or so – there's no way to tell time in jail – I dozed off

again.

In my next dream, I was strapped to a gurney, an IV needle jammed into my forearm. The large red numbers of a digital clock on the wall switched over from 23:59 to 00:00. Then a doctor in a white coat, who looked exactly like Putin, opened the valve to release the poison.

Suddenly, the phone rang, and the warden, who looked like DHS Officer Watson, picked up. He listened for a few seconds, then made the cut-throat “abort” gesture.

I woke up with another jolt and struck up a conversation with a late-middle-aged Englishman who sat next to me. I hoped that chatting would help me stay awake, but the small-talk of two exhausted people proved to be energy-sapping.

My third dream took place before a firing squad. This time, no miracle interfered, and the execution went through. Afterwards, a doctor examined my corpse, and then roused me by the shoulder. “Breakfast,” he said.

I opened my eyes, and there was the Englishman, rousing me by the shoulder.

After breakfast, we were finally given blankets and led to a larger cell, which was crammed with fifty-four inmates on three-tiered bunks. This unit was reserved for people arrested by immigration enforcement.

Despite the absolutely horrendous conditions, all of the inmates during my stay in Patterson behaved like gentlemen. We tried to support each other as best we could, and because of them my stay wasn’t nearly as horrible as it might have been.

Judge Ellis Hears More

While Elena and I waited anxiously in our respective jails, the hearings resumed on the following Monday morning at 11:00 a.m.. This time, J.P. joined forces with Michael Maggio, while Bill Howard teamed up with Kathleen Pepper for the government. If anything, the atmosphere in the courtroom was even tenser and more electric than it had been the previous Friday.

Judge Ellis kicked things off by remarking on something which bore repeating: that it was “unseemly, to the point of being sinister, the haste with which both the plaintiff and his wife were being shepherded or hustled out of the country.”

It was then that Michael Maggio took over, to get right down to the heart of the matter.

“What we would really like from you, Your Honor,” said Michael, “is to put Mr. Konanykhin back where he was when the agreement was in force, on the Peace Bridge going to Canada.

“Here we have a case where literally a man’s life is in question. Now, I have lost deportation cases before, but I have never had a case where I had to really worry about someone dying. Oh, sure, people have lost asylum and I have worried about them getting arrested and persecuted, but this isn’t a ‘maybe.’ This is a ‘for sure.’

“This whole image of Mr. Konanykhin going across the Peace Bridge is reminiscent of a movie about the Cold War, with freedom in sight and he gets grabbed. Not being allowed to leave the United States? It doesn’t sound like this country, to stop people from leaving.”

“Well, I have already suggested,” said Judge Ellis, “the whole incident is bizarre, taking him to the Soviets.”

A Humanitarian Arrest

The next issue to be addressed would be Elena’s fate. Whatever the accusations were against me, no one had accused her of any wrongdoing whatsoever. Michael Maggio delved into the inherent absurdities:

“Your Honor,” said Michael, “this is another one of these bizarre things that I have never heard or seen. She had voluntary departure. She had authorization from the Board of Immigration Appeals to leave voluntarily. And they stopped her from leaving voluntarily from the bridge. . . *I have never seen anyone denied permission to leave voluntarily.*”

“I don’t understand why she couldn’t leave,” responded Judge Ellis. “I can’t imagine what deal they might have had that requires them to return her to Russia. This is very strange.”

The government’s justification was nothing short of ludicrous. Ms. Pepper explained that Elena was arrested for humanitarian reasons: to keep our family together.

“How about asking the person whether they want to keep going or not?” replied Judge Ellis sarcastically.

After a brief recess, Judge Ellis announced that he had decided that he would hear my case, after all. He scheduled the next hearing for January 14, 2004. We were out of KGB hands for at least three more weeks.

The Christmas Gift

Back inside the Arlington jail, I prayed for Elena, who was being held in a cell nearby. I've always wanted to make her life happy; instead, because of me, Elena has been hunted by the KGB and dragged from prison to prison by the American government in its desperate attempts to oblige its former Cold War foe. I felt I had failed her. Maybe I should have divorced her, long ago, to spare her these trials. But I knew she would have none of that. She loved me as deeply as I loved her.

Two days before Christmas, the electric lock on my cell door hissed, and the door opened.

"Konanykhin, attorney visit," a warder said.

I followed him to the visitation area, hoping for good news. J.P. was standing there, grinning from ear to ear, giving me two thumbs up.

