

# Supreme Soviet Investigation of the 1991 Coup

## *The Suppressed Transcripts: Part 3*

### Hearings “About the Illegal Financial Activity of the CPSU”

#### **Editor’s Introduction**

At the birth of the independent Russian Federation, the country’s most pro-Western reformers looked to the West to help fund economic reforms and social safety nets for those most vulnerable to the change. However, unlike the nomenklatura and party bureaucrats who remained positioned to administer huge aid infusions, these reformers were skeptical about multibillion-dollar Western loans and credits. Instead, they wanted the West to help them with a different source of money: the gold, platinum, diamonds, and billions of dollars in hard currency the Communist Party of the Soviet Union (CPSU) and KGB intelligence service laundered abroad in the last years of perestroika.

Paradoxically, Western governments generously supplied the loans and credits, but did next to nothing to support the small band of reformers who sought the return of fortunes—estimated in the tens of billions of dollars—stolen by the Soviet leadership. Meanwhile, as some in the West have chronicled, the nomenklatura and other functionaries who remained in positions of power used the massive infusion of Western aid to enrich themselves—and impoverish the nation—further. In late 1995, the European Bank for Reconstruction and Development concluded that Russian officials had stolen \$45 billion in Western aid and deposited the money abroad.

Radical reformers in the Russian Federation Supreme Soviet, the parliament that served until its building was destroyed on President Boris Yeltsin’s orders in October 1993, were aware of this mass theft from the beginning and conducted their own investigation as part of the only public probe into the causes and circumstances of the 1991 coup attempt against Soviet President Mikhail Gorbachev. The probe, led by Democratic Russia co-chairman Lev Ponomarev, consisted of four hearings: CPSU structure and activity, the role of the repressive organs, the financial dealings of the CPSU, and the participation of the armed forces leadership in the coup. In its Fall 1995 and Winter 1996 issues, *Demokratizatsiya* published the hearing on the repressive organs. In this issue appears the transcript of the hearing on the CPSU’s financial dealings—the only official public hearing on the subject in Russia. Though well covered by the Russian press at the time, the hearing transcript was never published because, as Lev Ponomarev told the editor, Supreme Soviet Chairman Ruslan Khasbulatov shut down the commission after a request from then-External Intelligence Service (SVR) Director General Yevgeny Primakov.

Among other things, information brought forward in the hearing shows the following:

- The CPSU spent millions of dollars a year in hard currency to subsidize foreign Communist parties and affiliates, and guerrilla movements.
- The CPSU laundered billions more through front companies and other enterprises set up during perestroika to benefit party leaders and institutions as the Soviet Union collapsed.
- The Finance Ministry has extensive records on the laundering of funds.
- The KGB First Chief Directorate, headed by Primakov and re-named SVR in December 1991, maintained meticulous files on the smuggling and money laundering, but would not assist in recovering the money. Primakov is now Russia's foreign minister.
- Investigators repeatedly appealed for help from the president, the presidential apparatus, and all relevant government ministries, yet received virtually none.

The hearing, which took place in the Supreme Soviet on 10 February 1992, shows that parliamentary investigators knew they were on to a major find and had far more leads than their meager resources permitted them to follow. The main figures in the hearing are commission chairman Lev Ponomarev, Russian Federation People's Deputies Yevgeny K. Lisov and Alexei P. Surkov, and witnesses Nikolai K. Kozyrev, deputy minister of Social Welfare; Mikhail P. Lyubimov, a former KGB foreign intelligence officer; and Anatoly I. Smirnov, a former official of the CPSU International Department and an employee of the Russian Federation Ministry of Foreign Affairs.

As a transcript, the text is often difficult to read. Testimony is frequently indirect, convoluted, and disorganized. The transcript was translated from photocopies of the original typed draft transcripts by Supreme Soviet stenographers. The stenographers used manual typewriters with worn-out ribbons, resulting in text that did not copy well. Parts of the text are illegible. As drafts, the text quality is uneven, as moderators ask witnesses to hurry, or as streams of consciousness result in abandonment of syntax. The translation is tight, often stilted, to preserve accuracy over style. Sections concerning procedural questions that offer no historical insights have been deleted here in the interests of brevity. All editing is indicated in the text. Supreme Soviet transcribers' marks appear in parentheses, while the translator's and editor's marks are shown in brackets. Portions of the text, where they offer no particular insights or conclusions, have been deleted for reasons of space and are indicated either in ellipses or brackets.

Several points stand out in the transcript. The first is the relatively paltry amounts of missing money being discussed. Even though investigators were aware of a multibillion-dollar sum, they had documentary evidence for a only few million, most of which was given to foreign Communist parties. Investigators are aware of the secret foreign bank accounts, but find that the paper trails end at the Finance Ministry and the External Intelligence Service. Second, in this early stage of the probe, the line between support for foreign Communist parties, guerrilla movements, and other instruments of Soviet foreign policy, and the purely criminal activity of laundering party money, is blurred. Indeed, the outright mass theft is treated as a secondary problem, perhaps because the commission had ample documentation of CPSU funding of foreign political and guerrilla groups and lacked access to the records of the larger smuggling and money laundering.

A third point is the meager resources the investigators are given to conduct their probe and the short time frame allowed. Lisov notes that an adequate investigation will take years, and formally calls for modest funding that will allow his team to meet their basic daily expenses. Surkov specifically calls on help from Primakov, and the commission issues a resolution urging President Yeltsin to instruct all government agencies to cooperate. (In the end, as Lev Ponomarev told the editor, the funds and extension were denied, and Primakov successfully asked Supreme Soviet Chairman Ruslan Khasbulatov to shut down the commission.) Fourth, is the investigators' exasperation at the lack of interest and cooperation from the government. The small number of lawmakers attending the hearing and asking questions testifies to the official disinterest in parliament.

Another major point in the testimony is the prophetic warnings from investigators and witnesses alike, who feared that failure to recover the funds would not only undermine reform and harm those most in need, but would finance a revanchist revival. Notes former International Department official Smirnov, who actually handled some of the smuggled funds: "It seems to me that this insight should come out as quickly as possible, otherwise the orthodox [communists] might use this situation and turn the matter around." People's Deputy Vladimir Rebrikov, commenting on how the Communists during perestroika rigged foreign loans to benefit themselves, called for "the end of this system of uncontrolled credit, which was used today successfully for financing of those political movements and foreign leaders," and for "the end of that lack of control which our financial system had."

J. MICHAEL WALLER  
EXECUTIVE EDITOR  
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# Conclusion

## per the results of the open parliamentary hearings “About the illegal financial activity of the CPSU”

8 February 1992

Moscow  
Supreme Soviet of Russia

The parliamentary Commission to Investigate the Causes and Circumstances of the August Putsch in the USSR conducted hearings on the theme, “Concerning the illegal financial activity of the CPSU.”

Based on concrete facts, archives, and investigative materials, the Deputy Prosecutor General of the Russian Federation, Ye. K. Lisov and Commission member, People’s Deputy A. P. Surkov showed that the CPSU leadership over the course of several years, operating on their own “top secret” resolutions of the Politburo, had systematically removed resources from the state budget and secretly sent them abroad to provide for the existence of Communist, socialist, and other parties and movements. They even financed underground military formations which conducted armed struggle against legal powers.

Abroad, “left” press born with “Muscovite” hard currency came to be, and they received either without payments or for a symbolic payment their presses, paper, and transportation. In the last ten years alone (1981-1990), via the CPSU’s specially created so-called International Fund to Aid Left Workers’ Organizations, the CPSU with KGB assistance illegally (and in hard currency cash) sent abroad more than 250 million dollars. From this sum, only ten percent was its [the Party’s] own resources, or furnished by the Communist parties of Bulgaria, Hungary, Czechoslovakia, Poland, and East Germany. The remaining sums were taken from the state resources of the former Soviet Union, that is, they were stolen from the Soviet people.

Most “generously” they gave [these funds] over the ten-year period to the Communist parties: of France, 24 million dollars; of the USA, 21.25 million dollars; of Finland, 16.62 million dollars; of Portugal, 9.5 million dollars.

Witness depositions about the transfer abroad of this cash were provided to the commission by a former employee of the KGB, USSR, M. P. Lyubimov, and a former employee of the International Department of the CPSU CC, and now an employee of the Russian Ministry of Foreign Affairs, A. I. Smirnov.

The damage inflicted by the CPSU on the state through privileged deliveries to firms of friends of timber, petroleum, gas, mineral fertilizer, trade in arms, and precious metals at prices below the world price is yet to be calculated.

In recent years, realizing as irrevocable the loss of then authoritative and ideological priorities in society, the Politburo of the CPSU CC made several secret resolutions directed toward direct concealment in commercial

structures of property and monetary resources actually accumulated at the expense of the nation.

Based on this, at all levels of the party hierarchy, there was mass founding of party banks, joint enterprises, and joint stock companies in 1990-1991.

Thus, 34.4 million rubles were deposited at the creation of the Kazakh Communist Party Bank, one billion rubles at the Avtobank, 500 million rubles at the USSR Trade Union Bank, 150 million rubles at the Tokobank, 500 million rubles at the Unicom Bank, 90 million rubles at the Main Moscow Construction Bank, 700 million rubles with the All-Army Party Commission, and so on.

The total sum of concealed public resources within the country and abroad is still under investigation.

Concerning the course of complying with the Decree of the President of Russia of 6 November 1991, "Concerning the Activity of the CP of the RSFSR," and the resolution of the Russian government of 4 January 1992, No. 13, "Concerning the Transfer of Monetary Resources and Other Property Formerly Belonging to the CPSU and the RSFSR Communist Party," a part of the expenditures of the resources which was discovered through the investigation was reported by A. V. Smirnov, an employee of the Ministry of Finance, and N. K. Kozyrev, an employee of the Ministry of Social Services.

From these revelations it follows that the real millions and billions exposed through investigation, including the 14 million dollars in cash were not used to satisfy the people's needs. The Ministry of Economics and Finance, the Central Savings Bank, and the Ministry of Social Services can not so far coordinate their activities, while at the same time the less privileged layers of the population in these conditions of price liberalization are living at the limits of survival.

Since the required financing in the crisis situation was not provided, it turns out that the investigative group itself, operating under difficult conditions due to opposition of the *nomenklatura*, is returning billions to the people. The investigators and their experts are experiencing significant difficulties during their attempts to acquaint themselves with the archival materials. This prompts the commission to draw the following conclusions:

1. Confirm the conclusion made at the previous parliamentary hearings that the CPSU is not a public-political but an anti-constitutional state structure, illegally grasping authoritative prerogatives to itself, with the help of which it actually overthrew the representative and executive organs of state power, which particularly clearly was seen in its unlimited dispersal of the USSR's finances.

2. With the intent of ensuring the most complete clarification (including abroad) and nationalization of the property (resources) of the CPSU created from public resources, we recommend to the Committee of Legislation of the Russian Supreme Soviet, together with other committees and the Ministry of Justice to prepare and present to the Supreme Soviet a draft law concerning determination of the legal status of CPSU and party property.

3. We request that the Presidium of the Russian Supreme Soviet in upcoming meetings get testimony from the Ministry of Social Services, the Ministry of Finance, the Central Bank, and the Foreign Trade Bank

concerning the compliance with the decree of the Russian President and the resolutions of the government about using monetary resources and other property which earlier belonged to the CPSU and the republic Communist Party.

4. Considering the information obtained during the course of the hearings, we propose an investigative group of the Russian Prosecutor to provide appropriate investigation of the facts of "pumping" of hard currency through trade unions, Komsomol organizations, friends' societies, peace defense committees, and other public-political organizations.

5. Send to the Chairman of the Russian Supreme Soviet the announcement transmitted to the commission by the Deputy Prosecutor General of the Russian Federation, of the supervisor of the investigative group about the case of the Emergency Committee, Ye. K. Lisov, about the unsatisfactory funding for the investigative group, the financing of temporarily attached investigators and high professional experts. Allocate the 4-5 million rubles needed to fund determining the result for the appropriate organization of investigation of the people's investigations [*sic*].

