

DEPARTMENT OF THE TREASURY
Office of Foreign Assets Control
1500 Pennsylvania Ave, NW

WASHINGTON, D.C. 20220

PENALTY FOR PRIVATE USE, \$300
OFFICIAL BUSINESS



Kirsan Nikolayevich Ilyumzhinov
Sharikopodshipnikovskaya St. 1
Moscow, Russian Federation, 115088



\$09.200
06/30/2016
Mailed From 20220
US POSTAGE



\$17.100
06/30/2016
Mailed From 20220
US POSTAGE





DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Case ID SY-6700

JUN 08 2016

Kirsan Nikolayevich Ilyumzhinov
Sharikopodshipnikovskaya St. 1
Moscow, Russian Federation, 115088

Dear Mr. Ilyumzhinov:

This is in response to your request dated March 24, 2016 to the Office of Foreign Assets Control (OFAC) seeking a copy of administrative records as part of the request for reconsideration of your designation as a Specially Designated National pursuant to Executive Order 13582 of August 17, 2011.


Enclosed please find Bates-stamped pages 1-39, which OFAC has determined to be the releasable documents from the administrative record upon which this designation was based. Note that OFAC has either redacted portions of the releasable documents or withheld in full other documents that are classified; protected by the Trade Secrets Act, 18 U.S.C. § 1905, or the Privacy Act of 1974, 5 U.S.C. § 552a; compiled for law enforcement purposes; legally privileged or deliberative process materials; or otherwise subject to withholding consistent with statute.

Upon review of these files, should you wish to submit any information to OFAC as part of the request for reconsideration, we ask that you provide this information by August 22, 2016, consistent with the extension you requested on May 21, 2016 and which OFAC granted on May 23, 2016. Please direct any questions and correspondence regarding the request for reconsideration to **OFAC.Reconsideration@treasury.gov**. You may also respond via fax at (202) 622-5390 or by mailing OFAC at the following address:

U.S. Department of the Treasury
Office of Foreign Assets Control
ATTN: Office of Global Targeting
1500 Pennsylvania Avenue, N.W. (Annex)
Washington, D.C. 20220

Please refer to the Case ID shown above (Case ID SY-6700) in all correspondence.

Sincerely,

For GTG 

Gregory T. Gatjanis
Associate Director
Office of Global Targeting
Office of Foreign Assets Control

~~TOP SECRET~~ [REDACTED]



Case ID: SY-5866

EVIDENTIARY MEMORANDUM

MEMORANDUM FOR:

JOHN E. SMITH 90 11/21/15
ACTING DIRECTOR
OFFICE OF FOREIGN ASSETS CONTROL

THROUGH:

GREGORY T. GATJANIS [REDACTED] 11/20/15
ASSOCIATE DIRECTOR
OFFICE OF GLOBAL TARGETING

LEILA M. BAHERI [REDACTED] 11/19/15
ASSISTANT DIRECTOR
EASTERN HEMISPHERE (EHM)

[REDACTED] 11/19/15
CHIEF, EURASIA/LEVANT SECTION
EASTERN HEMISPHERE (EHM)

FROM:

[REDACTED] 11/19/15
SANCTIONS INVESTIGATOR SUPPORT
EURASIA/LEVANT SECTION

SUBJECT:

(U) Designations of **Non-Responsive** and Network
pursuant to Executive Order 13582

I. (U) INTRODUCTION:

(U) On May 11, 2004, President George W. Bush issued Executive Order 13338, declaring a national emergency to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States posed by the actions of the Government of Syria in supporting terrorism, continuing its occupation of Lebanon, pursuing weapons of mass destruction and missile programs, and undermining United States and international efforts with respect to the stabilization and reconstruction of Iraq. [Exhibit 1]

(U) Subsequently, on August 17, 2011, President Barack Obama, in order to take additional steps with respect to the Government of Syria's continuing escalation of violence against the people of Syria and with respect to the national emergency declared in Executive Order 13338 of May 11, 2004, as modified in scope and relied upon for additional steps taken in Executive Order 13399 of April 25, 2006, Executive Order 13460 of February 13, 2008, Executive Order 13572 of April 29, 2011, and Executive Order 13573 of May 18, 2011, issued Executive Order (E.O.) 13582 of August 17, 2011. [Exhibit 2]

¹ (U) The names of persons proposed for designation in this evidentiary appear in **BOLDED CAPITAL LETTERS**. The names of previously blocked persons appear in CAPITAL LETTERS followed by an asterisk*.

~~TOP SECRET~~ [REDACTED]

(U) Section 1(a) of E.O. 13582 blocks all property and interests in property of the Government of Syria that are in the United States, that come within the United States, or that are or come within the possession or control of any United States person, including any overseas branch. The Government of Syria is defined to include: (a) the state and the Government of the Syrian Arab Republic, as well as any political subdivision, agency, or instrumentality thereof, including the Central Bank of Syria; (b) any entity owned or controlled, directly or indirectly, by the foregoing, including any corporation, partnership, association, or other entity in which the Government of Syria owns a 50 percent or greater interest or a controlling interest, and any entity which is otherwise controlled by that government; (c) any person that is, or has been, acting or purporting to act, directly or indirectly, for or on behalf of any of the foregoing; and (d) any other person determined by the Office of Foreign Assets Control to be included within (a)-(c). [Exhibit 2, 31 CFR § 542.305]

(U) Section 1(b) of E.O. 13582 also blocks the property and interests in property of any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, any person whose property and interests in property are blocked pursuant to E.O. 13582; or

(ii) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to E.O. 13582.

(U) Information presented in this memorandum and related exhibits provides a basis for determining that the three individuals and five entities below meet the criteria for designation as set forth in E.O. 13582, as follows:

1. **Non-Responsive**

2. (U) **KIRSAN ILYUMZHINOV** has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, and/or has acted or purported to act for or on behalf of, directly or indirectly, the Government of Syria*, **CENTRAL BANK OF SYRIA**, **ADIB MAYALEH***, and/or **BATOUL RIDA***

3. **Non-Responsive**

4.

5.

6.

7. **Non-Responsive**
8.

II. (U) PERSONS PROPOSED FOR DESIGNATION:

1. **Non-Responsive**

2.	(U) First Name:	KIRSAN	[Exhibit 30, p. 2]
	(U) Middle Name:	NIKOLAYEVICH	[Exhibit 30, p. 2]
	(U) Last Name:	ILYUMZHINOV	[Exhibit 30, p. 2]
	(U) AKA:	KIRSAN ILYUMZHINOV	[Exhibit 31, p. 1]
	(U) Birth Date:	April 5, 1962	[Exhibit 30, p. 2]
	(U) Place of Birth:	Elista, Republic of Kalmykia, Russian Federation	[Exhibit 30, p. 2]
	(U) Nationality:	Russian	[Exhibit 31, p. 1]

3. **Non-Responsive**

4.

5.

6.

7.

Non-Responsive

8.