"Elena's out!" he yelled through the glass door. As soon as the door was open, he explained, "We negotiated a bond, and one of your friends posted it."

That was the best Christmas gift I ever received.

Misplaced Priorities

Once again, I would spend the holiday season behind bars. I knew that the law was terribly unfair to immigrants. The government had virtually unlimited authority to do with us whatever it wished, and my chances of survival were slim.

At the behest of the KGB, the Department of Homeland Security was dedicating a great deal of time, money, and energy to destroying me. Didn't they have anything better to do?

I recalled the events that led to the DHS's eventual founding. On the morning of 9/11, I had been jogging around the Central Park reservoir.

All of a sudden, I noticed that, downtown, thick plumes of black smoke were rising from one of the World Trade Center towers. I tuned my Walkman to a news station, listened for a minute, then shared the news with the gathering crowd.

It was being reported that a small plane had accidentally crashed, and that the same thing had happened over fifty years before to the Empire State Building.

I resumed jogging, still listening. Suddenly I heard someone exclaim: "Oh, no! Another plane hit the second tower!"

After the initial shock kicked in, I ran home as quickly as possible. Elena's parents had been planning to leave for Brooklyn on the subway, and it was going to pass directly beneath the burning towers. But I was too late to stop them.

Three nerve-wracking hours later, they were finally able to place a call through the jammed phone networks. They told us that, though their car had passed under the complex just as the first tower was collapsing, they had fortunately made it through safely.

"It could have been us there, in the collapsed buildings, you know," I reminded Elena as we watched the tragedy unfold on TV. Back in 1998, we had almost rented office space on the 76th floor for KMGI. But Elena hadn't liked the slight swaying of the building,

which made her sea-sick. She vetoed the deal. A week later, we rented space in the Empire State Building instead.

“We need to do something for the victims,” announced Elena.

“Let’s go donate blood,” I replied.

Exiting our apartment, we were amazed by the vast human river flowing silently and eerily past us as we wended our way downtown. At the time, I thought the country definitely needed better security. But who could have guessed that the agency created in response to this national tragedy would instead be targeting us, a few years later?

Konanykhin v. the Department of Homeland Security

Finally, the time for the decisive hearing had arrived. It would carry on for two days: January 14 and 15, 2004. This time, Elena and I both would finally be there to observe and testify.

The government attorneys kept trying to prove, falsely and to little avail, that I myself had violated technicalities of the settlement agreement. If the government could prove that I had, then they would be able to hand me over to Russia.

“But I wonder if that is the admirable thing to do,” declared Judge Ellis. “I hope somebody in the Executive branch is asking themselves that, and I hope the newspapers are asking, too.”

The government operation started to look really shabby when Lisa Hoechst, the DHS official who had signed our arrest warrant, admitted under oath that the government had wanted to send me to Moscow because I had sued them for illegal arrest back in 1996. She

testified that the government wanted to deport me before I could file any additional suits against them. The admission was so troubling that Judge Ellis decided to check that he understood Ms. Hoechst correctly.

“Well, isn’t that: Let’s get him out of the country before he causes us any more problems and sues us any more? Let’s get him out of the country because the Russians want him?”

“Yes,” replied Hoechst.

“Well, if you really wanted him out of the country, you should have let him walk over the bridge into Ontario.”

Next, Judge Ellis addressed the following words to the government attorneys: “There is a strong interest by the Russian government to have this man. There is an interest, obviously, in this government to return him to Russia to satisfy that interest. And what you are focusing on is whether the letter of the law is met in allowing this government to do it. And what I have said to you repeatedly is, even if the letter of the law is appropriate, or is met, is that really admirable and the right thing to do?”

Justice Prevails

On Monday, January 26, 2004, the Judge read his order. He found that, while *I* hadn’t violated any laws or regulations, the *government* certainly had. For the third time, the United States had arrested me, and for the third time it was proven in court that they had broken the law.

I would now be allowed to stay in this country until my

immigration case was decided.

I was free!

The Washington Post reported:

DEPORTATION THREAT LIFTED

Decisions Allow Russian to Stay in U.S. Indefinitely

By Jerry Markon - Washington Post Staff Writer

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A jet-setting Russian businessman and political opponent of Russian President Vladimir Putin has won two rounds in his battle against the U.S. government's efforts to send him back to his native land.

Late Wednesday, a federal judge in Alexandria released Alexandre Konanykhin from jail.