6. Propose to the Russian President that he make the appropriate instruction to task the management of the External Intelligence Service, the Ministry of Defense, and the Apparatus of the President to provide an investigative crew and its experts direct access to the archives of the USSR KGB, the General Secretary of the CPSU CC, the Presidium of the USSR, and other archival material, having tasked the colleagues of these authorities to provide the investigators and their experts with all possible help and support in seeking out the documents concerning the financial activity of the CPSU.

Commission Chairman, [signed] L. A. Ponomarev  
RSFSR People's Deputy, L. A. Ponomarev

Commission Member, [signed] A. P. Surkov  
RSFSR People's Deputy, A. P. Surkov.

# Transcript

## Parliamentary Hearings of the Commission to Investigate the Causes and Circumstances of the August Putsch, on the Theme of Illegal Financial Activity of the CPSU

10 February 1992

Chairman: L. A. Ponomarev

### Chairman

Distinguished colleagues, ladies and gentlemen, today we are conducting hearings by the Commission to Investigate the Causes and Circumstances of the August Putsch. They are concerned with the illegal financial activities of the CPSU. We are not finished with this work. Actually, it could be that, one can say, we are only beginning this work. But we are forced to conduct these hearings [now] because our commission is finishing its work; this is the last week of our commission's work. And since we have worked in this matter in close contact with the Russian Federation Procuracy, we wanted to express our results at these hearings.

Sitting next to me is Alexei Porfiryevich Surkov, and he led our commission on this theme. Leading the hearings is Lev Alexandrovich Ponomarev, the Chairman of the Commission to Investigate the Causes and Circumstances of the August Putsch. Now I ask Yevgeny Kuzmich Lisov to speak. He is Deputy Prosecutor General of the Russian Federation and he will begin the testimony at our hearings.

### Ye. K. Lisov

I would like to begin my testimony with this. When the investigative group working on investigating the matter of the Emergency Committee (GKChP) began its work, it uncovered some data concerning the financial dealings of the [Communist] party.

First, these data were obtained by us during our investigation of [CPSU Central Committee charge d'affaire Nikolai Yefimovich] Kruchina, who committed suicide. I hope this name is known to you, and who this person is. And then data which concerned this same matter started to appear via various channels.

After some time we understood that the material concerning the party's financial dealings, first, contains as a minimum, elements of misuse. And, second, it is not directly connected with the [coup] conspiracy case.

Therefore, on 10 October [1991], an independent criminal case was brought about, separate, in this way, from the case of the GKChP. And since that time there has been an investigative group specially established, headed by the senior prosecutor of the Investigative Department, Aristov. It works on investigating the case of the financial dealings of the party or on the misuse of the financial activity of the party, which is one and the same thing, because it is the first formulation to simplify our terms.

What directions has the investigation taken? First, we set before ourselves the target of looking at how much property the party had at the

time the decision was made to break up the CPSU and how much was left. Where was this property? To whom does it now belong? And we set before ourselves also the task to take steps so that when these valuables were discovered, we would present these resources and property to their legal recipient. This was our first task.

Our second task was to discover any possible hidden resources that the CPSU has, both here in our country and abroad.

Further, we set before ourselves the target to verify the conditions of financing foreign Communist parties along the CPSU line, and the main thing here was to determine how much of this was legal, and from where the resources came for financing foreign Communist parties and was there any misuse here.

And finally, a check of information about sending abroad of valuables in the form of precious metals—gold and silver—about which information appeared in the press, and we could not ignore this information.

The final direction of our work is the following: verifying data about the availability in accounts in foreign banks of personal resources of the party leaders or some other party functionaries. More than four months have passed since the beginning of the criminal case and now we can report some indisputable results. We think that our main achievement for the time being, our main result in the work, is that the investigative group was able to identify and discover almost all of the resources in ruble amounts and real estate which belonged to the party today.

I will not present too many figures here. I will only say that this party property amounted to about seven billion [hard currency] rubles. Of this, 2.5 billion rubles is in real estate, and the rest of it is in some resources distributed among various structures.

About July—well, it was 11 July [1991]—the former CPSU General Secretary Gorbachev signed a resolution that the CPSU Directorate of Affairs would have the capability to determine the resources which were under its control anywhere. And specifically, it could form cooperatives, small enterprises, joint enterprises [joint ventures], and place money in savings banks and in some other banks, and in this way, the property valuables of the party would be spread about such structures in which it would then be placed at the disposal of financial operations. And for us this way, probably, the main thing that we would [try to] understand [was], didn't this distribution of finances [mean it was] being placed in some possible underground activity of the party or in some other similar affairs?

Today, as I already said, all these resources contained in bank accounts and in some commercial structures are known, as are their sums down to the last kopek and specific accounts. They are all in the accounts, and they are frozen, and we passed this information to the Ministry of Finance and Economy of the Russian Federation, so that the Ministry of Finance and Economy, which is by decree of the President of the Russian Federation the legal owner in practice of this property, accepted it and we ordered, moreover, that this account is in accordance, as I already said, with the president's decree.

This work continues. I would say that it continues until now, although in my view, it could continue more actively than it has done until now.

What is happening here? It would seem, if one judges by the papers, that all is decided. There is a presidential decree. This presidential decree decided to which specific targets this former party money and former party



property will go. But so that this decree would live, so that it would work and concretely regulate each sum which we have frozen, we need data about specific accounts, about specific commercial structures and banks to be obtained by the Ministry of Finance. So far, despite all our preparation to present such data and relieve ourselves from the custody of these resources, so that this matter would be completed and the Ministry of Finance could take custody of all of it, this has not come to pass.

My last conversation with the Minister of Finance took place at the end of last week, and he promised that specific people who are ready to complete this specific . . . work will come to us and everything would be done, but so far this has not taken place.

I am not saying that it would be essential, certainly, to dispose of those hard currency finances, and there is not a large amount of it, but nevertheless such exist. This is 26 million dollars, and of it about 14 million literally is available on paper stored in the Foreign Trade Bank, and certainly, its location in such an amount, in such a form simply leads to losses which, by our reckoning, amount approximately 90 thousand dollars per month. If it were turned over, Russia would have 90 thousand dollars per month, but it lays there and such income is not received.

Work in this direction, as I already said, has for the most part been completed, and certainly, we have not only have to more fully figure out what to do with the real estate, buildings, structures, or what have you. But as we see in practice, this is not being done.

During the course of about two months since publication of the first presidential decree stating that all this property should be turned over to the state, we ran up against this fact. There is, and I will simplify it, a tailor shop in the Directorate of Affairs of the CPSU Central Committee, where party functionaries order suits and other things. Well, this tailor shop, which had raw materials, in order to act and function over the course of three years—well, it turned out not to belong to anyone. The party power stopped supporting it, and the new Russian state did not pick it up. And there, certainly, began the possible misuse right up to accepting bribes. They began to rent their equipment to cooperatives, and started to waste material until we found out about it and froze [the assets of] this shop. But the chief of the shop managed for quite some time to receive 20,000 in bribes. Now, certainly, he has been criminally charged for this.

And in total, as already said, the property in these authorities amounts to roughly 2.5 billion rubles and, certainly, something must be done with it.

Another thing that interested us and about which much was written in the mass media is the legality of financing foreign Communist parties, something which probably demands that because of this interest, I should speak in more detail. What is the situation? At the end of the 1940s and beginning of the 1950s in the CPSU Central Committee, in agreement with several foreign Communist parties which were in power . . . in Eastern Europe, a decision was made to create an international fund to provide help to fraternal Communist parties. This was the name of the international fund. The international fund included payments paid into it by the CPSU and the Communist parties of the SED party in [East] Germany, the VSPR party in Hungary, and Communist parties in Czechoslovakia and Bulgaria. The Communist party of Poland participated to some extent, but later it withdrew from membership. The fund amounted to about 22-25 million dollars each

year; 2.5-2.8 billion [*sic*] dollars were contributed by the others, and the remaining sum of about 20 million rubles was the CPSU share.

Each year the Politburo examined the suggestions of the CPSU Central Committee International Department for financing international Communist parties and movements for the next year. Estimates were prepared from the accounts of all specific Communist parties and the sums which would be paid to or transmitted to each Communist party were set. The decision to finance Communist parties was made by the Politburo and this Politburo resolution made provision for not only the fact of transmitting money to the foreign Communist parties, but also determined from where in the USSR this money would come, that this, this money was taken from the state. This estimate was given to the government to come up with such a sum. Also covered was the mechanism of moving the money abroad.

Today we have quite exact data showing the total volume of this financing for the last ten years, that is, since 1980. The sum which was sent abroad to foreign Communist parties amounts to more than 200 million dollars. The most heavily financed Communist parties and fraternal movements were the Communist parties of France, the USA, Finland, Israel, and some others.

How was this money sent abroad? In the International Department of the CPSU Central Committee there was established a small circle of people . . . [of which one individual had access to] hard currency in the Foreign Trade Bank, and this hard currency could in the course of half an hour be obtained and sent abroad. When the leaders of foreign Communist parties placed requisitions (I will call them that for simplicity's sake) to the International Department . . . this matter was first examined by the International Department, and at the Politburo of the CPSU Central Committee. Then the attached worker received an order from the leadership, after which he dialed a telephone number at the Foreign Trade Bank and said, let's say, 1.5 million dollars. The person located in the Foreign Trade Bank knew what that meant, and enclosed in a diplomatic pouch the 1.5 million dollars and brought it to a department of the CPSU Central Committee. After this a call was made to the KGB and a date was established for the arrival of the appropriate courier to the CPSU Central Committee. That person arrived, signed for the money in the diplomatic pouch, and this money was transferred through KGB channels to that country for which it was intended. There it was given to the leader of the Communist party, and he signed a receipt which was delivered through KGB channels back to the Union, delivered to the CPSU Central Committee, and stored in its file folder. That was the mechanism for transferring money abroad.

We found some questions here:

1. What right had the party authorities in the country, the Politburo of the CPSU Central Committee as a public organization, despite its legal and leadership basis, to remove money from the state and give it to anyone at all? This state contract to provide material assistance or some such is one thing, and it's another thing when a public organization removes state money and transfers it. Is there any criminal liability here? If there is, just what is it?

2. Just how legal was the method of sending money abroad in this way? Is it actually illegal? Who is liable for committing such acts?

Certainly, we can't avoid many questions concerning the position of the personnel and the actions of individual foreign former friends of ours—I have in mind the friends of the CPSU who received this money. How they spent it is not our affair, but we ourselves need to answer a lot of these questions. We have to work on this, although this work in this area is very difficult for us, since, as we turn to the foreign powers, no matter what country, with a request to clarify some question or another, they ask us one specific question about the legality. Let's take Finland or Switzerland or some other country, [which we] ask to provide us information about money in the bank, and to whom it belongs. They say to us, "We will give you such information when you tell us that it belongs to some specific 'Ivanov,' and when you accuse him of some crime. Then we will provide such information. If you have no such data, then don't ask us, because you will not receive such information." This is a vicious circle. Unless we know to whom the account belongs, we can't hold some specific person liable, and they tell us that unless we are going to indict somebody, they will not provide us the data. . . .

The Prosecutor General of Russia, [Valentin Grigoryevich] Stepankov, was in Italy. He found it possible there to sound out the possible interest of the Italian authorities about providing mutual assistance. They were interested. It is as if we are going into clear water at the level of cooperation with this country.

It is possible that we will receive some assistance even in Switzerland, where Stepankov also visited.

In general, during the last ten years financing was provided to 98 Communist parties and organizations, and also movements, and these are located in roughly 80 countries. Therefore we have a lot of work ahead of us.

To come to the end of these disclosures, perhaps those here present are interested in the motives which motivated the Communist parties, or foreign friends, to request this money. I will give you a few excerpts from those letters which came to the CPSU about the motivation, why they needed this money and for which aims. Certainly, my excerpts are not complete letters, but nevertheless they are the gist of what they say, and unfortunately, the CPSU supplied money not only to some foreign organizations, but for some other aims.

For example, a letter from El Salvador: "We have difficulties here in connection with the increase of the size of our armed forces, the increase in the purchase of uniforms, food, and medicines for guerrilla organizations." The money was provided to support the armed struggle. I don't know if this money was used for the struggle or not, and I am not [three words illegible] these question should be [one word illegible] but nevertheless there is a question here.