III. (U) BASIS FOR THE DESIGNATIONS

Non-Responsive

²

Non-Responsive

² (U) BATOUL RIDA* was designated pursuant to E.O. 13582 on March 31, 2015 for acting for or on behalf of the Government of Syria*. ADIB MAYALEH* was designated in July 2012 for being a senior official of the Government of Syria. [Exhibit 29, p. 11]

Non-Responsive

Non-Responsive

Non-Responsive

Non-Responsive

Non-Responsive

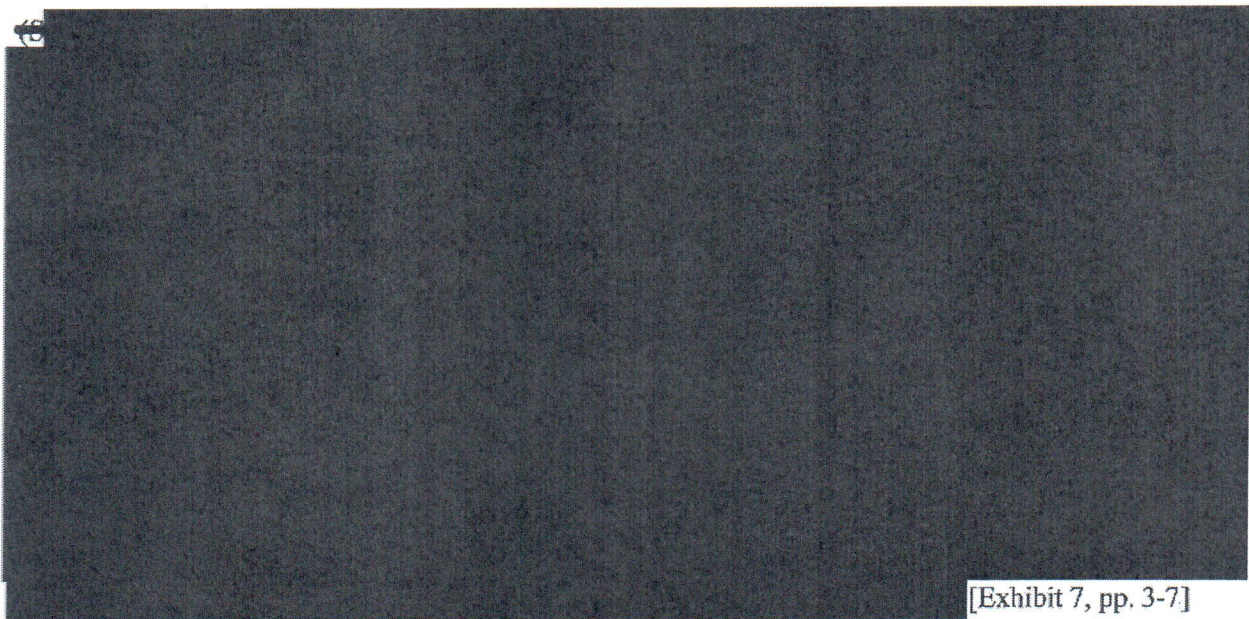
Non-Responsive

Non-Responsive

Non-Responsive

Non-Responsive

2. (U) **KIRSAN ILYUMZHINOV** *has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, and/or has acted or purported to act for or on behalf of, directly or indirectly, the Government of Syria*, CENTRAL BANK OF SYRIA, ADIB MAYALEH*, and/or BATOUL RIDA**



[Exhibit 7, pp. 3-7]

Non-Responsive

[Exhibit 33, pp. 3-4]

(U) According to a May 16, 2014 report published by *the Guardian* newspaper, **KIRSAN ILYUMZHINOV** is "a Russian multimillionaire perhaps best known for his closeness to dictators such as **BASHAR AL-ASAD***." At the time of the report, **KIRSAN ILYUMZHINOV** had been World Chess Federation (FIDE) president for 18 years, and was being challenged for the FIDE presidency by former chess champion Garry Kasparov. According to the report, **KIRSAN ILYUMZHINOV** participated in an "interview in the Moscow office of his **RFA BANK**," and "met with **BASHAR AL-ASAD*** in Damascus in 2012." [Exhibit 31, pp. 1-2]

Non-Responsive

Non-Responsive

~~TOP SECRET~~

Non-Responsive

Non-Responsive

~~TOP SECRET~~

Non-Responsive

Non-Responsive

Non-Responsive

Non-Responsive

Non-Responsive

Non-Responsive

IV. (U) ADDITIONAL INFORMATION

(U)

2-5, Tab C pp. 14-15]

[Exhibit 34, Tab A pp.

(U) According to an October 28, 2006 report published by *the Guardian* newspaper, an opposition paper, *Sovietskaya Kalmykia*, investigated in 1998 “the creation of an ‘offshore’ haven for Russian companies, which, by paying a registration fee to an agency alleged by opposition groups to be connected to [then-President of the Russian Republic of Kalmykia¹⁸] **KIRSAN ILYUMZHINOV**, could avoid paying republic taxes...making Kalmykia in effect a Cayman Island on the steppe.” The journalist conducting the

¹⁸ (U) According to the same article, **KIRSAN ILYUMZHINOV** was elected President of Kalmykia in 1993, or two years prior to developments in 1995 related to the World Chess Federation. He was then re-elected in 1995, and reappointed by Vladimir Putin in 2002 after elections for heads of republics were abolished. [Exhibit 42, p. 2]

~~TOP SECRET~~

investigation, Larisa Yudina, was stabbed to death on the eve of a 1998 Chess Olympiad, being held in Elista, the capital of Kalmykia, just prior to publishing her findings. [Russian] federal authorities took over the murder investigation and in autumn 1999 convicted two men, one of whom, Sergei Vaskin, was an advisor to **KIRSAN ILYUMZHINOV**. Kalmykia's offshore system was closed by [Russian] federal authorities after a prosecutor's report of August 29, 2002 concluded that few taxes had arrived in federal coffers from the Kalmyk-registered companies, and that criminals used the system for illegal activities. [Exhibit 42, pp. 1-10]

~~TOP SECRET~~

EXHIBITS

- Exhibit 1: (U) Executive Order 13338 of May 11, 2004 "Blocking Property of Certain Persons and Prohibiting the Export of Certain Goods to Syria," *Federal Register*, Vol. 69, No. 93, May 13, 2004
- Exhibit 2: (U) Executive Order 13582 of August 17, 2011 "Blocking Property of the Government of Syria and Prohibiting Transactions With Respect to Syria," *Federal Register*, Vol. 76, No. 162, August 22, 2011

Exhibit 3:

Exhibit 4:

Exhibit 5:

Exhibit 6:

Exhibit 7:

Exhibit 8:

Exhibit 9:

Exhibit 10:

Exhibit 11:

Exhibit 12:

Exhibit 13:

Exhibit 14:

Exhibit 15:

Exhibit 16:

Non-Responsive

Non-Responsive

Exhibit 17:

Exhibit 18:

Exhibit 19:

Exhibit 20:

Exhibit 21:

Exhibit 22:

Exhibit 23:

Exhibit 24:

Exhibit 25:

Exhibit 26:

Exhibit 27:

Exhibit 28:

Exhibit 29: (U) "Treasury Targets Syrian Regime Financial and Weapons Networks," Treasury Press Center, <http://www.treasury.gov>, March 31, 2015

Exhibit 30: ~~(U)~~

Exhibit 31: (U) "Garry Kasparov tries to unseat Russian who has ruled world chess for 18 years," *the Guardian*, May 16, 2014

Exhibit 32:

Non-Responsive

Exhibit 33:

~~(TS)~~

Exhibit 34:

~~(TS)~~

Exhibit 35:

Exhibit 36:

Exhibit 37:

Exhibit 38:

Exhibit 39:

Exhibit 40:

Exhibit 41:

Exhibit 42: (U) "The Man Who Bought Chess," *the Guardian*, October 28, 2006

Exhibit 43:

Non-Responsive

Non-Responsive

Non-responsive

Exhibits 3-6, 8-28, 32, 35-41, 43 Non-Responsive

Exhibits 7, 30, 33, 34 Redacted in Full



Federal Register

Thursday,
May 13, 2004

Part III

The President

Executive Order 13338—Blocking
Property of Certain Persons and
Prohibiting the Export of Certain Goods
to Syria

Presidential Documents

Title 3—

Executive Order 13338 of May 11, 2004

The President

Blocking Property of Certain Persons and Prohibiting the Export of Certain Goods to Syria

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 *et seq.*) (NEA), the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003, Public Law 108–175 (SAA), and section 301 of title 3, United States Code,

I, GEORGE W. BUSH, President of the United States of America, hereby determine that the actions of the Government of Syria in supporting terrorism, continuing its occupation of Lebanon, pursuing weapons of mass destruction and missile programs, and undermining United States and international efforts with respect to the stabilization and reconstruction of Iraq constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States and hereby declare a national emergency to deal with that threat. To address that threat, and to implement the SAA, I hereby order the following:

Section 1. (a) The Secretary of State shall not permit the exportation or reexportation to Syria of any item on the United States Munitions List (22 C.F.R. part 121).