On Tuesday, a Justice Department appeals panel that had ordered him deported to Russia reversed itself and said he should get a new hearing. The ruling effectively sends the eight-year-old case back to the beginning — and allows Konanykhin and his wife to stay in the United States indefinitely.

“This is a dream come true for the Konanykhins. It allows them to begin their asylum proceedings anew and should permit them to remain in the U.S. for many years, if not forever,” said J.P. Szymkowicz, an attorney for Konanykhin and his wife, Elena Gratcheva.

Konanykhin, who is staying in Vienna, said yesterday that he is “very grateful. I’m so glad the courts could interfere and that justice prevailed.”

Konanykhin has had dealings with opponents of Putin, and contends that he and his wife would be killed if sent home. By pursuing the deportations, the couple contends, the U.S. government is helping Putin’s efforts to suppress dissent. U.S. officials deny the case has political overtones.

An immigration judge in 1999 granted the couple political asylum, but that decision was overturned by the Justice Department panel in November. On Dec. 18, Konanykhin and his wife were pulled from their vehicle at a toll booth near the border with Canada, where they were hoping to seek asylum.

But minutes before they were to be put aboard a flight to Moscow, U.S. District Judge T.S. Ellis III ordered a stay of the deportation. He then held a series of hearings before releasing Konanykhin.

Soon thereafter, DHS returned Elena’s and my passports. They also affirmed our right to leave the country whenever we chose.

And, just like in 1997, the government had to compensate me again. This time, the amount was \$58,000. It didn’t even cover the legal fees, but it was an important symbolic victory.

It was time to start re-building our lives and our business. . . again.

April Fool's Day in February

Two weeks or so after Judge Ellis's ruling, I was amused to see this in the *Washington Post*:

APRIL FOOL'S DAY

By Al Kamen

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At the end of 2003, former Russian banker Alex Konanykhin was spending a little time in jail as a guest of Uncle Sam, having been nabbed by U.S. immigration officials as he tried to go from Buffalo to apply for political asylum in Canada. (That's right, going across the Peace Bridge in his BMW, leaving the country.)

Konanykhin, one of the first Russian millionaires after the fall of the commies, left in 1992 and was granted asylum here in 1999. He's built a very successful Web advertising business in New York City.

But in November, an immigration appeals panel, apparently deciding that Vladimir Putin's justice system was just hunky-dory, reversed the asylum ruling. Department of Homeland Security folks moved with stunning alacrity to send him back to Russia, where he's accused of stealing from his bank. He says not so.

Then a federal judge in New York blocked the deportation, and the immigration appeals panel

reversed its earlier ruling and sent the matter back to the first immigration judge. So imagine Konanykhin's surprise when he got a breathless fax from the National Republican Congressional Committee saying he had been chosen New York Businessman of the Year.

"As such, you will be honored and presented with your award," NRCC chairman Thomas M. Reynolds (R-N.Y.) said, at a "special ceremony" April 1. "President Bush and Governor [Arnold] Schwarzenegger are our special invited guests for the NRCC Spring Gala," the Reynolds invite said.

I have received a number of prestigious awards. I've been invited many times to serve as judge in some of the best-known industry festivals and award ceremonies. But this honor from the National Republican Congressional Committee was totally unexpected, especially considering that the Republican administration still seemed hell-bent on sending me to my death.

"Are we going to the ceremony?" asked Elena.

"Do you want to?"

"Not really. I'd rather stay home."

"So would I."

Epilogue

I started writing this book in jail on December 31, 2003. Locked up for twenty-one hours of every day in a tiny jail cell, I thought it was the best way to deal with the fact that my chances of survival seemed minuscule.

Today, I am free, but my former partner Michael Khodorkovsky is in a Siberian prison camp situated at the uranium mines.

The Russian government had expropriated the key assets of Khodorkovsky's business empire by transferring them to a sham three-day-old company which had no known address and no employees. A week later, a firm headed by a close friend of Putin acquired the largest oil company in Russia for the equivalent of three hundred bucks.

Even Putin's own economic advisor called this "the scam of the year". Needless to say, that remark immediately got him fired.

The KGB takeover of Russia began with them hijacking my businesses. They wound things up twelve years later by swiping the businesses of my former partner.

Russia is a major oil exporter. The American government mostly prefers to ignore the unpleasant truths about their new "strategically." In fact, KGB Colonel Putin now chairs the G-8 club of *world leading democracies!*

And Elena and I? We have once again successfully rebuilt our businesses and our lives, for what we sincerely hope will be the final time.