From Namibia: "The party was able to operate recently [one word illegible] the assistance of the CPSU." That is, this party practically existed only on the money of our party.

The Communist Party of Iraq: "We have difficulties in connection with armed activity, the creating, arming, and spread of armed units." And there is a pleading request from the General Secretary of the Central Committee of the Israeli Communist party, which says that, "To try to pay the party functionaries of Israel a salary of less than \$3,000 per month is inhuman."

(Laughter in the hall.)

You see, the CPSU provided money for various purposes including so that everything could be humane.

What else is to be said about this line of work? One problem in particular bothers us. To the extent that matters of CPSU financing of foreign Communist parties, movements, affairs (and here, you see, these were also financed) come up, there is wide appearance of these facts which we can't get around. All this is publicized, and we have not tried to hide it. You see that from my presentation. Nevertheless, providing such openness has somehow not meant, in the West particularly, that we have help in finding this money. . . . [Here, portions of the transcribed text are illegible.]

Allow me to come to those matters about which we, unfortunately, cannot speak in such detail to the deputies, the parliamentary commission, and the journalists concerning the activity in other directions.

What am I talking about here? There was a lot of information that gold and other precious stones were transferred abroad, and so on. We don't have any convincing, indisputable evidence that this took place. We have data that the party, primarily the CPSU and its leadership, had the capability and that they received certain gold articles, precious stones, and gold bullion. But it is not clear how much they received, how, and how this was regulated. Unfortunately, we are unable to tell the parliamentary commission specifically, but we suspect to be able to do that with further cooperation, Lev Alexandrovich. Then such data as we have will be presented to the Supreme Soviet.

Now, by the way, a complete inventory of the State Repository for Precious Metals is being done, and a complete inventory of the State Repository for Precious Metals includes the matters not only that the CPSU was dipping into the State Repository for Precious Metals, because [the CPSU] alone kept these [two words illegible], but we also want to know that there were other state structures there, primarily the KGB and the army [who had their hands in the till]. They also had gold and precious stones. [Four words illegible] also interests us.

[Most of next sentence illegible.] And for now we cannot [2-3 words illegible] state absolutely exactly and reliably that any of the specific people arrested in the GKChP case or who were not held criminally liable were keeping or are keeping money in these banks. We have methods to clear up these questions. We are using these methods to their full extent. It would be important here for us to get help from Western business circles, and even from some state structures, similar to that operational data which we are obtaining inside the country. But it is still too early to speak of this. That would only harm the case. Therefore, we can't say anything specific right now.

Now I can provide somewhat of a summary. We are convinced to a more or less degree that after we finish our investigation in at least two areas, particularly in the area of the financing of foreign Communist parties, we, apparently, will come to the matter of the appearance of a specific circle of people who are criminally liable. And such a possibility cannot be excluded.

Interrogation of those persons who made the direct decisions about the financing is beginning now. I have in mind the members of the CPSU Politburo. All that was done in earlier times, but including [1-2 words illegible] time, because financial assistance to foreign Communist parties was stopped in the middle of 1990. Thus, we have data through 1990. . . . [It] is necessary to establish the matter of liability, but we are not doing it just

to put our hearts to rest; moreover, there is the remoteness of the events which bears on this matter.

Concerning the last 10-15 years, the picture will be absolutely complete, clear, and the parliament will receive this information from us. Lev Alexandrovich, I have said everything that I wanted to say today.

**Chairman**

I want to clarify the way in which questions may be asked. Russian Federation People's Deputies may ask direct questions, and if there are questions from other than people's deputies, then they can provide a note in written form. Therefore, please, people's deputy colleagues, if there are questions, please ask them. Unfortunately, there are not many deputies here. I ask you to speak loudly, because we are writing this down, and it is to be transcribed. Now we have questions to the Deputy Prosecutor General. Are there questions for him?

**D. S. Bubyakhin**

Recently the newspaper *Rossiya* published a copy of a receipt from Deputy CPSU General Committee Secretary [and former International Department chief Boris Nikolayevich] Ponomarev, who received \$750,000. Did this make it to the Treasury or not?

**Ye. K. Lisov**

I understand the question.

**D. S. Bubyakhin**

As a journalist and a financier, I have had dealings with unraveling the fact of the presentation to Brezhnev of diamonds from Yakutia and I came upon such a document. I tried later to obtain it, so that I could work on it.

In 1958, the former first secretary of the Yakutsk oblast CPSU Committee Borisov, now prospering and living in Moscow, brought from Yakutia [2-3 words illegible] Malenkov, and Bulganin 135 crystals [i.e., diamonds], to show them that there was a large [diamond] deposit in the local area. He showed them to everybody. After this, by order from above, he gave them to the then-charge d'affaires of the CPSU Central Committee. The further fate of these 135 crystals is not known. Were they deposited into the State Repository for Precious Metals or not? Can you untangle this matter if I provide the necessary evidence?

**Ye. K. Lisov**

To the first question, it appears to have been an entry, a receipt for the reception of several hundred thousand dollars from the Czech party. I don't know if such money from the Czech party was returned or not.

**D. S. Bubyakhin**

Did they receive this in the form of assistance? Yes, yes. And what further was done with this money.

**Ye. K. Lisov**

I didn't read this paperwork, so I just don't remember.

**D. S. Bubyakhin**

Such documents exist.

**Ye. K. Lisov**

Money which arrived in such a way from the Czech Communist Party, and from the Communist parties of Bulgaria, the GDR, Hungary—all, certainly, went to the Foreign Trade Bank, and was available there.

**D. S. Bubyakhin**

What was done with it?

**Ye. K. Lisov**

It was available there. It was brought there in that way. About the second question. For now, this fact doesn't figure into the material of our investigation. We hope that the inventory of the State Repository for Precious Metals will clear up a lot for us. If you have some specific documents, we, certainly, will accept them and we will do all that is within our power to check them out. Let's keep in touch.

**Chairman**

Here is a written question: "Is it true that \$600,000 was found in [CPSU Central Committee International Department chief Valentin] Falin's safe? If so, what is the fate of the money?"

**Ye. K. Lisov**

At one time the leaders of the Polish Communist Party requested from the CPSU about \$1,500 [corrects himself] \$1,200,000, if I am not mistaken, more or less. Half of this money, \$600,000, was returned and this money showed up in Falin's safe. And on the day which he actively criticized the investigative group of the Russian Procuracy because his apartment was searched, this money was found in his safe. On the same day it was given to his subordinate, and that person gave it to the investigative organization. And we have it. . . .

**V. I. Shinkaretsky**

You have been conducting investigations of the last decades, of the last few years. Doesn't it seem to you that those facts which you uncovered provide a basis for looking in general at the financial activity of the party, beginning with the Comintern? Because then, in 1918, when they were starving in the Volga region and in other areas of Russia, even then there was "feeding" for foreign revolutionary movements? How do you look at this?

**Ye. K. Lisov**

The capability of investigating depends largely on the availability of documents. We are now working on that path, and we are investigating documents not from the bottom [of the pile] but from the top, if one can call it that. We are taking the last decade because it is more clearly expressed in the documents. And per these documents we are digging deeper, to those capabilities, to that depth, to that bottom which the documents will allow. That's because this is an investigation only to show some evidence, some eyewitnesses, which has already produced solid returns. And it would be dangerous on the level of that [one word illegible] obtain unreliable data,

and here reliability is essential as nowhere else. Therefore, to the extent that the documents allow, we are digging in. If it is documented, then we will present it in documentary form.

**(Unidentified questioner)**

Tell us, please, what was Mikhail Sergeyevich Gorbachev's involvement in the squandering of state money?

**Ye. K. Lisov**

Mikhail Sergeyevich Gorbachev, as all the other members of the Politburo, participated in the resolution of these matters. He did not vote against it.

**Ye. A. Ambartsumov**

(His first sentence was not audible.) Although, as is known, the Italian Communist Party itself did not receive this money. Incidentally, those formulas which were published in the press throw a shadow over the activity of this party in that period which it disassociated itself, financially in particular, from connection with the CPSU. How does your investigative group see this matter, considering that they were actually puppet parties which existed only thanks to our help? But there were those who were supported by a powerful democratic movement, and it still exists today, and is part of the democratic forces in specific countries.

**Ye. K. Lisov**

The Italian Communist Party, actually, as many others, was financed. The involvement of the person whose name you mentioned is determined by our documents. About where the money went then and [three words illegible] political line was set up in some party or another is not clear to the investigative group. It is more political in character than legal. Therefore [if we] base our work on political evaluations, then we will not get there [to the legal point].

And concerning the purely legal question, the purely legal tone of this matter, it is for practical purposes clear to us and we only must, with the help of our Italian colleagues, take that which we planned to the finish. And then later the politicians can judge the democratic or undemocratic state of one wing or another and so on and so forth, that is all that we talked about.

**(Unidentified questioner)**

[There may be text missing from the transcript here.] And it is suggested now that all this was unusually acquired in connection with the meeting of Boris Nikolayevich Ponomarev, who knows all these facts.

**Ye. K. Lisov**

Thank you. I understand the question. Well, we will question Ponomarev, that is quite clear.

**Chairman**

Thank you. Are there any other questions from the deputies? Yes. Please, Alexey Porfiryevich.

**A. P. Surkov**

Well, what question would I like to ask first? At the end of last year, the Control Chamber of the USSR appeared, and there one of the initiators was Orlov. Two secret accounts showed up in the USSR, as you know, in which there were two accounts which had not been considered, in which there were about 50 billion rubles. To what extent has our investigative group, the Russian investigative group, resolved this investigation as a whole in this matter? What is this money? To whom does it belong, and so on?

**Ye. K. Lisov**

We started to work on this, and did not set it aside, Alexei Porfiriyevich, and we will follow it to the end, but it is difficult because the Union structures have disappeared. And Orlov himself helped, and he was supposed to give us some documents, but then that was not the case. But nevertheless for all its difficulties, we have that case in our field of view.

**A. P. Surkov**

Good. And also tell us, we have glimmerings in the press and, as far as I know, you are also dealing with the information that the former Chief of the Main Budget Directory of the USSR Ministry of Finance, Barchuk, made a deal at one time with the commercial structure and the Avtobank, he personally made the deal, so that state loans which were made by state organizations, now had to go to the state, and go via this commercial structure, which naturally would charge interest, and there was other work, and yield about 500 million, which would go into the party coffers.

In connection with this I have a question. Has this been looked at through the prism of the legality of Barchuk's actions? And to what extent have you dealt with the case, moreover, that Barchuk is still the Deputy Minister of Finance of Russia?

**Ye. K. Lisov**

I understand the question. He, unfortunately, was not directly connected with purely party finances, and all this is outside the framework of our direct investigation. But we have some facts. And we have him in our field of view, and we are not going to just leave this alone. We think, to the extent that this money, in the final analysis, showed up in [one word illegible] to the Avtobank, and the Avtobank receives credit, loans, and donated this money to the party, and we are still in the process of investigating this matter.

**A. P. Surkov**

Yes, one billion was given by the party to the Avtobank. And also tell us, there was information in the press and we have to suppose that we are also looking at the transfers of the party with rubles, particularly in 1990, there were four transfers of (?230?) billion, more or less. And it is going on. There seems to be information that Gorbachev participated in this, and he tried to carry this sum abroad on his plane at the end of 1990, and it then was supposed to be exchanged for dollars or other hard currency and deposited there in secret party accounts. What do you know about this?



**Ye. K. Lisov**

I understand. I can say now that on this level, we will say, these are rumors. We have no concrete, exact, reliable data from witnesses or in documentation in this matter. And work on that still lies before us.

**A. P. Surkov**

We should not let this matter drop in any case.

**Ye. K. Lisov**

No, we don't plan to do that.

**Chairman**

Good. Maybe someone else has questions?

**—adrov (not heard)**

Now your investigative group work . . . is directed toward the central organizations . . . . Does it show that at the local level there were not any violations, or, if it is directed there, does it mean that there will be further deepening from this level of power?

To what extent is the local prosecutor . . . . How are they reacting on the local level? How is this situation working out?