(b) Except to the extent provided in regulations, orders, directives, or licenses that may be issued pursuant to the provisions of this order in a manner consistent with the SAA, and notwithstanding any license, permit, or authorization granted prior to the effective date of this order, (i) the Secretary of Commerce shall not permit the exportation or reexportation to Syria of any item on the Commerce Control List (15 C.F.R. part 774); and (ii) with the exception of food and medicine, the Secretary of Commerce shall not permit the exportation or reexportation to Syria of any product of the United States not included in section 1(b)(i) of this order.

(c) No other agency of the United States Government shall permit the exportation or reexportation to Syria of any product of the United States, except to the extent provided in regulations, orders, directives, or licenses that may be issued pursuant to this order in a manner consistent with the SAA, and notwithstanding any license, permit, or authorization granted prior to the effective date of this order.

Sec. 2. The Secretary of Transportation shall not permit any air carrier owned or controlled by Syria to provide foreign air transportation as defined in 49 U.S.C. 40102(a)(23), except that he may, to the extent consistent with Department of Transportation regulations, permit such carriers to charter aircraft to the Government of Syria for the transport of Syrian government officials to and from the United States on official Syrian government business. In addition, the Secretary of Transportation shall prohibit all takeoffs and landings in the United States, other than those associated with an emergency, by any such air carrier when engaged in scheduled international air services.

Sec. 3. (a) Except to the extent provided in section 203(b)(1), (3), and (4) of the IEEPA (50 U.S.C. 1702(b)(1), (3), and (4)), and the Trade Sanctions Reform and Export Enhancement Act of 2000 (title IX, Public Law 106–387) (TSRA), or regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order,

all property and interests in property of the following persons, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: persons who are determined by the Secretary of the Treasury, in consultation with the Secretary of State,

- (i) to be or to have been directing or otherwise significantly contributing to the Government of Syria's provision of safe haven to or other support for any person whose property or interests in property are blocked under United States law for terrorism-related reasons, including, but not limited to, Hamas, Hizballah, Palestinian Islamic Jihad, the Popular Front for the Liberation of Palestine, the Popular Front for the Liberation of Palestine-General Command, and any persons designated pursuant to Executive Order 13224 of September 23, 2001;
- (ii) to be or to have been directing or otherwise significantly contributing to the Government of Syria's military or security presence in Lebanon;
- (iii) to be or to have been directing or otherwise significantly contributing to the Government of Syria's pursuit of the development and production of chemical, biological, or nuclear weapons and medium- and long-range surface-to-surface missiles;
- (iv) to be or to have been directing or otherwise significantly contributing to any steps taken by the Government of Syria to undermine United States and international efforts with respect to the stabilization and reconstruction of Iraq; or
- (v) to be owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any person whose property or interests in property are blocked pursuant to this order.

(b) The prohibitions in paragraph (a) of this section include, but are not limited to, (i) the making of any contribution of funds, goods, or services by, to, or for the benefit of any person whose property or interests in property are blocked pursuant to this order; and (ii) the receipt of any contribution or provision of funds, goods, or services from any such person.

Sec. 4. (a) Any transaction by a United States person or within the United States that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate the prohibitions set forth in this order is prohibited.

Sec. 5. I hereby determine that the making of donations of the type of articles specified in section 203(b)(2) of the IEEPA (50 U.S.C. 1702(b)(2)) would seriously impair the ability to deal with the national emergency declared in this order, and hereby prohibit, (i) the exportation or reexportation of such donated articles to Syria as provided in section 1(b) of this order; and (ii) the making of such donations by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to section 3 of this order.

Sec. 6. For purposes of this order:

- (a) the term "person" means an individual or entity;
- (b) the term "entity" means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization;
- (c) the term "United States person" means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States;
- (d) the term "Government of Syria" means the Government of the Syrian Arab Republic, its agencies, instrumentalities, and controlled entities; and

(e) the term "product of the United States" means: for the purposes of subsection 1(b), any item subject to the Export Administration Regulations (15 C.F.R. parts 730–774); and for the purposes of subsection 1(c), any item subject to the export licensing jurisdiction of any other United States Government agency.

Sec. 7. With respect to the prohibitions contained in section 1 of this order, consistent with subsection 5(b) of the SAA, I hereby determine that it is in the national security interest of the United States to waive, and hereby waive application of subsection 5(a)(1) and subsection 5(a)(2)(A) of the SAA so as to permit the exportation or reexportation of certain items as specified in the Department of Commerce's General Order No. 2 to Supplement No. 1, 15 C.F.R. part 736, as issued consistent with this order and as may be amended pursuant to the provisions of this order and in a manner consistent with the SAA. This waiver is made pursuant to the SAA only to the extent that regulation of such exports or reexports would not otherwise fall within my constitutional authority to conduct the Nation's foreign affairs and protect national security.

Sec. 8. With respect to the prohibitions contained in section 2 of this order, consistent with subsection 5(b) of the SAA, I hereby determine that it is in the national security interest of the United States to waive, and hereby waive, application of subsection 5(a)(2)(D) of the SAA insofar as it pertains to: aircraft of any air carrier owned or controlled by Syria chartered by the Syrian government for the transport of Syrian government officials to and from the United States on official Syrian government business, to the extent consistent with Department of Transportation regulations; takeoffs or landings for non-traffic stops of aircraft of any such air carrier that is not engaged in scheduled international air services; takeoffs and landings associated with an emergency; and overflights of United States territory.

Sec. 9. I hereby direct the Secretary of State to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out subsection 1(a) of this order. I hereby direct the Secretary of Commerce, in consultation with the Secretary of State, to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out subsection 1(b) of this order. I direct the Secretary of Transportation, in consultation with the Secretary of State, to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out section 2 of this order. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by the IEEPA as may be necessary to carry out sections 3, 4, and 5 of this order. The Secretaries of State, Commerce, Transportation, and the Treasury may redelegate any of these functions to other officers and agencies of the United States Government consistent with applicable law. The Secretary of State, in consultation with the Secretaries of Commerce, Transportation, and the Treasury, as appropriate, is authorized to exercise the functions and authorities conferred upon the President in subsection 5(b) of the SAA and to redelegate these functions and authorities consistent with applicable law. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order and, where appropriate, to advise the Secretaries of State, Commerce, Transportation, and the Treasury in a timely manner of the measures taken.

Sec. 10. This order is not intended to create, and does not create, any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, instrumentalities, or entities, its officers or employees, or any other person.