Meanwhile, the U.S. government is still pushing forward with

the deportation case against us which they had started a decade ago. It matters not to them that it was proven in federal hearings that my case was based on fabricated charges.

Thank you for finding time to read my story!

If you'd like to post your feedback or to contact me, you can do so at www.DefianceTheBook.com website. On this site you can also find more information about this story, including court documents, pictures, and deleted chapters. Please use password MAFIOCRACY to access the password-protected area.

Sincerely yours,

Alex Konanykhin

Vienna, VA

July 2006

EXCERPTS FROM THE MEDIA COVERAGE

Welcome Home, Comrade

The Washington Post. March 17, 2004

Meanwhile, the effort continues to outsource former Russian banker Alex Konanykhin to the welcoming arms of former KGB thug ...Konanykhin, one of the first Russian millionaires after the fall of the commies, left in 1992 and built a thriving Web advertising business in New York City. ...

In the Loop

The Washington Post. February 13, 2004

So imagine Konanykhin's surprise when he got a breathless fax from the National Republican Congressional Committee saying he had been chosen "New York Businessman of the Year." "As such, you will be honored and presented with your award," NRCC chairman Thomas M. Reynolds (R-N.Y.) said, at a "special ceremony" April 1. "President Bush and Governor [Arnold] Schwarzenegger are our special invited guests ...," the Reynolds invite said.

The Konanykhine Case

The New American Magazine. February 1, 2004

Alexander Konanykhine is a wildly successful 37-year-old Russian expatriate entrepreneur. ... He is a man who blew the whistle on the KGB's continuing stranglehold on Russia, particularly its banking industry. For this, the government of KGB veteran Vladimir Putin wants Konanykhine dead — and our Department of Homeland Security has done its best to give Moscow a helping hand.

Deportation Threat Lifted

Decisions Allow Russian to Stay in U.S. Indefinitely

The Washington Post. January 30, 2004

A jet-setting Russian businessman and political opponent of Russian President Vladimir Putin has won two rounds in his battle against the U.S. government's efforts to send him back to his native land.

U.S. Rethinks Konanykhin Case

The Moscow Times. January 29, 2004

The decision by the Board of Immigration Appeals is an unexpected about-face from its Nov. 20 ruling, which found no basis for Konanykhin's asylum status in the United States and ordered his deportation. The board said at the time that there was no evidence the Russian justice system was corrupt or could be used as an instrument of political persecution.

Immigration Panel Backs Off Effort to Deport Russian Banker

**Appeals board raises questions about
fairness of Russian justice system**

The Baltimore Sun. January 28, 2004

An immigration appeals panel reversed yesterday its decision to send former Russian banker Alex Konanykhin back to Russia, ending a deportation effort that was sharply criticized by a federal judge this week. U.S. District Judge T.S. Ellis III had expressed dismay with the Department of Homeland Security for its insistence that Konanykhin be sent back to Russia. One of the first post-Soviet Russian millionaires, he fled to the United States in 1992, saying his life was in danger from ex-KGB officers and Russian mobsters.

Judge Rules U.S. Erred In Arresting Russian

Emigre May Be Freed During Deportation Appeal

The Washington Post. January 27, 2004

A federal judge ruled yesterday that homeland security agents should not have arrested a jet-setting Russian businessman... Judge T.S. Ellis III ... took the action as he blasted the government's long-standing effort to deport Konanykhine, who has had close dealings with opponents of Russian President Vladimir Putin... He added yesterday: "Not a lot of this makes me proud of my government."

Judge Says U.S. Can't Deport Banker to Russia Yet

Reuters. January 26, 2004

U.S. District Judge T.S. Ellis, who has repeatedly accused the U.S. government of wanting to deport Alexander Konanykhin just to carry out a special deal with Moscow, said the banker could stay in the country..

INS Says Court's Decision Irrelevant

The Moscow Times. January 19, 2004

On Thursday a senior officer for the INS conceded that the service had "a special interest" in sending Konanykhin back to Moscow. "Konanykhin was of special interest to the U.S. government," Lisa Hoechst, acting chief for the INS team charged with the businessman's "removal" to Russia, said in testimony. "... they wanted us to remove him before any additional suits could be filed," she said.