**Ye. K. Lisov**

In general, in Russia, in each krai, oblast, and republic we are working with corresponding data and evidence. Inventories are being done. Expert commissions are working on it if necessary. People are being interrogated, and we have now frozen only those accounts which were already disposed of by the heads of administrations. We have information where the heads of administrations, not waiting for permission from the central financiers, started to take this money and use it where they needed to. And as a whole such work is going on everywhere. The oblast prosecutors know about this, and they can give an exhaustive account of each.

[Text deleted.]

**S. B. Sheboldayev**

In a legal sense in investigating our foreign deposits, foreign investments . . . how is this work being done and what is its status in relation to our contacts at the government level with the aim of attracting their state structures to the investigation of these circumstances? And to what extent has the illegality of these [deposits] of ours been determined to be illegal in foreign practice?

**Ye. K. Lisov**

To the first part of your question, yes, we are working on this. We are seeking such contacts, including in several countries I named—Italy, Switzerland. We are now trying to work with and through some governments, with others which primarily interest us. We are building contacts with the Poles, with the Finns, and with some others. And concerning the movement, so to speak, in response, certainly it doesn't always work in our favor, but we are patient.

Now, the second part of the question, concerning the legality, so to speak, the foreign practice of judging the legality of our actions. Much of this is not yet clear. We still have a lot here to draw upon and study and this is mainly because we have not actually penetrated there.

[Series of questions, raising mostly speculation and rumor, and arriving at no conclusion, deleted.]

### **Bubyakhin**

In October, 1990, the Politburo made a resolution in accordance with which the oblast and krai CPSU committees were authorized to sell off property, such as dachas. And in accordance with this resolution, 112 government dachas were sold at very low prices. Furthermore, a large number of passenger cars—Chaikas, Volgas—were leased out to commercial interests and enterprises. The money arrived there [to the Politburo] and according to some data, this money is deposited in accounts of commercial organizations and structures. What can you tell us about this?

### **Ye. K. Surkov**

We know what real estate there was and is. We want the Ministry of Finance as soon as possible to accept this data from us, and it should be put into the appropriate hands. This concerns those dachas which were rented out, and the vehicles, garages, and so on.

[Text deleted]

### **Chairman**

Now I will pass along some written questions. A number of new commercial structures acknowledge that they received resources from the CPSU, but today they refuse to return them. Do you have any information about this?

### **Ye. K. Lisov**

Lev Alexandrovich, we have not worked on matters in the actual collection of "give back and give back." We don't think that the Ministry of Finance has worked on this, although it is their job. In general, certainly, judging by the reaction to our activity about freezing this property, certainly, they are quite upset and these commercial structures are angry. They have fallen into a situation where suddenly they are not allowed to carry on their commercial business, since all bank transactions on their accounts are stopped.

They have requested the capability to prolong all this activity, so that this freezing would be contingent upon their return of those sums. Such negotiations have taken place, and we authorized some commercial structures, the more reliable ones, to carry on their work, but they had to give us firm guarantees that they would pay back this money upon demand.

### **Chairman**

Is Menatep one of them?

### **Ye. K. Lisov**

No.

[Text deleted]

**Ye. K. Lisov**

. . . The documents, the archives in general, are such things which are not at all that easy to work on. And those that we have concerning the financing of foreign Communist parties, we obtained with great difficulty, and could correctly say that we wrenched them from the president's archives which were in Comrade Revenko's hands, as he was the president's chief of administration. We managed to do that. Ever since the archives were turned over to Comrade Petrov, this matter became much more difficult. We are having a great deal of difficulty trying practically to even talk about this theme, not to mention gain access to them. This is one of the difficulties of our work.

**Chairman**

What about the financing of our own investigators, experts, and your own activities? Doesn't the situation with Gdlyan and Ivanov show that you have been slapped on the wrist?

**Ye. K. Lisov**

If we are going to talk about this, then let me say this. By the way, I wanted to finish my appearance at the tribunal with this announcement anyway.

As of 21 August 1991, the Russian Procuracy, in accordance with the Supreme Soviet of the Russian Federation, has been conducting an investigation into the criminal case of a conspiracy intended to seize power. A basic part of the work on this case had been done, although it is not yet completed. Concurrently with this case, we are conducting an investigation into the case of misuse in the financial activity of the CPSU, which is less well known than the case of the conspiracy. This investigation has progressed quite actively and has already produced important results. Recently, however, the work of the investigative crews has been on the verge of stopping, since the financial support it requires has not been forthcoming. The majority of the investigators working on the investigation and called in from the republics, raions, and oblasts and the temporary duty pay they are receiving under conditions of rapidly increasing prices are clearly insufficient to live on. I would say that it [the pay] is laughable. There are no resources with which to pay for the services of experts, to rent transportation, [one word illegible] and organizational equipment. The Russian Procuracy, not having financial capabilities, appealed to the Russian Federation government to allocate the sums necessary to support the investigative crews. However this request has not been looked at so far and we are not confident that it will be satisfied. Our last hope is the Supreme Soviet of the Russian Federation, to the leadership of which we are appealing for help and support.

Distinguished Lev Alexandrovich, I am handling you this appeal, and I ask that you consider it an official document from our investigative crew.

[Text deleted.]

**G. P. Yakunin**

How much does an investigator receive, on average, and how much temporary duty pay do they receive. . . . When they are finding billions in Russia?

**Ye. K. Lisov**

Throughout Russia, not only the investigators, but the investigators also [*sic*], are paid 25 rubles per diem. Out of this, they have to pay 100 rubles for a hotel, and the rest goes for food. The investigators' salaries are now less than the sum that they must pay for a hotel room. Thus, if he sends his whole salary home to his family and tries to live on his per diem, he can't survive. Thus, from this we find this group in such impoverished financial conditions.

**(Unknown speaker)**

Yevgeny Kuzmich, can you provide an approximate estimate of how much your crew would need to finish up?

**Ye. K. Lisov**

We made up such an estimate for one-half year and presented it to the Ministry of Finance. We need 4.3 million rubles for one-half year, plus—

**(From the floor)**

Why the Ministry of Finance? There is a Supreme Soviet.

**Ye. K. Lisov**

I understand that certainly the Supreme Soviet can authorize it, but the Supreme Soviet gives authority to the Ministry of Finance for the amount of money it has. We wanted to do this more quickly and briefly. We need one million to pay our expert and for experts' work. We need about two million for one-half year's per diem, and we need the rest to pay for transportation and communications. We appealed to the Supreme Soviet, to Comrade [Sergei Alexandrovich] Filatov, to find for us the capability to provide three or four vehicles. By the way, this concerns not only the work of the investigative crew for investigating the party's financial activity, but also for investigating the GKChP. And last Friday two of my investigators left without a word; they bought tickets and left, and said, "I am sorry, but we don't have the wherewithal to live." They gave us three vehicles for one month, from 20 January through 20 February, from eight o'clock until five. Certainly having the vehicles from eight to five interferes with us a bit, because our work doesn't just last from eight to five, but actually around the clock.

**Chairman**

There are, apparently, two more written questions. Who specifically of the former Politburo members did you question in this case?

**Ye. K. Lisov**

The first one we want to talk with is [Boris N.] Ponomarev.

**Chairman**

You haven't questioned anybody yet?

**Ye. K. Lisov**

Not yet.

**Chairman**

And the last question. This week, in a week the parliamentary commission of the Russian Supreme Soviet will finish its work. It is written here—if you are deprived of parliamentary support, where do you expect to get the help you need?

**Ye. K. Lisov**

I don't think we will be deprived of direct parliamentary support. I am counting on it very much, or else we will be in a terrible fix. First, we have deputies in the Procuracy, and we are also relying on them. One of them is sitting here, my colleague, Comrade Tekhlyarov. Then we have two related committees, the Committee on Law and Order and the Committee on Legislation, and we are relying on them for help also, and tomorrow we will have a managerial meeting, and we will discuss these prosecutorial matters. We will invite workers from the leadership to attend, as well as Supreme Soviet workers and its leaders. I think we will be able to appeal to them also.

**Chairman**

Thank you very much, Yevgeny [Kuzmich]. I want to ask, is Alexander Vasilievich Smirnov from the Ministry of Finance here? Please.

**A. V. Smirnov**

Good day. I am Alexandr Vasiliyevich Smirnov, the chief of the executive budget directorate for the Russian Federation Ministry of Economics and Finance.

I have this to say on the subject of today's hearings. From the side of the Ministry of Economics and Finance, from the side of the block of finances in bringing it to light and about Presidential Decree No. 13, which details and more accurately directs the course of completion, the course of the details of the executive organs in this matter, the Ministry of Economics and Finance has prepared and sent to the Central Bank of Russia a written request expressing the request of the Russian government that it allow access to official bank accounts both in the center here in Moscow and in outlying areas. These accounts are to be accessed for accounting of the resources in them, which [resources] are now located in bank accounts belonging both to the CPSU Central Committee and to the Russian Communist Party Central Committee, and to local party organizations. Such accounts must be disclosed by the bank. If you have read state resolution No. 13 carefully, [you see that] it contains a very important second theme, which gives the Ministry of Economics and Finance a direct part in this matter, and it is ordered to participate directly. This is to develop and determine the method of removing those resources deposited by the Communist Party in various commercial organizations excluding those in other than banks, certainly, such as in various associations, insurance plans, small enterprises, joint enterprises—in short, various forms of business. In these cases it [the government] has in mind that when withdrawing resources which belonged to the CPSU Central Committee, the Russian Communist Party Central

Committee and to local party organizations, one must take into account the legal formalities of withdrawing from these structures, and we will say, those of a former participant from among the founders of a given enterprise so that, naturally, the damage with the withdrawal, the removal of these resources would cause will be minimized.

[Text deleted. The text contains discussions about bureaucratic procedural and legal matters as the reason for inaction, a description of bureaucratic backlogs at the Finance Ministry and arguments about the sincerity of certain ministry officials; and testimony of Deputy Minister of Social Welfare Nikolai Kuzmich Kozyrev to the effect that recovered funds were to have been channeled to pay for social services. Witnesses and questioners agree that none of the money reached its intended destination.]

### A. P. Surkov

. . . the objective truth should have been established, and naturally, I emphasize, not here, not today in full measure, but in part we are bringing about its birth and most of all through the legality of the party's financial operations. This, understandably, is our most important task for the investigation.

Certainly, I think, the investigation is still at the stage of a great deal of study, and many more problems are not yet clear, particularly outside the country. In many cases, we are unable yet to draw conclusions. Although the fact that the CPSU lived not on [its own] resources, let's say, is already known to all of us. In the face of general shortages, the massive housing shortage, the poor quality of education and health care, the miserly salaries both for city dwellers and for officers, the party operated in multibillion [ruble] palaces of congresses, splendid buildings for oblast and city [party] committees, political schools, academies of social science, fashionable homes for party functionaries, personal new hospitals, clinics, sanitoriums [resorts], and rest homes. In Moscow alone the Central Committee was served by 1,400 drivers, and the Central Committee had 570 Volgas at its disposal, as well as 100 buses, 140 trucks, ambulances, dozens of presses and publishers, and many thousand service personnel. The people's money was spent for all this, naturally. No more than 80 million rubles of this money came from party dues, as well as 1.5 million [currency unspecified but probably hard currency rubles] in hard currency, which dues were received from personnel working abroad. The party had billions in expenses, and made up [any shortfall] from government funds, as was emphasized in Yevgeny Kuzmich Lisov's testimony.

That is, they stole from us all, as if they took it right out of our pockets. And since the party itself was the power, it determined for itself its required annual hard currency deductions. The charge d'affaires of the CPSU Central Committee, now deceased, Nikolai Yefimovich Kruchina revealed this to a reporter from *Nezavisimaya gazeta* a month and a half before the putsch. He said that until 1991, hard currency resources required for CPSU needs were anticipated each year by the centralized USSR Gosplan and the USSR Ministry of Finance. The largest expenses were incurred in 1989—44 million hard currency rubles, of which 32 million were spent to purchase printing equipment. I doubt that this figure is true and believe that it is catastrophically understated. The periodical *Problemy Mira i Sotsializma* was

financed [by the party], and it spent money to send workers of party organizations on business trips abroad.