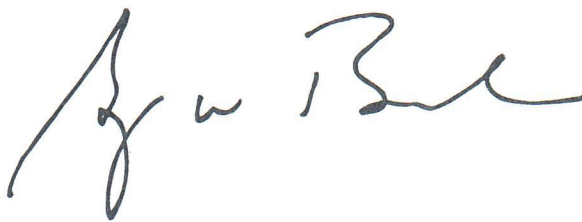
Sec. 11. For those persons whose property or interests in property are blocked pursuant to section 3 of this order who might have a constitutional presence in the United States, I find that because of the ability to transfer funds or assets instantaneously, prior notice to such persons of measures

to be taken pursuant to this order would render these measures ineffectual. I therefore determine that for these measures to be effective in addressing the national emergency declared in this order, there need be no prior notice of a listing or determination made pursuant to this order.

Sec. 12. The Secretary of the Treasury, in consultation with the Secretary of State, is authorized to submit the recurring and final reports to the Congress on the national emergency declared in this order, consistent with section 401(c) of the NEA, 50 U.S.C. 1641(c), and section 204(c) of the IEEPA, 50 U.S.C. 1703(c).

Sec. 13. (a) This order is effective at 12:01 eastern daylight time on May 12, 2004.

(b) This order shall be transmitted to the Congress and published in the **Federal Register**.

A handwritten signature in dark ink, appearing to read "G. W. Bush", is centered on the page. The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

THE WHITE HOUSE,
May 11, 2004.

[FR Doc. 04-11058

Filed 5-12-04; 9:07 am]

BILLING CODE 3195-01-P

Presidential Documents

Title 3—

Executive Order 13582 of August 17, 2011

The President

Blocking Property of the Government of Syria and Prohibiting Certain Transactions With Respect to Syria

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), and section 301 of title 3, United States Code,

I, BARACK OBAMA, President of the United States of America, in order to take additional steps with respect to the Government of Syria's continuing escalation of violence against the people of Syria and with respect to the national emergency declared in Executive Order 13338 of May 11, 2004, as modified in scope and relied upon for additional steps taken in Executive Order 13399 of April 25, 2006, Executive Order 13460 of February 13, 2008, Executive Order 13572 of April 29, 2011, and Executive Order 13573 of May 18, 2011, hereby order:

Section 1. (a) All property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person, including any overseas branch, of the Government of Syria are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in.

(b) All property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person, including any overseas branch, of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, any person whose property and interests in property are blocked pursuant to this order; or

(ii) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order.

Sec. 2. The following are prohibited:

(a) new investment in Syria by a United States person, wherever located;

(b) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any services to Syria;

(c) the importation into the United States of petroleum or petroleum products of Syrian origin;

(d) any transaction or dealing by a United States person, wherever located, including purchasing, selling, transporting, swapping, brokering, approving, financing, facilitating, or guaranteeing, in or related to petroleum or petroleum products of Syrian origin; and

(e) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the

transaction by that foreign person would be prohibited by this section if performed by a United States person or within the United States.

Sec. 3. I hereby determine that the making of donations of the type of articles specified in section 203(b)(2) of IEEPA (50 U.S.C. 1702(b)(2)) by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to section 1 of this order would seriously impair my ability to deal with the national emergency declared in Executive Order 13338 and expanded in scope in Executive Order 13572, and I hereby prohibit such donations as provided by section 1 of this order.

Sec. 4. The prohibitions in section 1 of this order include but are not limited to:

(a) the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to this order; and

(b) the receipt of any contribution or provision of funds, goods, or services from any such person.

Sec. 5. The prohibitions in sections 1 and 2 of this order apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order.

Sec. 6. (a) Any transaction by a United States person or within the United States that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

Sec. 7. Nothing in sections 1 or 2 of this order shall prohibit transactions for the conduct of the official business of the Federal Government by employees, grantees, or contractors thereof.

Sec. 8. For the purposes of this order:

(a) the term "person" means an individual or entity;

(b) the term "entity" means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization;

(c) the term "United States person" means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States; and

(d) the term "Government of Syria" means the Government of the Syrian Arab Republic, its agencies, instrumentalities, and controlled entities.

Sec. 9. For those persons whose property and interests in property are blocked pursuant to this order who might have a constitutional presence in the United States, I find that because of the ability to transfer funds or other assets instantaneously, prior notice to such persons of measures to be taken pursuant to this order would render those measures ineffectual. I therefore determine that for these measures to be effective in addressing the national emergency declared in Executive Order 13338 and expanded in scope in Executive Order 13572, there need be no prior notice of a listing or determination made pursuant to section 1 of this order.

Sec. 10. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government consistent with applicable law. All agencies of the United States Government are hereby

directed to take all appropriate measures within their authority to carry out the provisions of this order.

Sec. 11. This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

Sec. 12. This order is effective at 12:01 a.m. eastern daylight time on August 18, 2011.

A handwritten signature in black ink, appearing to be "Barack Obama", with a large circular flourish at the end.

THE WHITE HOUSE,
August 17, 2011.

[FR Doc. 2011-21505
Filed 8-19-11; 8:45 am]
Billing code 3195-W1-P

U.S. DEPARTMENT OF THE TREASURY

Press Center

Treasury Targets Syrian Regime Financial and Weapons Networks

3/31/2015

Action Targets a Central Bank of Syria Official and

Three Cover Companies Linked to Syria's Scientific Studies and Research Center

WASHINGTON – The U.S. Department of the Treasury today took action to further increase pressure on the Assad regime and to inhibit its weapons programs, consistent with the United States' objective of advancing a negotiated political transition in Syria. Batoul Rida, an official of the Central Bank of Syria (CBoS), has been designated pursuant to Executive Order (E.O.) 13582 for acting for or on behalf of, and providing support to, the Government of Syria that enable its military campaign against the Syrian people. Additionally, Treasury designated the Syria-based front company Sigma Tech Company, Lebanon-based front company Shadi for Cars Trading, and Lebanon-based front company Denise Company, all pursuant to E.O. 13382, for acting for or on behalf of the Scientific Studies and Research Center (SSRC). SSRC is a U.S.- and E.U.-sanctioned Syrian government agency responsible for developing and producing non-conventional weapons and ballistic missiles, and has had connections to the Syrian chemical weapons program. Treasury is also publishing a new name used by Adib Mayaleh, the Governor of the CBoS, who was designated by the United States and the E.U. in 2012.

"The Assad regime is not only a gross violator of human rights – it also continues to engage in dangerous weapons proliferation," said Acting Under Secretary for Terrorism and Financial Intelligence Adam J. Szubin. "As today's action demonstrates, we are determined to use our financial tools to raise the costs to the Syrian government of its illicit activities."

Batoul Rida is an official at the CBoS and has worked for the CBoS since 2010. In this capacity, she has been involved in the organization of cash transfers via couriers with U.S.-sanctioned Tempbank on behalf of the CBoS. In addition, she works closely with, and has carried out tasks at the instruction of, CBoS Governor Adib Mayaleh and is involved in managing fuel-related deals for the CBoS.

Syria-based Sigma Tech Company, Lebanon-based Shadi for Cars Trading, and Lebanon-based Denise Company are three cover companies used by the SSRC. Sigma Tech Company has been involved in the shipments of polyethylene film for the SSRC, and Shadi for Cars Trading and Denise Company are both used as consignee companies for the SSRC. The SSRC was listed in the Annex to E.O. 13382 in June 2005 for its ties to Syria's weapons of mass destruction-proliferation activities.