U.S. Judge Questions Russian's Detention

The Moscow Times. January 16, 2004

Court hearings on the arrest and attempted deportation to Moscow of

banker-turned-software magnate Alexander Konanykhin, who says he fears death if returned, went into a second day Thursday. Even though the presiding judge on Wednesday accused the U.S. government of entering into a special pact with Russian authorities to speed up Konanykhin's deportation to Russia, the outcome was still unclear by press time.

Judge Says U.S. Has Deal with Russia to Deport Banker

Reuters. January 14, 2004

A federal judge on Wednesday accused the U.S. government of having a special deal with Moscow to deport a former Russian banker and prevent him from exhausting an effort to seek asylum in the United States. U.S. District Judge T.S. Ellis rebuked the government..

Banker Linked to Jailed Russian Fighting to Stay in U.S.

The New York Times. January 10, 2004

A week before Christmas, a green BMW rolled up to the Canadian border near Buffalo. As the driver, Alexandre Konanykhine, a Russian seeking political asylum in Canada, paid a bridge toll to leave the United States about a dozen armed federal agents surrounded his car and arrested him.. Mr. Konanykhine left Menatep in 1994, and the Federal Bureau of Investigation notified him a year later that Russian organized crime figures had paid to have him killed.

Couple, Tied to Putin Foes, Fights Deportation

The Washington Post. January 9, 2004

Since arriving in the United States with his wife in 1993, Konanykhine has lived a life of extremes. He has gone from being a jet-setting Internet banker with an apartment in the Watergate and matching his-and-hers BMWs, to a prisoner, to a political refugee, to a successful businessman again and back to a prisoner,

awaiting deportation. Along the way, he has made and lost millions of dollars and been the target of CIA and FBI investigators, a Russian military prosecutor and, according to court testimony, a Russian mafia hit man. At one point in his immigration proceedings, a frustrated judge threw up his hands, saying the entire case “is such a stretch that it might be a novel by Tom Clancy.”

Ex-banker Ordered to Return to Russia

The Baltimore Sun. November 25, 2003

In February 1999, after a tangled legal battle that featured testimony from FBI, CIA and KGB officers, a U.S. immigration judge granted political asylum to former Russian banker Alex Konanykhin, saying he faced persecution and possible death if he were returned to Russia to face embezzlement charges. Since then, Konanykhin and his wife, Elena Gratcheva, have built an Internet advertising business ... Their Manhattan company, KMGI Studios, has been featured on CNN, and has attracted an impressive client list including Volvo and American Airlines. But now a Justice Department appeals panel has reversed the ruling and ordered Konanykhin back to Russia. The three-member panel based its conclusion on a surprisingly rosy view of Russian justice. “ ... we find no evidence to suggest that the Russian government employs corruption in its criminal justice system as a tool of political persecution,” the Justice Department’s Board of Immigration Appeals ruled.

A Dot-COM With Cash Flow: What’ll They Think of Next?

Profit Magazine. September 2000

Keep your eye on KMGI.com, Inc. In the risky world of cyberstartups built on hype and stock floats, this company is different. It actually has that “unique selling proposition” that advertising and marketing mavens always look for, and it pays its bills out of the money it receives for its services. What a novel concept

on the Internet! ... For this comprehensive look at a very hot company, Profit Magazine interviewed Chairman and CEO Konanykhine, an amazingly talented and determined entrepreneur, who at age 33- already has a resume that would be a credit to a man 20 or 30 years older. ... Alexandre Konanykhine studied space research at the Moscow Institute of Physics and Technology, then-beginning in 1986 founded, controlled and managed a group of over 100 companies and organizations engaged in banking, investment, finance, real estate, trade, import-export, construction, consulting and information technologies, publishing, law enforcement and philanthropy.

The Getaway

Los Angeles Daily Journal. September 2000

Back in Moscow, officials expelled Alexandre Konanykhine from the university for being too capitalistic. His solution then was simply to move 100 kilometer away and begin anew. By age 25, Konanykhine had amassed \$300 million with his groundbreaking entry into the Soviet banking and brokerage business. He has a knack for starting over. ... Konanykhine ... not only won his immigration case, but the judge awarded him \$100,000 toward paying his pro bono counsel and ordered an investigation of the Justice Department. The Russian entrepreneur subsequently won multimillion dollar libel judgments against two Russian newspapers. These days, safely ensconced in his 49th floor Empire State Building office, headquarters of KMGI.com Inc., Konanykhine reflects on his latest venture and the future he foresees for it...