He [apparently Kruchina] categorically denied any CPSU participation as a member in commercial structures and in the creation of small enterprises and joint enterprises, and also said that providing financial assistance to friends from abroad amounted to a total of 3.5 million rubles. He also denied obtaining in these cases hard currency from socialist countries [and bringing it] here, to Moscow. "I, as the charge d'affaires of the CPSU Central Committee, know nothing of the sort, and there are no documents which would confirm that we received the transferred hard currency resources to anyone directly, and I am not distributing them," said Kruchina not long before his "not strange" death.

The fund for assistance of parties on the left functioned like a watch, and every year, as Yevgeny Kuzmich [Lisov] emphasized here, very large sums went into [this fund]. As we looked at it we saw that some 18-22 million dollars was used each year for this fund, and this was our blood money, earned here and removed without our knowledge.

During the last ten years our national resources were sent to almost 100 countries, amounting to 250 million dollars, and this assistance went as we have already seen it here. This didn't start in the last ten years, but has been going on since the end of the 1940s. Until the 1940s the transfers were individual to support leaders who were found among the emigrants, who were driven out. But after the 1940s, was begun this mass undercover attempt to spread the ideology of Marxism-Leninism throughout the world using our own resources, yours and mine. Then some parties were in more privileged situations. To ten of them, although we see that money was sent to 100-plus organizations, almost 100 million dollars was sent to ten of them. The largest recipient was the French Communist Party—24 million; the American Communist Party—more than 21 million dollars; the Finnish Communist Party—more than 16 million; and other money went to the Portuguese, Brazilian, Venezuelan, and [West] German [parties], and so on. That is, it went to those who were in privileged positions.

Thus, Yevgeny Kuzmich quite correctly stated that [the party] solicited money from friends on the idea of all for one and one for all. For example, it requested financial assistance amounting exactly to \$900,000 each year. Here's the justification. We request one-time help in resolving our request sent to the *Exportles* [timber] Foreign Trade Association to obtain for us 1,760 tons of paper, as in previous years, and under the conditions under which the paper was delivered in recent years. Read, in other words, somewhat cheaper, at a discounted price.

We paid the CPSU's friends and other organizations not only these specific large sums, but we read a report from the PGU [KGB First Chief Directorate] that he was tasked by the Central Committee International Department to provide to such and such a firm in the Federal Republic of Germany five portable tape recorders and field telephones each, at a total cost of DM 29,942. A tape recorder was provided to the chairman of the Iranian People's Party, and the cost was to be charged to our account, and here is written the account number and the signature of the then-Deputy Chairman of the KGB, [Vladimir] Kryuchkov. This was written down by the chief accountant of the CPSU Central Committee Kolosov. As far as I know, he [Kolosov] is now the chief accountant of the Russian Council of Ministers.

They also financed such activities, more than surprising for a party, which said, "We are the mind, the honor, the conscience of our epoch." Specifically, one of the party representatives said, "I am often called up to visit some city on party business, and to substantiate the story that I have my own business there where I live. My neighbors and friends now believe this, but the time has come for more weighty substantiation of the story: concrete facts are needed witnessing that I am working on business. And therefore I need a truck and the equipment for a small store which my wife would run. That is, I need \$25,000. Please provide me with it."

And he was provided with it. And that's not the only case where people were provided [with support]. [Surkov apparently reads from different appeals for funds.]

"I request \$200,000 to offset our expenses in connection with increasing the number of our armed forces," "for increasing purchases of uniforms, food, and medicines for guerrilla groups." Expenses are increased for maintaining the party personnel organs, within the country and abroad. "Dear comrade, we certainly (?tried [word partly illegible]) to obtain through our own forces the financial resources, and in particular by obtaining ransom from the representatives of the local oligarchy, kidnapping them if need be. But the growth of the armed struggle has brought about [a situation] where almost all of them have left the country and are now living abroad."

That's what it said. It's not so easy to kidnap them. There is such an appeal. That's what we have been subsidizing. That is us, you and I, from our resources, from our pocket, and the same time that if our pensions were increased at all, it was by five rubles. And throughout the world we trumpeted the merits of socialism.

And here's another. "We are informing you that our comrades in Tashkent gathered a substantial amount of money for financing the support of our party. We respectfully request that within the framework of the resolution about help and support which was announced about our party, that you permit us to convert 300,000 rubles to foreign currency and use these monies for distribution to our Communist Party." There is such a Politburo resolution—which brings us back to the question of whether this was a public organization or a government one—"to satisfy the request of the Central Committee leadership" of some party, "and to turn over to management by the USSR State Bank, to Alkhimov, to convert 300,000 rubles to freely convertible hard currency. The resources are to be turned over to the Committee for State Security [KGB]."

Such an instruction can be given only by a state structure, but under no circumstances by a public organization.

There are other surprising facts which bear witness about what actually the approach in this organization was to these questions, and we already see how far this has exceeded the limits of its competence. In any case, there is a decision, the Politburo makes a decision, for example, "to approve the draft Regulation of the Council of Ministers in this matter." What was the matter? We will read it:

The management of the State Bank is to set aside 100,000 non-convertible rubles for the KGB and to convert them into freely convertible hard currency for the conduct of special operations. [signed] Tikhonov, Chairman, Council of Ministers.



The special operations were to be conducted in Cyprus. And there is a resolution of the Politburo, "To instruct the State Bank to set aside at [Boris Nikolayevich] Ponomarev's instructions \$1,000,000 for special purposes. These resources are to be given to the KGB." And so on. Such facts, certainly, make us wonder just what is going on here.

In such acts, as you know, and you have heard to quite an extent, that they did not intend to lead this case into the sand; but as if the investigators and the perspective itself would be looked at not only to question, but maybe to accuse someone—and we know that our former friends in the socialist camp, in Czechoslovakia, for example, a trial is now in progress and the Prosecutor General, as you already remember, indicted the former Secretary of the Czech Communist Party, Belyak, and also [there are indictments] of the former ministers of the country, Lehr and Zhak. They are accused of illegal transfer of several million dollars to the Moscow account for aid to friendly parties in non-socialist countries. Each year for almost 20 years, beginning in 1969, the Czechoslovak SSR State Bank withdrew \$500,000, which was delivered to Moscow via couriers of the Czechoslovak Communist Party Central Committee. All these operations were done by Belyak's personal order.

You also know that a trial is in progress in Germany; in Bulgaria the former Communists have rapidly tried, and found within themselves the strength to cross over, to break the habit, voluntarily to give up everything, or at least almost everything to the state.

We thought that several crimes were committed, and here our distinguished Yevgeny Kuzmich touched only on part of them, those by the party and its structures. Certainly it was not only pure money and hard currency, but gold and platinum were as a matter of fact in their own pockets.

I am not beginning to question Yevgeny Kuzmich, but I think that they already did this or, if they didn't do it, then they are using a statement of General [Aslambek] Aslakhonov, who repeatedly simply stated and it was published that, "Until just recently it was the practice that the charge d'affaires of the CPSU Central Committee and the USSR Council of Ministers withdrew hard currency from the State Repository for Precious Metals and after a very token payment gave it to workers of the CPSU Central Committee or the USSR Council of Ministers, and also with generous gestures gave it to functionaries from friendly parties. This is a violation of the regulation for storing and accounting of material valuables in any country of the world. Presently, according to my information, the contents of the State Repository for Precious Metals is being inventoried, but the Russian government is obliged to ensure that the inventory is complete, and not selective. We will indict those who were involved in embezzlement of state riches. We already know some of the names. I think that we will be led to the hard currency accounts of the CPSU abroad. People with whom we have business have characters at the basis of which is primarily the government. They, to save their skin, are telling everything themselves."

I am in agreement with General Aslakhonov and I suggest that the investigation should try to use his information and his determination to provide help in this area.

In the estimation of the American magazine *Forbes*, the party moved abroad at least 60 tonnes [metric tons] of gold, eight tonnes of platinum, 150

tonnes of silver, and in the safes of Western banks resources of the Communist Party are stored amounting from 15 to 50 billion dollars. There are significant violations with valuable metals which have shown up in the State Repository for Precious Metals. Gold bullion, for example, was provided to the KGB. On October 30 of last year [*sic*; Surkov probably means 1990], the KGB was given 502 kilograms of valuables. Among this were gold bullion, gold American dollars stored for some special operations, and they were not returned in time, a gold brooch with 31 diamonds, a gold ring with 20 diamonds, a gold brooch with 12 diamonds and two emeralds, a gold necklace with 104 diamonds, a gold brooch with 60 diamonds, and so on. They received, by the way [changes thought]—and there is a basis to think that the Moscow Special Alloys Plant did not fall outside the KGB's attention, and naturally, that of party functionaries. There is an opinion that in 1990, a contract was made between the Glavalmazoloto [Main Industrial Association for Gold and Diamonds] and the South African DeBeers Company for sale [to DeBeers] of 59 percent of the diamonds mined through 1995, and this was done with the intent of hiding the transfer of hard currency through third parties into secret party accounts.

It surprises me personally, as a jurist, deputy, and citizen, that we have the situation which we see here. There were flagrant violations in the State Repository for Precious Metals, and yet the same people are retained in their posts under the Russian structure. And there is talk that, probably now, while we have sitting here . . . young nobles, there are also [?miners?], and through clan ties, naturally, they will not help out the progress of Russian interests, reforms, including the search for resources. We are convinced of this.

Naturally, someone could help, first of all. Yes, by the way, one thing that I also wanted to mention. Our party has gotten so cynical that it was capable in several cases even to trample national legislation abroad. Here is one result. For example, some Italian firm and our Sovinflat [Soviet International Fleet], acting as the general agent for the Azov Steamship Company, in cooperation with workers of the CPSU Central Committee, concluded a fictional agreement. According to this agreement, the steamship company, whose ships the firm chartered, presented the firm with false accounts and for apparently [one word illegible] place for delaying the ships and containers, compensation for repair, and for container commissions. And the firm paid them. And then the money was transferred to the USSR Foreign Trade Bank in the name of a private person. This person exists. As a result, the supervisor of the firm Biletti received the payment under the contract, or he transferred it to banks in Switzerland or Great Britain. In this way the firms, income was hidden from the tax authorities in Italy. Under this condition in which this firm chartered the ships, and with our Azov Steamship Company, the situation was very unfavorable, and this led to losses by the steamship company and the Ministry of the Ocean Fleet as a whole of a great deal of hard currency revenue. Furthermore, in 1987, the chief of the Azov Steamship Company Shchukin, with the sanction of the minister of the ocean fleet Tikhonov "toasted" the Italian firms with the liabilities of the steamship company to the tune of 500,000 non-convertible rubles. These were our non-convertible rubles. And they have not returned here. And by the way, the hiding from taxes of such resources took place with firms also in Greece and Portugal.

Naturally, in figuring all this out, we would need to receive a great deal of help from foreign citizens, parties, and movements to whom Boris Nikolayevich Yeltsin appealed from the podium of the Russian Supreme Soviet, but in the first place, we think, and we have already emphasized it in the previous hearings, we had to get help—help not for us, not for Lisov, not for [Russian Federation People's Deputy Dmitry Yegorovich] Stepanov, but for the Russian people—primarily from Yevgeny Maximovich Primakov and his service. He should have all this in his archives, where all this is scrupulously recorded, and where everything is (and you can check this with the investigators, in any case with me, with those involved in the documents). Right in Primakov's archives one can find that which we could work on for years. And, probably, this is not in the interests of our people.

True, the data from the interview about Primakov's service misled us all, that, let's say, the information in *Komsomolskaya Pravda* and all is quite true. In the archives of the [former KGB] First Chief Directorate, apparently, [it would show that] it took part in secret operations connected with the resources of the CPSU abroad, but certainly material about this could be found in the archives of the foreign intelligence service.

... You have these materials. I will read one of them to you. This is a verbatim account in connection with the resolution of an instance—as the CPSU Central Committee was called—politburo number and such and such in the city of Paris where 5,282,962 francs receipted for the transfer of monetary resources, telegram number such and such, dated 12 February 1966 and is found accordingly in file such and such. The log of the receipt of the money for operational necessity was not noted.

I would like very much for Yevgeniy Maximovich to listen to us. Furthermore, they have in their archives at the request of the instance a sum for the special account of the Exportles Association of \$320,000 and \$120,000 transferred to the account of the USSR KGB First Chief Directorate to representatives of foreign friends in Buenos Aires and Chilean friends on 10 August 1983 in Prague. The document for transfer of these monetary resources is located in file such-and-such. And this report was confirmed by the deputy chief of the First Chief Directorate, [Nikolai] Leonov. That is, they actually have this.