Treasury today is also updating the entry on the list of Specially Designated Nationals and Blocked Persons (SDN List) for Adib Mayaleh. Mayaleh was designated by the United States in July 2012 for being a senior official of the Government of Syria. His listing on the SDN List has been updated to include the name Andre Mayard as a new alias for Mayaleh.

For identifying information, please click [here](#).

###

Garry Kasparov

Garry Kasparov tries to unseat Russian who has ruled world chess for 18 years

Former world champion stands against Kirsan Ilyumzhinov who has upset many because of his links to dictators and aliens



Garry Kasparov becomes the youngest world chess champion in 1985 at the age of 22 when he beat the reigning champion, Anatoly Karpov. Photograph: Miroslav Zaj C/ Miroslav Zaj c/CORBIS

Uec Luhn in Moscow

Friday 16 May 2014 14.36 EDT

It's a chess showdown quite unlike any other: on one side, arguably the greatest player of all time, Garry Kasparov, former world champion and now Russian exile. On the other, Kirsan Ilyumzhinov, a Russian multimillionaire perhaps best known for his closeness to dictators such as Bashar al-Assad. That and his claim to have been abducted by aliens.

After officially registering earlier this week, the two are now facing off for the presidency of the World Chess Federation (Fide), which will be decided in August at the World Chess Olympiad in the Arctic city of Tromsø, Norway.

In many ways, the election will be a clash of epic proportions, a battle between a long-time president and a new challenger, between Russia and the West, between personal patronage and corporate sponsorship, between old friends and turned enemies. But most of all it is a showdown between two of the most forceful personalities in the ego-filled world of professional chess.

"I believe in the cosmos. Buddha, Christ and Mohammad just came to this world to pass along teachings ... I came to this world to help people," Ilyumzhinov said when asked why he is running for reelection in an interview in the Moscow office of his Russian Financial Alliance bank. His mission, he said, is to bring peace to the world through chess. To this end, he has pledged to raise the number of chess players from an estimated 600 million to 1 billion over the next five years.

"This billion people is a critical mass. Ministers and presidents will come from this mass, and before they issue an order they will think," he said, echoing his favourite chess mantra of thought before action. "Then wars will end and peace will

start to come."

When Ilyumzhinov says he believes in the cosmos, he means it: The Fide president, who has been in office for 18 years, believes human civilization is a product not of god or evolution, but rather of extraterrestrial intervention. He insists aliens in yellow spacesuits abducted him from his Moscow apartment balcony in 1997. And he argues that the game of chess is a "certain code that another civilization gave us" and suggests that it could help man recover his lost abilities of light and telepathy.

It is such less-than-mainstream beliefs that Ilyumzhinov's critics see as a liability for Fide. Kasparov called his statements on extraterrestrials a "disaster for the organisation" and a hindrance to its growth. Ilyumzhinov's image has been suffering over the eagerly anticipated World Chess Championship match in November between record-breaking prodigy Magnus Carlsen and former reigning champion Viswanathan Anand, which still doesn't have a sponsor or a venue after a deadline for bids recently passed.

No western sponsor will ever be with someone who talks about aliens and visits all the worse dictatorships in the world," Kasparov told the Guardian by phone from his latest campaign stop in Oslo. The grandmaster left Russia last year over fears of political prosecution after years of opposition politics and police detentions. He was granted Croatian citizenship in February, choosing the country because it allowed him to keep his Russian passport, he said.

The mudslinging campaign is already in full swing, with both sides tarnished by scandal this year. A leaked memo showed that Ilyumzhinov and Andrew Paulson, a London-based entrepreneur who founded several popular Russian media outlets, had planned to create a company to hold chess events, splitting the profits.

Another leaked document revealed what appeared to be a vote-buying scheme between Kasparov and Fide general secretary Ignatius Leong. Both denied the claims. Kasparov later posted a copy of a final contract with Leong on his website, while Ilyumzhinov said his deal with Paulson was never approved.

Ilyumzhinov denies Fide has had problems attracting sponsors, arguing that \$5.5m (£3m) was raised for the last world championship. He said three countries have expressed interest in hosting the Anand-Carlsen match, but if all else fails he will contribute the cash himself. Over the years, he's spent up to \$80m of his own money on chess, he said, including \$1.5m to sponsor the 2003 match between Kasparov and the chess program Deep Junior, which ended in a tie.

As for rubbing shoulders with dictators, Ilyumzhinov does have a talent for turning up in countries most public figures have long since forsaken. He famously played a friendly game of chess with Muammar Gaddafi in Tripoli during the Gaddafi bombing campaign in 2011 and visited Saddam Hussein shortly before the US invasion in 2003. More recently, he met with Assad in Damascus in 2012 to discuss Ilyumzhinov's beloved chess in schools programme.

As the president of Russia's Kalmykia republic from 1993 to 2010, Ilyumzhinov undoubtedly has close ties to the Kremlin, and a woven rug featuring Putin's face hangs in his office. Arkady Dvorkovich, an aide to then-president Dmitry Medvedev, sent armed men to the Russian Chess Federation office when that organisation briefly backed grandmaster Anatoly Karpov against Ilyumzhinov for Fide president in 2010. And tellingly, the last large investment Fide secured was \$1m for the chess in schools programme from Russian state-owned oil company Rosneft.

The Fide website reported this week that 56 national federations have endorsed Ilyumzhinov, whereas only 20 have endorsed Kasparov. But according to British grandmaster Nigel Short, who supports Kasparov as the man to solve Fide's "credibility problem," the race will be very close.

It certainly will not be like in 2010 or 2006 when Ilyumzhinov beat off the challengers pretty convincingly," he said.

The man who bought chess

Kirsan Ilyumzhinov, President of the remote Russian republic of Kalmykia, and friend of the Kremlin, last month achieved what no one had been able to do for more than a decade: he reunified world chess when he hosted the most thrilling match since the days of Fischer and Spassky. A devout Buddhist and mystic, he claims to have been abducted by aliens, rules with an iron fist and wants to turn his homeland into the world's chess capital. Interview and report by Ed Vulliamy

Ed Vulliamy

Saturday 28 October 2006 21.05 EDT

A breeze, rare in this land of gales, rustles a canopy under which a Buddha sits. A woman puts down her shopping bag to place a flower and speak her devotions. Across the main square there is a statue of Lenin. And between the Buddha and Lenin, in the centre of the square, is a huge chess board with outsized pieces, around which a crowd watches a game between two rugged men.

This is Elista, capital of the faraway Russian republic of Kalmykia, one of the federation's poorest and most remote. Beyond the dilapidated, low-rise blocks that encircle the city centre are nothing but windswept steppe and boundless distance, where flat earth meets the sky. The nearest functioning airport is several hours' drive away, in Volgograd - formerly Stalingrad - in Russia proper, past nothing but a few sheep, the odd lonely shepherd or bareback rider and thick and swooping murders of crows.

Very few people had heard of this southern republic before the world chess championship was held here in October. It was won by Russia's Vladimir Kramnik, who beat Veselin Topalov of Bulgaria. Staged here by the world chess federation, the Federation Internationale des Echecs (FIDE), the match made Elista the undisputed world capital of the ancient game, and it became so because FIDE's president - the man who was driven from the championship venue to a dancing display and then to a banquet in a white Rolls-Royce - also happens to be the President of Kalmykia: the multi-millionaire chess fanatic Kirsan Nikolayevich Ilyumzhinov.