The Cutting Edge

CNNfn. June 2000

And on the Cutting Edge today, KMGI.com. The company is an interactive advertising agency. KMGI is hoping to revolutionize the Webmercial using high

impact animation and graphics - backed by audio effects - that run smoothly and load almost instantly. We make it all sound so easy. This is the guy behind it though. The company's CEO is Alex Konanykhine. And he joins me now to talk about his company.

U.S. Court Finds Kommersant Guilty of Libel

The Moscow Times. January 25, 2000

A court in Arlington, Virginia, has awarded \$3 million to controversial Russian banker Alexander Konanykhine in a libel case against the newspaper Kommersant.

Jury Awards \$35.5 Million to Russian in Libel Case

The Washington Post. December 16, 1999

Clerk of Court David Bell said the verdict appears to be without precedent. "I've been here for 29 years, and I do not recall anything even close to that," he said.

Jury Awards Russian \$33M Damage Ruling

The Arlington Journal. December 15, 1999

During a trial that included the testimony of a former American spy, an Arlington County Circuit Court jury has awarded a Russian entrepreneur and former Arlington County resident \$33.5 million in damages, finding that two well-known Russian newspapers published defamatory articles about him. The compensation recommended by the six-member jury is the highest Clerk of the Court David A. Bell said he has encountered in his tenure.

Alexandre's Revolution

European Internet Network. October 15, 1999

By all standards Alexandre Konanykhine was an entrepreneurial wunderkind in his teens. By his mid twenties he'd taken Russia's emerging market economy by storm and made himself a cool \$300 million. He even had enough spare cash to donate \$10 million to Boris Yeltsin's campaign to win the presidency. That was while Alexandre was still a favoured son of mother Russia and had faith in the Yeltsin establishment. Before dark forces in Russia, including corrupt KGB officers, drummed up charges alleging the young banking and property tycoon was guilty of a whole bagful of wrong doings...

Banker Tells of Kidnap by Russian Mafia

The Times. September 6, 1999

BY THE time he was 25 he was one of the most important figures in post-Communist Russia . He had made a fortune after setting up one of Russia 's first commercial banks and lived with his wife in a 50-acre residence that was once the home of Mikhail Gorbachev. But in 1992, while on a business trip to Hungary , Alexandre Konanykhine, then chairman of the All- Russian Exchange Bank, was kidnapped by members of the "Solnetsevo" mafia group controlled by Semyon Mogilevich - the gangster allegedly linked to the laundering of billions of dollars through the Bank of New York.

The Bear on the Web

Icon Magazine. August 1999

Alexandre Konanykhine, 32, looks nothing like a man who has been kidnapped by the KGB, robbed of his possessions, and informed by FBI special agents that there are two contracts on his life. He looks nothing like a man who has lost everything - maybe because he thinks he's just a couple of deals away from

getting it all back in spades.

Russian Banker Wins Political Asylum

Legal Times. March 1, 1999

Branded a criminal by Russian military prosecutors and the U.S. Immigration and Naturalization Service, former Russian banker Alexandre Konanykhine won political asylum last week from the same judge who had ordered him deported more than two years ago. ... The judge found that the Russian prosecutor's case against Konanykhine had been engineered in order to secure his return to Russia and punish him for exposing corruption among Russian government and business officials.

Federal Judge Grants Russian Banker Political Asylum

The Baltimore Sun. February 23, 1999

Konanykhine apparently is the first Russian to be granted refuge from political persecution by the post-Communist government of Russia. ... An internal Justice Department probe of the INS lawyers' conduct is continuing.

Konanykhine Wins U.S. Court Battle

A-Newswire. February 23, 1999

Having taken full advantage of Gorbachev's *perestroika* in the early 1990s, Konanykhine became one of the first Russian entrepreneurs, amassing tremendous personal wealth. By age 25, he owned dozens of commercial enterprises including commodity and currency exchanges and one of Russian first privately owned commercial banks, a so called Pan-Russian Exchange Bank. He became one of the most influential people in Russia, enjoying intimately friendly relationship with top members of the Russian government and was part of Boris Yeltsin's entourage during the Russian president's 1992 visit to Washington. However, exactly at that

time the trouble in paradise had begun

Russia Goes On Trial In Immigration Case

The Baltimore Sun. December 24, 1998

In this penthouse courtroom above a gourmet deli and a Metro stop, the name on the case is that of Alexandre Konanykhine, a post-Soviet business whiz kid U.S. immigration authorities want to deport. But, in the battle of the experts weighing in on the immigration judge's excruciating dilemma, Russia itself is on trial. From a seemingly routine accusation of a false statement on a visa application more than two years ago, the Konanykhine case has blown up into a major issue in law-enforcement relations between Russia and the United States. It has spawned a Justice Department investigation of possible misconduct by the Immigration and Naturalization Service.