Naturally, we hope very much, and especially after the previous hearing, where this question was raised, that Yevgeny Maximovich would summon up some internal determination that he is ready to act in some way. Although I emphasize again, that this is not an investigation. It would take years for investigators to dig around in the thousands of volumes of the KGB archives. But such an investigation is necessary, and this is necessary in all of Russia, and this will require a great deal of desire. Another matter which the investigators bring to this matter is the maximum which can be gotten from them. This is another matter, and in accordance with the criminal trial code, it will be brought out. But we need help. I think the workers of the First Chief Directorate [since re-named External Intelligence Service, SVR] should be the first to help.

I would like to hope that we can get the investigators better acquainted with the material of the partial inventory which was done—the financial inventory—by the workers of the First Chief Directorate. By the way, there is a great deal of interesting material in the preliminary data of this material. It was established that almost all of the resident [agents] cooperated in conducting operations to transfer resources to leaders of foreign political

parties and several public organizations and press organs. This is emphasized in that document itself.

Through the operational material it was established that between 1986 and 1990, hard currency resources were transferred to leaders and representatives of at least 75 political parties, not counting a number of small public organizations, basically along the line of the Rodina society. By the way, this information, certainly, is also interesting.

It is emphasized in the announcements, and the following even causes confusion among the workers, who apparently conducted this analysis. The former leadership of the KGB made specific attempts to use the intelligence in measures to protect party property through large commercial enterprises. This includes such-and-such a concern. And it names just how this activity was done, specifically.

Also particularly interesting and which cause disbelief among the auditors, was the appearance of other facts and forms of using the intelligence for functions that were not their own. It is written directly in the document of the disbelief caused among their employees by the order of the leadership to have the residents manage valuable everyday objects. In particular, it is emphasized, they systematically were managed abroad in the form of alcoholic beverages, women's perfume, and other everyday goods which, as it is noted in the files, were sent to the instance—the instance being the Politburo—or other slightly lower ranks, but also in the same structure. And the residents often received orders from the leadership of the KGB and the First Chief Directorate to cooperate in paying hard currency to selected responsible persons in ministries and in workers of the CPSU Central Committee apparatus. And an interesting conclusion came out of it—a selective check showed that the expenses made by the resident for these people—and I again emphasize that this is ours, we the taxpayers, we provided everything—were not used for operational necessity and in many cases there is no documentary material about providing or cooperating with intelligence. That is, if we are providing for them, then they are supposed to work. But a direct return was not always received. That's what our distinguished Yevgeny Maximovich has. He has it. He actually has that so we would not need to be hollering to the entire world for help. He has that stuff here.

I don't doubt that such things are also in [Minister of Security Viktor] Barannikov's archives. I would very much like to hope that Viktor Pavlovich would show the appropriate interest in this area as well, although one pricks up one's ears at his attempt, not having succeeded to become the chief of this two-headed monster, which with the help of the Supreme Soviet was annulled [Surkov is referring to Barannikov's attempt to merge the former KGB internal security apparatus of the Security Ministry with the Ministry of Internal Affairs], but he began with the statement that instructions are being adopted, as are decrees about openness and secrecy, as they say, of all archival materials. In this, not surprisingly, the result tests the need for disclosure.

I would like from this podium to appeal to party members as well, those who today are sermonizing, creating new parties with Communist or socialist orientation. I would like to appeal to those people, that they themselves would look. Or is all the money hidden for them? Is the people's money not being used by their members, money that was stolen and hidden in joint ventures and so on? I would like therefore to appeal to Nina

Andreeva, to Roy Medvedev, to our distinguished colleagues, Deputies Rybkin, Alexander Sokolov, Manayenkov, Kazarov, Slobodkin, Zalevskaya, Intarantyna, General Tarasov, Sayenko, and others to remember their nation, about which we are speaking so much, and to help it find that which was stolen from it, those people who yesterday were heading the country. Party money was hidden from us, so help us, strengthen the voice of that nation, that which now you recognize at your meeting, and carry on the struggle along with Yeltsin for reforms and for all democracy.

[Text deleted. Surkov continues.]

Some conclusions. The main task of the investigators, certainly, is not politics, but seeking the money and returning it to the people. In accordance with the presidential decree, we knew that they should be published by the government and so on. We specially brought here the leaders of these spheres and we saw, I am not saying, that this was named in 1987 as a criminal matter, sabotage, and so on. We now are democrats and we all see that in the open they are scoffing at democracy. Since last November the investigators have been haunting the threshold of the Ministry of Finance. You can see what was said at this podium, and they still intend to wait some more, but they know what must be done. That is, Yeltsin, let's say, can write decrees, not knowing what he is writing. You can take this decree, but to implement it, if you look at it, what a circle has come about. Nobody is gathering this money which for a long time was to be used for invalids, for pensioners, for orphans, for those with many children, for the victims of Chernobyl, but this money is laying around. This is another matter, and we have to find it. This money exists.

In connection with this, it occurs to me that we are obliged after today's hearing to demand from the [Supreme Soviet] Presidium to officially call all these structures, all these ministries, the Central Bank, the Foreign [Trade] Bank, the Ministry of Social Welfare, and to demand from them up to and including removing the responsible people who cannot in the final analysis determine what to do with the people's money which their functionaries have removed for the people.

And finally, in conclusion, certainly we should consider an appeal to the Constitutional Court. The party functionaries are aware that democrats are democrats, and they will not be sent to the Gulag, and they will not be [one word illegible], and they will not be driven from the country, and so they went ahead. We have the power, and we will hold on to it. We have the finances in our hands, and now they are drinking to reanimating the CPSU. Foreign governments, we know, have done enough, I think, and we have not done everything we could via the presidential decree. I think that we have every basis, considering the hearings, considering the facts that we obtained from previous hearings and what we will hear tomorrow, to prepare a law specifically about the CPSU, and this organization, in my opinion, will not serve any court, but a public organization can be judged only according to the law.

The CPSU was not one [such organization], it was an anti-constitutional state power, taken in 1917 by the Bolsheviks and who forgot to give it to representative power and as before they themselves command, not only leading and directing, but they, as we see, specifically worked on economic activity through Politburo resolutions and so on. No public organization in

any state is allowed to operate this way. It is simply not allowed. So we see on the face of this party only the screen of this party, the charter funds, the payments, and the like, and actually this was an anti-constitutional structure. Therefore we have to have a law without any, I emphasize again, the court must develop a law, and should recognize . . . that it was an anti-constitutional structure, and all the property which belonged to it must be confiscated, because people's resources, certainly, should be recovered for the nation.

And concerning the investigations, I think that we will not be satisfied, society [will not be satisfied] if the foreign accounts, including the accounts of our beloved former party leaders, are not found, and the people will not allow this. . . .

**Chairman**

Are there any questions?

**(From the hall)**

One of the subunits of the CPSU— [The transcriber could not hear the rest of the question.] How do you see this swollen structure?

**A. P. Surkov**

In the middle of last year, Yevgeny Kuzmich, I am not giving you this because I know the information, but so that you can supplement that which I don't address completely. In the middle of last year, seeing that everything was breaking down, for about a month and a half before the August [coup] events, maybe two months, the Directorate of Affairs placed 700 million rubles into the account of the All-Army Party Committee, targeted not for providing assistance to military personnel and their families or to increase salaries or build housing, but only with the single intent that it should be used to create commercial structures which were supposed to crush under themselves all conversions which had begun in the structure of the Ministry of Defense. This is a matter of robbery.

Today, at this very moment, when the investigation began, there were some 40-plus million remaining in this All-Army Party Committee account. All the rest of the 600 [sic] million was scattered, and today there have appeared about a dozen organizations, essentially all those where this money was directed. How much? Even several dozen in which this money was quickly hidden, so that now we, the investigators, have [to find out], and they say give them four million or five million so they could work and could continue to the end to find the people's money. And we are not talking about persecution or some sort of witch hunt, we are talking about real money which still could be found, confiscated, and used in the people's interest.

**Chairman**

Do the deputies have any other questions? Thank you, Alexey Porfiryevich. Now we have an invitation. I see that [former CPSU Central Committee International Department official Anatoly Ivanovich] Smirnov has left, so perhaps Mikhail Petrovich Lyubimov, please.

**M. P. Lyubimov**

Before 1980, I worked for 25 years in the KGB First Chief Directorate, so I know the very mechanics about which Alexei Porfiryevich spoke. I

received this money, millions, from a sympathetic person who worked there in the Central Committee. Using diplomatic channels, our department took these millions to England, Scandinavia, and several countries of the British Empire, distributing them accordingly to the residents, where using various methods they were, as a rule, delivered to general secretaries or specially trusted people.

I must say that there were two variants here for delivering these resources. First of all, keep in mind that these resources were obtained using special paths of the Foreign Trade Bank, and they were, as they say, "laundered." In normal language, this means that the banknotes which were provided to foreign Communist parties could not be identified as banknotes which had gone to the Soviet Union. All this was done with all the brilliance of a Bolshevik conspiracy.

Further, money was provided depending on the situation in the country. In countries where there was a severe counterintelligence regime, let's say, in Latin American countries, where the guerrilla movement existed, the money, certainly, was provided conspiratorially, using great secrecy, via special couriers. In stable countries, say France and Italy, where I last worked as a *resident*, he [the courier] came to the embassy and brought it with him. The mission office gave him [now probably meaning the recipient] the appropriate sum, obtained a receipt, and this receipt was sent to the Center.

In short, the KGB in the majority of cases could be excluded, keeping this in mind, that it fulfilled the function of the courier, a transfer point, who acted between the CPSU Central Committee and the foreign Communist parties.

I wanted to say here that it's not worthwhile to look at all this support as ideological ambition, ideological closeness, or protecting the interests of the workers of Western countries who were oppressed by the bourgeoisie. In every case in the circles of the Central Committee and the KGB political intelligence, which did not occupy itself with Communist parties since the time of Stalin's death, the Communist parties were looked upon as a weapon of Soviet foreign policy and they served the interests of Soviet foreign policy. Certainly, simple Communists, both here and there, do not understand this.

Furthermore, the illumination of the activity of the Communist Party in our press and in our propaganda generally was quite exaggerated and some small puppet Communist parties were presented to the Soviet people as almost grandiose people's movements which supported all the foreign policy initiatives of the Soviet Union and its general leadership.

Now Alexei Porfiriyevich quite correctly raised the question and I am surprised at Primakov's position that all the receipts were turned over to the Central Committee. As is known, we are a bureaucratic establishment, and having transferred money, we write, naturally, a cover letter sent with the receipt stating that so-and-so many dollars was handed over, and so on. Apparently, Primakov is mistaken, as cover letters are used in all countries, by all *residents* of the First Chief Directorate, and all of this is stored in the First Chief Directorate in special archives. Generally in each regional department there is a person who was responsible for all these matters—communications with Communist parties, and he would go to the Central Committee to receive the money for the entire department, so there wouldn't be a lot of noise about this.

Furthermore, we often had orders, and almost every *resident* himself kept orders for office supplies and various organizational equipment which the Central Committee needed. Moreover, I personally handed over money to people who were not our agents and in no way were used purely operationally, but only were high functionaries of the Central Committee and by order of the Chief of Intelligence they were accordingly given money, which was used simply for personal purposes.

Now there is a question of how this money was used by the Communists. This is a big question. And I have to say to you, that it was used, certainly for various purposes. But my personal observations by no means say that in the person of all Western Communists we have such idealists and ascetics who used all this money for the needs of the party. Nothing of the sort. I think that any lack of control, and power corrupts, and absolute power corrupts just like it did with the CPSU, and I hope that will not happen now, that power corrupts absolutely.

Therefore with closer investigation—I, for example, a couple of times informed the Center here about a request of the Central Committee; we say that some highly placed Communists whose names I don't want to name now, but which I already disclosed in the Western press, built beautiful homes, mansions, villas for themselves. That is, *nomenklatura* is the same everywhere, the *nomenklatura* here and the *nomenklatura* there. Whoever has the accounts. The intelligence [service] practically didn't occupy itself with this matter.