Ilyumzhinov is eccentric to say the least. For a start, he believes in - and, indeed, claims to have travelled with - space aliens. He combines a political ruthlessness that tolerates little opposition with a deep spiritual devotion and a belief that bringing chess to his country is divinely ordained. He can be charming, yet his narcissism and ambition are shameless. He has had discourses with Pope John Paul II, the Dalai Lama, Henry Kissinger and Vladimir Putin, while fighting his own election campaigns on promises of a free mobile phone for every shepherd and that Diego Maradona will play for the local football team.

And now he has crowned himself the king of world chess through hosting the reunification into a single championship of a game played by millions but riven by 13 years of acrimony and intrigue. With Kramnik's victory, Kirsan Ilyumzhinov completes his purchase of the world's most venerable and esoteric game. Writing in the Wall Street Journal during the championship, Garry Kasparov described Ilyumzhinov as having established 'a vertical column of power that would be familiar to any observer of Russia today. He runs the chess world in the same authoritarian way he runs his republic.'

The final enthralling match of the championship took place on 13 October. After the match finished level at 6-6, the championship was decided on a tense afternoon of tie-breaks - equivalent to a penalty shoot-out in football - to give chess its first undisputed world champion since Kasparov split from FIDE in 1993 to found the Professional Chess Association (PCA), a title he once defended against Britain's Nigel Short in London. Since then, the PCA and FIDE have held separate championships, so that chess has been like the two American baseball leagues, but without an equivalent to the World Series. Attempts to organise a merging 'final' between the two parallel columns had proved unsuccessful ... until now, when Kramnik, the PCA champion, agreed to take on Topalov, FIDE champion, after Ilyumzhinov put up \$1m prize money, to be shared between the two players.

This is how world chess established itself in the back of beyond: in 1995, FIDE - the second-largest sports organisation in the world after Fifa, with 154 national members - was in crisis, its president Florencio Campomanes besieged by allegations of financial irregularity. At the FIDE conference in Paris that year, Campomanes stood down, on condition that his successor would be Ilyumzhinov. Two years previously, Ilyumzhinov had been elected as President of Kalmykia after campaigning across the steppe in a Lincoln stretch limousine, promising to transform the wretchedly poor republic into the 'Kalmykia Corporation', a 'new Kuwait'. He was re-elected, unopposed, in 1995, and celebrated by staging a Boney M concert in Elista's Lenin Square. In 2002, he was reappointed by Vladimir Putin after elections for heads of republics were abolished by Moscow.

By taking over FIDE as well as Kalmykia, Ilyumzhinov cast himself and his country into a leading role on the world stage that would combine fantasy and reality, delusion and realpolitik, chess and money. Ilyumzhinov has funded prizes all over the world; he has spent \$100m on a complex called City Chess on the edge of his capital - including a hotel and chess museum - with an even more extravagant development to come. For the present championship, Kalmykia's parliament building - the only suitable arena - had to be completely refurbished at huge cost. Once, Ilyumzhinov approached Kasparov in Budapest and gave him \$100,000 in cash, to compensate for the loss of Soviet royalties on a book he had written. Quite where Ilyumzhinov's spending ends and where Kalmykia's begins is a matter of bitter debate.

Ilyumzhinov belongs to a people descended from Genghis Khan's Mongol hordes, who wandered west to the Caspian to establish the only Buddhist nation in Europe. The word 'Kalmyk' is Turkish for 'remnant'. A people of nomads and shepherds, their religion and ways were generally tolerated by Imperial Moscow and St Petersburg, so long as their warriors protected Russia's southern edges. But Stalin was convinced the Kalmyks were sympathetic to the Nazi invasion of 1941 and, from 28 December 1943, ordered the deportation of the entire

people to Siberia, a third of whom died in cattle trucks en route. When they were allowed to return in 1957, during Nikita Krushchev's 'thaw', there were 70,000 Kalymks left. Now, there are 320,000, and their national sport is their President's obsession, the game he made compulsory in school soon after taking office: chess.

No match since the days of Spassky and Fischer, or Kasparov and Karpov, attracted such wide attention among the non-initiated as that between Kramnik and Topalov, thanks to what became known as 'the great toilet scandal'. After four games, with Kramnik winning 3-1, Topalov's team complained that Kramnik was visiting the toilet on average 50 times a game - with each game lasting between three-and-a-half and seven hours. The implication was that he was cheating with a computer. An appeals committee ruled out 'external help' and said that Kramnik was visiting the toilet only 18 times a game. But the committee partially upheld the complaint, having been advised by Ilyumzhinov that Kramnik's toilet should be sealed and a common lavatory used, with videotapes of Kramnik's rest breaks (though not in the toilet itself, which is not surveyed) passed on to Topalov's team for analysis. Incensed, Kramnik refused to play game five, which he forfeited to Topalov. The chess world rallied behind Kramnik and, after a direct intervention by Ilyumzhinov, the rest of the match was played under the shadow of a threat that Kramnik would not recognise - indeed, would legally contest - a Topalov victory.

The audience for the final tie-breaks was divided into two: those watching live, in the hush of the arena, and those following on a screen in the lobby, under a sign reading: 'Keep Silence'. Fat chance. Leather-skinned old men wearing Soviet military medals debated each move, while various hypotheses were played out on a second screen by the commentator from Moscow, Grandmaster Vladimir Belov. 'It'd be crazy for black to go g4!' someone shouted. 'No! He has to open the queen!' 'It's great having the match here,' says Belov. 'In Moscow, chess gets lost in everything else. Here, it is everything else.'

Tambayev Samdjeich, who is 83, was wounded at Stalingrad and was then 'retired to Siberia because of my nationality'. After working as an accountant, he returned to Kalmykia to become a full-time Communist Party official. He is a Topalov fan, 'because of his offensive game. Maybe I learned to respect that approach in the Red Army.' Dmitri Akuma and Stanislav Nastashouk, both 14, have attended every game and love chess, because, Dmitri says, 'it helps us develop ourselves and our minds, to keep us away from alcohol and drugs'. Another enthusiastic onlooker is Oksana Sitnik, with her blond tresses, micro-skirt, sheer stockings and sharp-heeled boots. 'Staging the championship here is the achievement of our President,' she says. 'Kalmykia is a chess nation, and the President reflects that.'

With the championship won by Kramnik, it is Ilyumzhinov - rather than the dazed champion - who once more takes centre stage: first at a performance of traditional Kalmyk dancing, during which Kramnik is crowned with a huge wreath and presented with a gold cup. Ilyumzhinov gives the champion a further prize - a thoroughbred horse. 'I know you will both be back in Kalmykia,' he tells the two chess champions. 'In fact, Mr Kramnik was saying just now how beautiful our Kalmyk women are, and I would point out that both these players are bachelors.'

The banquet that follows features rounds of 'Hello Dolly' and 'Strangers in the Night' on full orchestra. 'Millions and millions of lovers of chess all over the world have looked to this moment to unite the game in Kalmykia,' Ilyumzhinov says. 'Both outstanding players came here with much to lose, but did so in the name of chess, to create a single champion, and to do so here in Kalmykia.' Oddly, and unlike Western politicians who flaunt their happy family lives at every opportunity, Ilyumzhinov airbrushes his wife and children from the scene and his life story - there is no visible First Lady of Kalmykia.

Ilyumzhinov's reputation goes before him. It does so in ubiquitous billboards and photographs of him with the Dalai Lama, who came to Elista in 2004 to consecrate land for the \$50 million Buddhist temple. Or with Pope John Paul II, whom Ilyumzhinov met in 1994, after which he built a church for Elista's reputed sole Catholic. Or with Russian President Vladimir Putin, who came in 2002, for whom he also built a church.