Lawsuit Charges DOJ Collusion With Russian Mafia

The Washington Weekly. November 3, 1997

A \$100 million lawsuit filed in federal court today charges the Department of Justice with collusion with the Russian Mafia. The lawsuit alleges perjury, fraud, torture, and witness tampering by named officers of the U.S. government on behalf of the Russian Mafia. The lawsuit stems from the case of Alexandre Konanykhine, a Russian banker who blew the whistle on a grand KGB scheme to smuggle hundreds of millions of dollars out of the Soviet Union at the time of its collapse.

Cozy With The KGB

The New American. September 29, 1997

Three days earlier the judge had ordered the Department of Justice to pay Konanykhine \$100,000 in legal fees, which is a modest sum indeed in light of the

fact that for more than a year, our government had detained Konanykhine at the behest of the KGB. In an evidentiary hearing held in late July, Judge Ellis stated that he found “credible and somewhat disturbing” the testimony of expert witnesses that the Immigration and Naturalization Service (INS) and the FBI had accepted tainted evidence from Russian officials to justify the arrest of Konanykhine, in anticipation of his delivery into the hands of Russian authorities, and that this had been done as a means of cementing a working relationship between U.S. and Russian law enforcement agencies.

Judge Orders Investigation of DOJ Wrongdoing.

Heavy fallout from the Konanykhine case

The Washington Weekly. September 1, 1997

A Virginia federal judge last week ordered the Justice Department’s Office of Professional Responsibility to investigate allegations of DOJ wrongdoing that surfaced during a hearing in his courtroom in July. During the hearing of a deportation appeal by Alexandre Konanykhine in the court of Judge T.S. Ellis, III, former KGB agent Yuri Shvets testified that the Immigration and Naturalization Service under the U.S. Justice Department was collaborating with the Russian KGB to fabricate a case that would deliver Alexandre Konanykhine to the Russian Mafia to be liquidated.

Russian Freed, INS Faces Ethics Probe

Legal Times. September 1, 1997

.. at a July 22 hearing, a former INS attorney who originally prosecuted the cases against Konanykhine and a former agent of the KGB testified that INS officials, including District Counsel Eloise Rosas, the top lawyer in the office, had misled the court about their reasons for detaining Konanykhine and had ignored suggestions that some of the evidence against him is flawed.

Clinton Administration Aids KGB in Cover-up of Communist Party Loot

The Washington Weekly. August 25, 1997

When Alexandre Konanykhine tried to escape the Russian Mafia, he thought himself safe in the United States. What he didn't count on was that the Russian Mafia has contacts in the U.S. Justice Department who are more than willing to bend the law...

U.S. Justice Department Agrees to Pay \$100,000 to Victim of U.S.-Russian Persecution

Information Times. August 22, 1997

The U.S. Justice Department (DOJ) on Thursday agreed to pay \$100,000 compensation in Alexandre P. Konanykhine Habeas Corpus case. Other compensations will be discussed starting next week. Konanykhine points out: "The KGB manipulation is getting expensive to the U.S. taxpayers."

Russian Ex-banker Released From Custody in U.S.

Itar-Tass. August 7, 1997

The version of Russian authorities is that he simply absconded with stolen money which different estimates put at eight to 300 million dollars. ... Court has ruled his release from custody.

Konanykhine Update: Fall Guy or International Criminal?

Interpreter Releases. August 4, 1997

During the hearing on July 22, 1997, several witnesses accused INS officials of misleading the court about their real reasons for detaining Mr. Konanykhine and

seeking his deportation specifically to Russia. The witnesses also accused the INS officials, including the local District Counsel, of ignoring suggestions that some of the evidence against Mr. Konanykhine was flawed. One of the witnesses Yuri V. Shvets, a former KGB intelligence officer, testified that he had been granted asylum in the U.S., but was fearful for his safety because the KGB “desperately wants to win this case, and everybody who won’t step to their side would face problems.”