But I want to say that the International Department, it is its own type of party intelligence. The KGB was not allowed to deal with party matters. But sector chiefs in the International Department, naturally, very carefully conducted intelligence on the situations within Communist parties. And recently a question was raised that the money was not always passed to the leadership of foreign Communist parties, but sometimes to strange people. For example, [people of the] type of Kosuti [spelled phonetically] who was a dissenter in the Italian Communist Party. And here in our party there was a very rigid line. If a foreign Communist party deviated from the course which the CPSU decreed, it became one of the renegades. I personally remember one of [Boris] Ponomarev's deputies said that these Italians, the Italian Communists, are worse than fascists. So, naturally, right here our Communist party began to seek those dissenters who would accept money and they would begin dissident activity with the support of the CPSU against the rest of the Communist party. That happened in the Italian Communist Party, which for quite a long time diverged from that Communist movement which the CPSU supported.

I talked about the role of the KGB now. In my view, this role was quite insignificant, and it is not necessary to overestimate it. I, for example, as a *resident*, maybe twice a month transferred this money, because generally we passed money three or four times a year to the foreign large parties. I think that other *residents* were not too burdened with this support. They were much more heavily burdened with the large support for obtaining organizational equipment for the International Department or other instances.

But it seems to me that this calculation, this injection among the foreign Communist parties was far from sufficient, and very much a formality. Take, for example, the activity of our lovely Union of Societies and our Friendship Societies. In all countries, they were controlled by the local Communist parties. I remember that we bought a house in Denmark,



and this house was given to the local Communist party, that is, it was bought with the people's money, and the local party used it. There are thousands of variations, where via a friendship society very large sums were transferred, secretly of course, to Communist parties. We need to look at the archives of the friendship societies.

Don't forget also such of our organizations as the APN [Novosti Press Agency]. Via the APN, we made ads of the speeches of the general secretaries, and we paid fantastic money for them. Picture for yourselves, that an ad contained the entire text of a CPSU Central Committee General Secretary[*'s* speech] in the *Times* [of London]. Can you imagine what it would cost? It cost millions. But nevertheless, from considerations of prestige, from want to, as they say, pat the general secretary on the boot tops and say, you know, 'Everyone is reading your report,' this was done. This was done in England, and this was done in other countries as well. This was considered a major propaganda achievement. I am not talking about the intelligence [service] here, since the intelligence [service] had no dealings with it.

Finally, we need to look at the injections which were done indirectly by a firm via Vneshtorg [Foreign Trade Industrial Association], a firm which was controlled by the Communists. And there are such firms in every country. They are in Communists' hands, and money is made there, and they have their relationships.

And then how do you, for example, determine such distribution of the people's money? I remember that [Konstantin] Chernenko attended a Communist Congress in Denmark. This was his first trip abroad. He had just been named a candidate member of the Politburo. He stunned the whole Congress of Danish Communists not with his genial speech, but he stunned it by the fact that he gave orders to the Danish ferry boat *Bermyaster* [phonetic spelling]. There were three ships, if my memory doesn't fail me.

These orders were also taken from Portugal. As he later said in a small circle, he simply went to Leonid Ilyich [Brezhnev] and said, "How am I to go to the Congress with empty hands?"

Why was it necessary to change the orders? Because there was quite a strong influence of the Danish Communist Party at that shipyard. This quite seriously increased the prestige of the Danish Communist Party, and its halo for the workers. This political course, and how much of it was moved around, you can figure out. This is a very complex account. First, you need to find out what forfeiture there was after having concluded a contract with the Portuguese. Second, figure out how helpful it was, say for our government to place an order for the *Bermyaster* in Denmark. These are all economic miscalculations. Still, this again cost millions and millions.

Still, I gave one part, for example, about a small country. And if you take the whole world, then I think that there would be added to the sums with the commission is trying to recover still more billions, which shows quite clearly why we have come to the state we are in. Thank you for your attention.

### **Chairman**

Thank you. Do the deputies have any questions? Please.

### **Question**

From the commission's work it becomes clear that, for example, a structure such as the Moscow Patriarchate, like the UVSS [*sic*; ?UVTsS], the Department for Foreign Church Relations, practically was a cover for the work of the First Chief Directorate. There was much of the higher hierarchy who worked both for the Fifth Chief Directorate [internal political police] and the First Chief Directorate [foreign intelligence] simultaneously. Do you have, since you have a lot of experience, any agents in cassocks?

Were there any cases when party money and apparently church money were included? Because there was a great deal of church money, grandmothers saved up their kopeks in hundreds of churches throughout the country, but this money was then converted into dollars and sent abroad.

Were there not cases when religious agents were used to transfer sums to Western Communist parties? But Communist parties, as is known, had as one of their targets, not only of the CPSU, but of others, the struggle with religion and the destruction of all church organizations.

### **M. P. Lyubimov**

I had no personal dealings with that, but I know that in every case we first of all had our own personnel who worked in various delegations of the Russian Orthodox Church. By the way, there were not so many of them. But I am talking about agents. I don't know about what the GRU [Main Intelligence Directorate of the Ministry of Defense] had, but the agents in cassocks are the best agents because they have access to the good church wine and other of life's luxuries. We always valued a church agent quite highly, because he, by the way, was always used with the intent of personal enrichment of a great many employees. They have some access to some channels which the regular employee has not.

I doubt very much that the church was forced to transfer [i.e., be a courier for] money for a simple reason. If this had been necessary, they would also have forced the church. But there was no need for this. There was no need, since, as you can imagine, it was so difficult, let's say, for the person in holy orders to transfer conspiratorially, let's say, in the jungle of Mozambique, four million dollars. This would be quite difficult. Isn't this true, Father Gleb [Yakunin]?

Therefore, I think that if it had been necessary, I have no doubt that we would have transferred [money] via whomever was convenient, without the leadership of the church. There just was no need for it. Thank you.

### **N. V. Repin**

Do you have any information to provide about to what extent the Communist party leading figures in Russia, meaning our general secretaries, including Gorbachev, controlled the process of transferring money to the West?

In connection with this, wasn't there in this way some trust in him, which allowed him to obtain various types of credit, which now automatically has been passed on under specific circumstances to B. N. Yeltsin? That is, we are not opening for you, take that which we had already given to Gorbachev and Shevardnadze?

### **M. P. Lyubimov**

I left this wonderful organization in 1980. During my time of working relations, I think that the quite capable brains who are there, quite significantly succeeded in that.

Now the question comes up about Gorbachev's personal accounts, and those of Politburo members. As a former *rezident* until 1980, if I had heard that one of the Soviet employees, not even Gorbachev, but some simple Uncle Vanya, the embassy doorman, had an account in a foreign bank, I would have expelled him from the country and correspondingly have sent according to all instructions information that he had violated the existing standards of behavior of a Soviet citizen.

What am I saying? That if these operations with personal accounts had taken place, they took place under quite conspiratorial circumstances at least, and hardly were allowed by what until now was the KGB.

I think that if such personal accounts existed, then literally one person could be doing it. Imagine what the committee [KGB] would get to in this matter? Let's say, a telegram arrives. Already, two code clerks know about it. The code clerk has friends. That is, such secrets could not be kept in that way. Therefore, I am completely convinced that it is impossible to seek this there. That's if such things are not completely destroyed. But this would have been done very conspiratorially.

Imagine that we send money to the West. Everyone knew it. That is, they looked at this through their fingers. Actually, legislation everywhere is different, but this used to be everywhere during election campaigns. But nevertheless even here, since all this was done conspiratorially, it was done quite subtly, and in general, none of it became known, except in New Zealand. But even there no arrest was made, and they only expelled the person who transferred the money. So in this case, I think that this was done at the level of highest piloting.

### **Chairman**

Thank you. Are there any other questions? No.

Please, Anatoly Ivanovich Smirnov, a former responsible employee of the CPSU Central Committee International Department.

### **A. I. Smirnov**

Distinguished Lev Alexandrovich, distinguished attendees, I have a unique capability to present information in still three situations which have not yet been discussed. This is the employee of the Russian Ministry of Foreign Affairs, who was tasked to search for resources abroad. The third is a witness to the case and one who signed an agreement of nondisclosure. [Note: Only two situations are listed; the transcript makes no indication of a third.]

I think you understand my silence. And the fourth quality which allowed them, apparently, to operate outside the canons is the author of the book *KPSS-geyt* [CPSU-gate], its working title, or *The Secret of Deposit No. 1*. Since I am that very person to whom about a year ago, as in the book, Yevgeny Kuzmich, [CPSU Central Committee International Department chief Valentin] Falin entrusted with distributing this multi-million [ruble] fund, more exactly the new name, The International Fund for Aid to Leftist Workers' Organizations. This is its quite correct name, according to all the Politburo resolutions.

Understand just how unexpected this entrusting was to me, because both in designation and in force, when money was talked about, I thought of some sort of statistics, and not about real money. But this valuable package with documents was handed to me. It was signed by KGB Deputy Chairman [Leonid] Shebarshin and addressed to Falin and signed for \$600,000. I did not think that it was \$600,000, and I put it in the safe, and with this the familiarity with bookkeeping was ended, because my predecessor had retired.

Among the documents, my particular interest was raised by a letter from Yanayev to Gorbachev with a request from the Poles for long-term preferential credit for a large sum, which was named as \$232,000, and 500 million zlotys, and there was an account of his trip to Poland, where he asks Gorbachev to be patient about the remainder of this debt.

I had all this money in my safe until 23 August [1991], until the Central Committee apparatus fled from its home and hearth. After I became acquainted with Boris Nikolayevich [Yeltsin]'s decree of 25 August concerning CPSU property, I took steps to hand over all the money, and this was 14.6 million dollars in cash, and 11.5 million dollars on deposit, which could potentially be called for. Maybe I disappoint those present, but I am from those who didn't do a single operation, but I was taught about the potentiality and eventuality of such technology of realization. And also there were two million U.S. dollars which were located overseas, but they were sent to the Soviet embassy, to the *resident* now, but this was not given to him, as subsequent events have shown—and we analyze in the book. [Translator's note: The speaker apparently got confused here. Context shows that the money he is talking about was intended for the Communist Party USA (CPUSA).] [CPUSA General Secretary] Gus Hall started to criticize the CPSU Central Committee of Gorbachev from deviation from Communist ideals. And immediately, his punishment took this form.

Even those present have been notified after such a large amount of testimony. Allow me to talk about the technology itself for forming these funds. Somehow Boris Nikolayevich Ponomarev in his close circle worked it out that after the decline in 1947 of the Soviet section of the International Organization for Aid to Fighters for Revolution [MOPR]—this was an international organization for aid to revolutionary struggles—Stalin ordered him to travel throughout the countries of Eastern Europe and negotiate with his brothers about the idea of creating a fund and the size of their required participation in this fund. The trip, as you know, was successful. The size of the consolidated fund is already known. I would point out one condition which was cited here, that this second point was not presented to the government, but specifically to the management of the State Bank for delivery to Ponomarev. Read [former International Department chief Anatoly] Dobrynin and Falin about the multi-million sums for special targets. And the third point was that the secretary of the Central Committee was to inform the leaders of the Communist parties participating in the fund of the expenses of resources for the current year and along with it, the size of the fund for the following year with each one's required contribution stipulated. For instance, one million from the SED, 75 million from the Czech Communist Party, and so on. Then the money from the Bulgarians and from the Hungarian Socialist Workers' Party was delivered with cover letters from Soviet ambassadors, which they now simply refuse to do. That from the

Czech Communist Party was illegally brought to Moscow and then went for the total consolidated targets.

By the way, the Czech court, which was mentioned today, convicted Belkin [the individual was earlier referred to as Belyak] under the statute for exceeding the authority of a public official. This is the curious formulation which can be used.

Along with the annual subsidy, the Marxist-Leninist stipends, and we talk about this in the book, supplementary help was received, and it often was much higher than those sums which went via official channels. Then there was the line on the split in the Communist movement, which clearly departs from the trusteeship of the CPSU, which took place. This is the case of Casutto [earlier referenced as Kosuti], who was a member of the Italian Communist Party leadership, and a complete resolution of the politburo was addressed to him. Then Casutto acted through his trusted people, and these trusted people, by the way, are the leaders of large firms. Here is yet another turn in the results which were one stage lower and which need to be looked in at greater depth.