The City Chess complex was built for \$100m for the 1998 Chess Olympiad. It comprises a hotel with huge chess boards in the lobby, a chess museum of trophies and memorabilia, chess tables, a swimming pool and luxury flats for Elista's nomenklatura. In the event, the championship could not be held there because there was no public arena large enough.

On arriving in Elista, the visitor receives a copy of Ilyumzhinov's autobiography, translated into English. It is called *The President's Crown of Thorns*, and can be read as a text book on the cult of personality, locating Ilyumzhinov and Kalmykia at the centre of Russian, global and, indeed, cosmic events.

The narrative recounts how Ilyumzhinov was born in 1962, the grandson of a Russian Civil War hero. Growing up under the influence of his grandfather, who played chess, the young Ilyumzhinov reflected on how 'the 32 white and 32 black checks on the board seemed to me to encompass the duality of the whole world'. At night, he played chess with a 'black-masked ghost', and learned the art of leadership through captaining a youth chess team. He experienced spiritual enlightenment while sleeping out on the steppe - 'I am the merest speck of dust in the boundless, living world'. Ilyumzhinov drew inspiration from Buddha's promise that one of those born in the Year of the Tiger (which he was) will be 'summoned to govern' the people in their hour of need 'and bring nobility'. And so it goes on until Ilyumzhinov is admitted to the Foreign Relations Institute in Moscow, to study Japanese, where he encounters Western reports on UFO sightings, 'clairvoyance, bio-energy and enigmatic phenomena'. During the period of Glasnost, Ilyumzhinov was appointed Russian director of a Soviet-Japanese firm, Liko-Raduga, importing Audi and Volkswagen cars. As the USSR collapsed and was looted, Ilyumzhinov took 'bigger risks' and founded his own Sun Corporation, now with 50 subsidiaries and an annual turnover of \$500m, as we arrive at Chapter 7: 'Without Me The People Are Incomplete'.

So begins Ilyumzhinov's political career, at the urging of others, craving deliverance, and a sense of duty towards the poor. First, he becomes Kalmyk deputy to Moscow, then President of the republic, as predicted by Vanga, the Bulgarian clairvoyant he consults. The Sun Corporation, meanwhile, is 'earning huge profits', so great that 'we could no longer keep track of the money' - but always 'honest', 'no shady dealing'. 'When I left the world of business, many

cried,' Ilyumzhinov writes, his 'Kalmykia Corporation' having now 'entered the international economic arena as an equal partner'. Then he moved into politics, becoming President of Kalmykia.

On the final afternoon of the championship Ilyumzhinov was in an excited mood. 'Consider,' he said, 'the championship will be decided on Friday 13th, 13 years after the 13th champion, Kasparov, left FIDE. This is more than just numbers - this is a sign. I believe that chess comes either from God or from beings flying a UFO. I should know! They took me aboard their airship while I was on a business trip to Moscow, in 1997, to a distant star. It's perfectly normal - last year, I visited America and learned from official statistics that there are 4,000 annual reports of contact.'

We continue for some time discussing the divinity of chess. 'Each year, archaeologists find evidence of chess in America, India, Japan or China, played under the same rules, from a time without planes or the internet. Look, the chessboard has 64 squares, and our cells are made of 64 pieces. All this shows that chess comes either from God or from UFOs.'

There is divinity, too, in Kalmykia's anointment as capital of chess: 'God intended Kalmykia to be known for chess. Through chess, I have opened the world to Kalmykia and Kalmykia to the world. Every year, I visit 50 or 60 countries, meeting heads of state.' Chess, he says, is also 'a sign of law', a way of governing 'to achieve order and peace' and the key to his success in business. 'As in chess, I have to think, in politics and in business, not only about the next move, but to be 10 moves ahead. A ruler and a businessman must be 10 moves ahead of his people or competitors. And as in chess, there are no compromises.'

The people he most admires for combining order, morality and wisdom are the Dalai Lama, Genghis Khan, Lenin and Jesus Christ.

He enthuses about foreign investment pouring into Kalmykia, for which last year, he says, the republic came sixth out of the 89 republics in the Russian Federation. There will be a joint venture with a German company to process wool and with an Italian firm to manufacture plastic windows. A deal was agreed in Amsterdam to develop wind power and another for a port on the Caspian and oil extraction. 'I also made an offer of \$10m to bring Lenin's body from its mausoleum in Moscow. I thought: if the Russians don't want him, we do. His grandmother was Kalmyk, and it would be good for tourism.'

The most revolutionary forthcoming venture, he says, results from 'investment I made into research in Kalmykia and Moscow for a new automobile gear system that will make cars cheaper and safer. I invested this money 10 years ago and people said, "You're crazy - why haven't Ford thought of this?" But they hadn't, and we spotted the people who had. In that way, I am crazy, and my friends are crazy - but wait and see.'

Ilyumzhinov planned to stage the 1996 FIDE championships, between Anatoly Karpov and Gata Kamsky, in Baghdad, after a meeting with Saddam Hussein (it was eventually played in Elista, after widespread protests). 'I wanted to organise a big tournament in Iraq because Saddam Hussein is an intelligent and cultured man,' he assures me, 'and he supports chess, he understands its value.' Ilyumzhinov discusses his vision for the next stage. 'I want to establish a

global chess corporation, based in Amsterdam, to concern itself with securing major sponsorship from companies like Microsoft, Intel and Google. And, of course, Coca-Cola - in fact, as I sit here talking, I've come up with the slogan: "First think, then drink!" How about that? Why don't you come with me to Atlanta and we'll propose it?' Ilyumzhinov returns to it again and again: 'Have you got that? - "First think, then drink!"'

The tie-breaks are about to begin. We conclude, and during a quick debriefing session, the keeper to Ilyumzhinov's gateway, Buichna Galzamov, advises: 'Call it quantum psychology.'

'How can the law-abiding nature of social development co-exist with the cult of personality?' Ilyumzhinov asks in his book - an observation worth heeding as one prepares to explore his fiefdom.

Yashkul, Kalmykia's so-called second city, has grass growing between the flagstones of its main square, and another statue of Lenin waving from one end at a mural commemorating the Red Army on a crumbling wall opposite. Devastated by the agricultural crisis that followed the closure and looting of state farms during the Nineties, the town is a sprawl of buildings at various stages of completion or abandonment. But in the First Gymnasium School, there is a little miracle at work, fruit of Ilyumzhinov's Directive 129: 'On government support for the development of a chess movement'. Tseren Bukhayev is taking a chess class for 10- and 11-year-olds whose confidence is as disarming as it is enchanting. 'I like chess because it is an intelligent game and helps me to speculate,' says Aysa Valentova, who is 10. 'It's a kind of entertainment,' says 11-year-old Kema Tsandikova - in English - 'but it helps me to concentrate and helps me in other subjects, of which my favourite is biology.'

After school, some of these children walk across a scrappy yard to the comfortless Palace of Culture, where the chess club opens at four in the afternoon. There, they play one another, or against old men and women, among volumes on chess history and beneath a hall of fame, featuring portraits of champions back to Wilhelm Steinitz, Jose Raul Capablanca and Alexander Alekhine and giving equal prominence to Nona Gaprindashvili and the famous Georgian Empresses of the women's game. 'More and more people are coming to play,' says Oleg Murgayev, preparing for the evening's competition. 'Sometimes they will stay all night.' It all seems to bear out what Ilyumzhinov's assistant Berik Balbagayev says when he talks about chess as 'the young generation's best protection against drugs', and 'a way to consider and take responsibility for one's moves, to learn defeat wisely so that next time you won't make the same mistake'. Or the Elista chess school teacher Mikhail Golosya's dictum: 'Chess helps to create a rational, conscious sense of citizenship and self.' But unfortunately Kalmykia cannot live on chess alone.