Konanykhine’s Deportation Order Stopped

The Winchester Star. August 4, 1997

The news that INS will abandon the deportation order follows Konanykhine’s release from jail July 24 after his attorneys argued during habeas corpus proceedings that he had been unfairly accused of a crime, “illegally arrested and detained,” and “that the INS committed a number of unlawful and criminal acts” to keep him in jail.

Did KGB dupe INS?

Legal Times. July 28, 1997

It was bad enough for the Immigration and Naturalization Service that it lost its yearlong battle last week to keep a Russian banker behind bars while he fights deportation. By week’s end, the INS itself, as well as a high-ranking agency lawyer, had fallen under scrutiny over its handling of the case.

Judge Orders INS to Release Jailed Russian

The Washington Post. July 24, 1997

Congress did not intend for foreign powers to pull the strings” of immigration procedures, U.S. District Judge T.S. Ellis III said tersely Tuesday night after listening to both witnesses. “I was repeatedly assured that there was no desire by the INS to deliver Mr. Konanykhine to Russia. . . . We’re going to get to the bottom of this.”

My Fear of The Mobski

The London Express (daily). December 10, 1996

Konanykhine is a vocal campaigner against corruption and organized crime in Russia. ... Konanykhine, 30, is now in an American prison facing deportation to Russia because of a “goodwill” gesture by the FBI to the KGB.

Russian Fights Deportation in Tale of Money, the Mob.

The USA Today. December 2, 1996

It’s a tale worthy of a spy novel, the judge said. Millionaire Russian Alexandre Konanykhine sits in a U.S. federal prison in northern Virginia, fighting deportation because he fears the mafia will kill him if he goes home.

Alexandre Konanykhine: Should He Stay or Go?

The Washington Post. August 18, 1996

This tale is going to get complicated. We will begin as simply as possible. In a drab immigration courtroom in Arlington, a lanky young man is sitting serenely at the defense table. He is 29 but looks a decade younger. He manages to appear collegiate even in an olive prison jumpsuit. His ankles are held apart by leg irons, yet he appears relaxed and confident, sipping Evian water and scribbling notes as if he were studying for midterms. His name is Alexandre P. Konanykhine (pronounced Koh-nen-EE-kin), and he is a Russian national who had been living for the last three years in a \$300,000 co-op at the Watergate with his wife, Elena, their exotic black cat, and puzzlingly little furniture. Each morning he shuffles into court between two guards, flashes an impish grin at his lawyer and leans over to kiss Elena, a pale, nervous and Pringle-thin woman who arrives each day in a different chic business suit.

Russian Pair in Custody, Accused of Embezzlement

The Washington Post. June 29, 1996

The dashing Russian immigrant couple lived like prosperous jet-setters, renting a co-op in the Watergate complex and driving his-and-hers BMWs. He had once been a successful banker in Moscow, and she had movie-star looks, according to federal immigration officials. But two days ago, agents of the Immigration and Naturalization Service, acting in cooperation with visiting federal prosecutors from the Russian Federation, knocked on the co-op door and arrested the pair.



Elena and
Alex Konanykhin

Alex Konanykhin controlled Russia's largest commercial bank in the 1990s before it was seized by the KGB.

- CNN

How would you feel if the KGB influenced American Justice and searched your Watergate apartment? Ask Alex Konanykhin.

- ABC News 7

The Konanykhin case is truly exotic and for nearly two weeks it transformed Judge John Bryant's court into a spellbinding seminar on international intrigue.

- The Washington Post

Konanykhin's life is a mirror of the tumultuous last 10 years in the history of Russia.

- The Baltimore Sun

A tale of intrigue.

- The Intelligencer Record

The FBI notified Konanykhin that Russian organized crime figures had paid to have him killed.

- The New York Times

"Konanykhin didn't only have KGB after him. He had FBI, the Justice Department and even the CIA after him."

- 60 Minutes, CBS

Konanykhin, one of the first Russian millionaires after the fall of the commies, left in 1992 and was granted asylum here in 1999. He had been chosen "New York Businessman of the Year."

- The Washington Post

Mr. Konanykhin was a whiz-kid physics student who became a pioneering Russian capitalist in early 1990s, building a banking and investment empire by his mid-20s. He was a member of President Boris Yeltsin's inner circle

- The Wall Street Journal

By the time he was 25 he was one of the most important figures in post-Communist Russia. But in 1992, while on a business trip to Hungary, Alex Konanykhine was kidnapped.

The Times

Russian Bill Gates

- WJLA TV / ABC