One more thing, and this is on the paper, when you said Operation Paper. This is not such an inoffensive formula as it seems at first glance. Paper was not given out simply for small prices. This is one situation which caused damage from the first to our people, and secondly, that money obtained from the paper went into a special account in Exportles [Timber and Paper Export Association], and from there it was withdrawn and again via KGB channels was returned to the firm, by the way, to the same party who paid it. That is, both paper and money remained with the same people. We came to this conclusion because there were a number of resolutions of the Secretariat which were signed in these papers and documents, and they allow us to come to this type of conclusion.

And, finally, there are marks via the channels of the SSOD [Union of Soviet Societies of Friendship and Cultural Bonds with Foreign Countries], the APN [Novosti Press Agency], and the channels of the SKSA [Soviet Committee for Solidarity with the Countries of Asia and Africa]. Such an organization exists. There are several others. The Komsomol sent [money to] its counterparts by this route. And, finally, the latest information from the 2 February issue of the *Sunday Times* published information that multi-million sums were passed through trade union channels in support of the miners of Great Britain in 1984 and 1985. And there is a secret note from Shalayev—excuse me, I read of this in the English press—and there every small step is described, including how the money was taken to Warsaw, and from there in small portions of 100,000 to 150,000 [units of currency not specified] it was transferred to an Irish bank, and from the Irish bank to the account in support of the miners. That this is a direct form of destabilizing the situation in another state. Then the money which went there was supplementary to that collected in public, and this was a supplement of one million.

Working on the Finland problem, my colleagues and I reported that the political parties receive help. But we thought that this was from the party budget like the [German Social Democrat] Ebert Fund or the [Christian Democrat] Adenauer Fund and other parties. However, having obtained true information about all these notes of technology and the scales about which the people were robbed.

I didn't carry out one of Falin's last orders and did not destroy these documents; I gave them to the weekly *Rossiya*, and they were later

published. You remember the large reaction in this country and abroad. And, actually, several parties in these publications owned up to their financing. In Great Britain, for example, the deputy general secretary, Fober, admitted it. But the majority categorically denied it. This includes Marshe and Kunyal [phonetically reproduced], and Gus Hall has kept silent until today. I don't know how [this can continue] after Yevgeny Kuzmich's report that they received two million dollars annually. For them this is not simply political suicide; in many channels it is also a criminal case as a paid agent for a foreign state. This very condition, naturally, slows things down. Every party has its forces, its counterintelligence, its intelligence which struggles with other parties, and they conceal the impression, the publication, which would cause reciprocal investigations of them and the balance of terror is now in this situation.

In my capacity as an employee of the Ministry of Internal Affairs [as transcribed], working on coordinating these problems and preparing Kozyrev's speech at the parliamentary hearings held in October, the idea arose that in principle, the documents which the procuracy is not distributing, are the basis in a number of countries which will serve for the corresponding indictments. But in order for the procuracy to discover them, it needs special permission. This is the prerogative of the Supreme Soviet or the president.

The following aspect, concerning Primakov. It is useless today to testify further on this. I will note only one thing. Yevgeny Maximovich himself acknowledged that the channels of the First Chief Directorate were used as channels for hard currency. But for some reason he is not concerned about those employees who did this. They are now located abroad, and how [are they to be] returned to their homeland? They could come to a sorry end, judging from everything.

I think that the question cannot be put off. This would be the prerogative of the Supreme Soviet, the Commission can only give immunity, and forgiveness. They are the ones who did it. They cannot bear responsibility, like military personnel, for improper decisions of their leadership. Moreover, such an approach would allow access to deeper channels, since these people no doubt had access to those anonymous investments which exist as we individually feel and know. I had information about which I cannot speak, considering my receipt, which I already give out. In principle, these people would help get into these deeper channels.

And finally. Considering that the recent publication in *Rossiya* allows information that the weapon glimmered in those papers, including the weapon, let's say, concerning the interrogation of P. Keyneman—that is, the general secretary, the minister in Sri Lanka under the Banderanayka government. These aspects, it seems to me, also could become a matter for serious study, because in connection with criminal employees abroad shows the CPSU as an organization, which, naturally, did this. Rank-and-file Communists don't know about this. Even those with whom I am meeting now, the ones who are calling me and threatening me, didn't know it. But when I say that the situation is such, they don't believe me. I tell them everything, I show them documents, and only after this comes sunlight.

It seems to me that this insight should come out as quickly as possible, otherwise the orthodox [communists] might use this situation and turn the matter around.

Therefore, the very last thing. Very interesting was the most recent proposal of the Communists of Russia, an appeal to their foreign colleagues. It was published. I will express one idea from this appeal. In principle, there are leaders, clients, satellites of the CPSU who received money, and who voluntarily, honestly, and openly would return to the people those convertible resources which were embezzled by them, having in mind the possibility of their return in the form of humanitarian aid.

Well in this constructive key, it seems to me, should be expressed the role of the Supreme Soviet and the Commission. This should be supported. As far as I know, contact with a number of foreign functionaries exists. They don't know about this initiative. This would allow us to avoid many service and other mazes which could not be navigated. Thank you. [Text deleted]

### **Chairman**

. . . . The chair recognizes V. Rebrikov, a People's Deputy of Russia.

### **V. [Vladimir] Rebrikov**

Good day! I am a member of the Committee on Economic Reform and Property, and so I wanted to testify about how far we are from having communicated the [extent of] the party's finances. I want to testify about the state of our work, which we are doing today in that committee. One can say that we are talking about that which was done. Today we clarified the essence of socialist economic integration, which from all our economic activity there remains only one sound, and all the rest in the West itself.

Today we clarified the mechanism of the party's robbery of our people. I would like to say that those forces who are hoping for revenge in today's situation are continuing to conduct this policy so that they could bring our young government today to its knees through economic blockade. And these people are found in responsible state posts, including the Supreme Soviet of Russia. This is as an answer to [the question] of why the structures connected with providing this money for the needs of our most important programs and dealing with credit are working so slowly. Yeltsin, when he was in France, made such assurances to the French firms, having told them, the French industrialists, that "since our young democracy has not been corrupted, we have to use this and everything in the Russian market, not to be nervous, and that we will pay our debts. I am not trying to agitate you, but you are late, and the Italians are overtaking you."

I want to say that the Italian credit which they now offer to open for us is really all that which was previously frozen, and about which there was negotiations by Gorbachev in Italy. At the present time, Boris Nikolayevich [Yeltsin] is opening those credits which our Communist lords earlier subscribed for us. All these credits—cabals for us—were established under conditions for deliberately eating them up, that this is financing for its own sake. Everything that we received for these credits, that is grain, meat, and so on, has been eaten up here, and we have paid for it with raw materials. This sale has gone on actively for the last five or six years, and will continue, and gold and petroleum and gas [are to be sold]. Therefore, that which they are now pushing Boris Nikolayevich about, since there is no other way, [one word illegible] credit would seem to be refused, and I want to tell you that that is all lies.

In this period today there are very interesting proposals from Western investors. Specifically, guarantors of these investors are those banks, such as

the Chase Manhattan Bank and the American bank and the Deutschesbank which are offering credit, and these are broken credits of 700 million dollars, 500, and now they are hurriedly trying to swallow up one billion U.S. dollars. This credit is quite favorable, at six percent per annum, and repayment of the basic credit over the course of dozens of years starting in 1997. That is, after five years. Who is breaking this?

Attempts to deal with this situation and with those people who are interested in credit, since it is supposed to be directed toward conversion, toward financing programs for processing agricultural products, have led us to the Foreign Trade Bank and to the Central Bank of Russia and beyond them our Committee for Plans, Budget, Taxes, and Prices. If we look at the distribution of the obligations of our deputy chairman of the Supreme Soviet, then Yuri Mikhailovich Voronin coordinates the work in establishing the budget, financial, credit, and tax policies of the RSFSR, as well as the activity of the RSFSR Central Bank, the Foreign Trade Bank, the Pension Fund, and so on. You all know just who Yuri Mikhailovich Voronin was in the recent past.

So to what did we want today to sharpen your attention so that you could bring to your readers today and tomorrow if you want to help them? Tomorrow at noon a decision is supposed to be made about credit. Will this be made or not? At this moment there are convictions that it is not those creditors coming to us, but here their own, these very creditors, about whom we have talked today. This is those finances which were deposited somewhere and frozen. Now the situation is fading away, and they are coming to us, and they will be infused and the party will be reanimated through its own personnel. Those credits which they are now arranging will fall apart under all sorts of proposals. Four credits, I tell you again, are already broken.

When we started to clarify how these fell apart, the first thing clear was the incompetence of the structures. Over the course of six months already they could not check the origins of where this money came from. Later [they broke down] through suspicion of those partners who offer the credit. And the final conclusions are on this plane, that these are very false credits. Therefore we are in danger when we take them. And that which for the last six years we created for ourselves a 100 billion [?hard currency ruble/dollar] debt for the state, and no questions are coming up about the activity of those party leaders about whom we are talking. And they are pressing Yeltsin and the government to take internal steps, creating such an economic blockade of the Russian government. Yesterday's meeting in support of the party structures simply showed their pretensions to government, to bring down this government, and further to conduct that policy which is useful to those people who are standing at the helm.

Therefore, I appeal to the representatives of the press who could be present at Voronin's tomorrow, to come. We will try to give you immediately fresh information about what the status of this credit is and will it break down the next time.

Once again I want to say that the specialists meeting with us at various levels have no pretensions to hold back this credit, or not to get it. But the specialists of our Foreign Trade Bank and our Foreign Economics Bank are not coming to a real case about these credits, and they are saying, "Enough. That's the end." That is, the end of this system of uncontrolled credit, which was used today successfully for financing of those political movements and



foreign leaders and the end of that lack of control which our financial system had. Thank you for your attention.

**Chairman**

Are there any questions? No. Good. Now we will conclude our hearing. And we would like to acquaint you with some conclusions which the commission is making. This is for now a draft of our conclusion, because we can't gather the entire commission now, so that we could finalize these conclusions, but we will acquaint you with some conclusions.

We feel that as a result of our hearings today and the preliminary work of our commission, it is appropriate to appeal to the Supreme Soviet of the Russian Federation with a request that it would hold hearings on the activity of the Ministry of Finance, the Ministry of Social Welfare, and other authorities about compliance with the presidential decrees for using the CPSU's resources for social needs. (A voice in the background says, "the Central Bank and the Foreign Economics Bank.") Yes, there are many appropriate authorities. We now have only a draft document.

Next. Our hearings confirm the conclusion made earlier at the hearings about the CPSU and the KGB, that the CPSU was not a public organization, but was part of the state structure, and perhaps a criminal structure, which acted as a part of the system of power in our country, and we have to look at it as just that, considering the possible oversight, particularly in the Constitutional Court, and other actions connected with the former CPSU. And we apparently will go to the Supreme Soviet of the Russian Federation with this, so that in supplement to the president's decrees a law will be adopted about the nationalization of the property and resources of the CPSU and appropriate legislation setting the status of the CPSU, about which I spoke earlier.

Then it follows from our hearings that only the CPSU was used for illegal financial activity, for illegal transfer of the state's resources to our foreign partners, including the fact that our Friendship Societies (SSOD) were used. We now cannot say this decisively, but apparently, the Committee for the Defense of Peace, the KSSAA, and other public organizations were used, and maybe the church. In connection with this, apparently, we should turn to the Russian Federation Procuracy and request that they either open supplementary criminal cases, or broaden that criminal case which now exists.

We think it is essential to turn to the archives of the former USSR president, and to the archives of the intelligence directorate [SVR] so that they would make it possible to provide more access to the investigative group so that they could work in these archives.

We think it is also essential to appeal to the Council of Ministers or to the Presidium of the Supreme Soviet of the Russian Federation for increasing the financing of the investigative group's activity and in general of the Russian Federation Procuracy in this matter. . . .

[Editor's note: The transcript of the 18 February 1992 hearing on "The Participation of the Leadership Personnel of the Armed Forces in the Coup d'etat of 19-21 August 1991," will appear in our summer issue.]