Soon after being elected President in 1993, Ilyumzhinov effectively abolished parliament, re-appointing his own, smaller version and packing ministries with his inner circle. There's even a joke in his own cartoon book: 'If you want to succeed, ask a wizard to make you one of Ilyumzhinov's classmates!' Any cogent opposition was effectively driven underground, and that is where its leaders remain, cowering like hunted foxes in a shabby office at the Hotel Elista.

There, a former construction engineer, Valery Baldaev, and a lawyer, Boris Andzhayev, label Ilyumzhinov 'a master of illusion'. Baldaev posits that: 'The economy has stagnated, there is no development or investment.' Unemployment runs at 43 per cent. 'If all this investment exists, where is it? Where are the factories? Where are the companies that went bankrupt and the farms that closed? Where are the 40 planes that flew from the airport, now closed, in Soviet times?'

Ilyumzhinov's insistence that Kalmykia ranks sixth in foreign investment raises a hollow laugh - 'That's his fantasy' - and Baldaev produces a report from the auditing committee for the Southern Russian Republics that, he says, places Kalmykia in 81st place in the federation. Another report shows Kalmykia as having well below average income, at 1,978 roubles (£39) per month (the federal average is 2,376).

Meanwhile, says Andzhayev, City Chess was built in part from the public budget, as was the towering Buddhist temple. It was the same with the refurbishment of parliament for the present championships. 'He is lying if he says that all his own money was used,' says Baldaev. 'It is, in effect, almost a kind of personality tax,' says Valery Ulyadurov, editor of the opposition paper, *Sovietskaya Kalmykia*. 'The chess championships are all surface and when they're over they do nothing for the people of Kalmykia, except for the bill we have to pay.'

In 1994, *Sovietskaya Kalmykia*'s offices were raided by police and equipment was confiscated. The paper instead printed in Volgograd and was distributed from the back of a car. And, in 1998, it began investigating one of Ilyumzhinov's schemes: the creation of an 'offshore' haven for Russian companies, which, by paying a registration fee to an agency alleged by opposition groups to be connected to Ilyumzhinov, could avoid paying republic taxes, though they were still liable for federal tax - making Kalmykia in effect a Cayman Island on the steppe.

The journalist Larisa Yudina was about to publish her findings on the eve of the 1998 Chess Olympiad, an event that the Glasnost Defence Foundation, a human-rights group based in Moscow, had pleaded players to boycott because, 'you will eat and drink on money received by a racket - President Ilyumzhinov's private fund, which is financed by an unlawful tribute by all the companies registered in Kalmykia's offshore zone'.

In 1996, Yudina had described Ilyumzhinov to a Western newspaper as 'a Khan, charming abroad but vengeful at home. If you are against him, that's it.' On the eve of the Chess Olympiad, her investigation into the tax haven still in progress, Yudina was stabbed to death, her body dumped near a pond.

Federal authorities took over the murder investigation and, in autumn 1999, convicted two men, on the basis of their own confessions. They were sentenced to 21 years. One, Sergei Vaskin, was an adviser to Ilyumzhinov; the second, Shanukov, is described by Ulyadurov, as 'a criminal gangster'. A third man, an accomplice, turned state's evidence against his companions in return for acquittal on a conspiracy charge.

Kalmykia's offshore system was closed by federal authorities after a prosecutor's report of 29 August 2002 concluded that few taxes had arrived in federal coffers from the Kalmyk-registered companies, and that: 'As a result, 4.238bn roubles have not been received by the

federal bank during the year 2000 ... and 6.295bn in 2001.' Moreover, 'Criminals are using this system to commit their illegalities of a regional, inter-regional and international character, doing grave harm to Russian state interests.' Kalmykia is now liable to Moscow for the missing taxes, which the opposition estimates at some 20bn roubles.

A portrait of the murdered Yudina is the only decoration on the dank wall of the opposition office, where Baldaev says: 'We still can't distribute the paper in the shops or post it, and any advertiser would have to be sanctioned by Ilyumzhinov.'

The paper's aim, he says, is simply 'to present an alternative point of view to that of the Ilyumzhinov government - socially, economically and politically'. For instance, says Andzhayev, a fraction of the amount spent on the chess championships could have gone to refurbish and provide hygienic equipment for a hospital treating victims of tuberculosis - rife, he says, in Kalmykia - which is instead due for closure.

'What I say to these critics,' says Ilyumzhinov during our interview, 'is this: "Come to Kalmykia! Come to Elista and see! You will find simple people here, living in order and in peace while all around there is war and terrorism, explosions in every republic." In Moscow, I am afraid, I am told: "You're not a Russian, go back to the Caucasus!" - while here, everyone can play, everyone is safe, everyone is welcome. That is democracy.'

On the death of Larisa Yudina, Ilyumzhinov says: 'That newspaper wrote something, but I have nothing to do with this. In a country of 300,000 people, we have 50 or 60 newspapers, more than any other republic in the federation - that is a free press.' On the funding of City Chess, the temple and the present championship, Ilyumzhinov is adamant that 'not a rouble came from the people. It was all paid for by the sponsors, me and my friends.' On the offshore tax scam: 'Anything wrong had nothing to do with me whatsoever. What I want here is an offshore zone for all the religions of the world, in the interests of peace. And this we will have.'

In a place of whispers, echoes and caution, it is hard to gauge Ilyumzhinov's esteem. He seems popular among the young: on Saturday night at the Overdrive Club, girls dance with each other on Russia's regulation stiletto boots, while their boyfriends drink. Brig, drummer in the band playing, called Noizz, says: 'Ilyumzhinov's my neighbour, one of us, a regular type.' Konstantin, from behind sunglasses, calls Ilyumzhinov, in English: 'A cool guy - hey, he got rich.' Sasha, a thoughtful language student, considers Ilyumzhinov 'a very good model for our nation'.

But not everybody agrees. 'He's a very young leader,' says Stalingrad veteran Samdjevich, when we meet again after the championship, 'always promising things he can't deliver. Like that port on the Caspian, like this airport that never opens. Things are so much worse now - people can't get jobs, and the pension value goes down and down.'

Vladimir Kusko, a PE tutor thinks: 'It seems wrong to spend all this money on chess while poor people are short of food and housing is bad. But then, ask yourself: is Tony Blair paying for your Olympics, or will you?'

The low-rise flats in Ulan-Egre have been demolished and where the social club stood there is now a football pitch. On an outlying road, what was once the collectivised farm is practically

lifeless. Beside it, old Nina Mikhailovna tends her three goats on a patch of scrub. 'It's all gone downhill over the last eight to 10 years. It was lovely here when we had water,' she recalls. 'There were strawberries and trees. But the pipes broke, and no one came to mend them. The farm had tractors and a truck, but they all disappeared. My pension is worth less and less since the Brezhnev times, but I can live off the goats: these two to eat, and this one for milk. Ilyumzhinov? Well, it's a bit like Putin, isn't it? I'll make up my mind when I see what they do. Yes, Ilyumzhinov has made Elista bloom, all those flowers and the chess. But what about the rest? Will he re-open the farm? Let's make that the judgement, shall we, now that the chess is over.'

• Ed Vulliamy is an Observer journalist and was named Foreign Reporter of the Year in 1993 and 1997 at the British Press Awards

Topics

Chess

Save for later Article saved

Reuse this content