

An Illinois Yankee in Tsar Yeltsin's Court: Justice in Russia

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If you report a crime in Russia, especially one involving someone with good local "connections," can the law enforcement system function effectively? Many people, including the majority of Russians (54% according to a recent poll), do not think it can--even when the evidence is overwhelming. One of the major reasons for this is that during the Communist period the right official could make a simple phone call and determine the outcome of any investigation or trial. While the situation has changed significantly since the fall of the Soviet Union and "telephone justice" is no longer the norm, decisions can still be made "in the corridor" if one knows the right people--or can pay a sufficient bribe.

Thanks to the fact that a former Russian employee had embezzled a substantial amount from the Russian branch of my firm, between the end of 1995 and the beginning of 1998, I learned firsthand about some of the strengths and weaknesses of the Russian legal system.

Background

In 1990 I was invited to observe the first competitive local elections under Communism in our new Sister City of Vladimir, which is located 120 miles northeast of Moscow. I had interpreted for the Russian delegation which had signed an agreement the previous April uniting our twin cities of Bloomington and Normal, Illinois in a three way relationship with Vladimir and Canterbury, England. One member of the delegation was the First Secretary of Vladimir's Communist Party and, therefore, at that time the community's most important political official. I am certain he played the key role in my getting the necessary "official invitation" to observe the elections.

I teach Russian politics at Illinois State University in Normal and was therefore primarily interested in the rapid political transformation taking place behind what had once been the iron curtain. I had been studying the Communist system for more than a quarter century and had made a number of previous trips to the Soviet Union. By 1990 the transformation of Soviet society was so profound it appeared irreversible. I did not want to watch from the sidelines, giving lectures and writing articles--which at that point I could do in both Russia and America. I wanted to become directly involved in this unprecedented political, economic, and social transformation.

Early in 1991, prompted by a suggestion from a colleague, Dr. Rick Whitacre, I decided to try to organize the construction of a model American home in Vladimir. Rick had recently returned

from a trip to Vladimir which I had helped to arrange, and he commented that building a model home might make a positive contribution to the transition. (Communist standards for construction had fallen far below those in the West.) ISU Industrial Technology professor Dr. Ed Francis agreed to handle the technical side of the project, and we began the search for donated building materials and volunteer workers. We had excellent success with finding the latter, especially with the help of the local Home Builders Association and ISU Industrial Technology students. (Rick Whitacre also volunteered.) But even though more than 50 North American companies participated, not all the materials and furnishings were provided free of charge, plus there was the cost of shipping everything to Russia and all the expenses on the Russian side. (The initial agreement called for the Vladimir City Administration to cover the expenses in Russia, including room and board for the volunteer workers, excavation of the site, and the hook up of the utilities. However, when inflation struck in January 1992, the City budget could no longer afford its share of the project--so I picked up those costs too.)

With my father's financial support, the firm I had incorporated in the State of Illinois the previous year, Serendipity: Russian Consulting & Development, Ltd. (now called Serendipity-Russia), invested more than \$125,000 dollars in the construction of the home.

The "first American Home in Russia" was dedicated on July 4, 1992. It had been built in 6 weeks. When one Russian was told construction would begin the middle of May and the new home would be dedicated on America's Independence Day, he wanted to know "July 4 of what year?" Russians had become used to construction projects taking decades to complete--if they were finished at all. The rapid construction of the *Amerikanskii dom*, as the Russians called it, was a pleasant surprise to the community, as were the superior quality of the materials and the workmanship.

Helping with logistics in Vladimir was Tatyana Veksler. I had met her in the fall of 1991 and was impressed by her intelligence and her ability to get things done. However, in the fall of 1995 I decided not to renew her contract as the firm's Executive Director for operations in Russia. This was not an easy decision. She had played a significant role in the building of the American Home and in getting the operation started. In addition, thanks in part to the fact that her deceased father had been an influential local official during the Communist period, she had some very useful contacts. However, it had become increasingly difficult to work with her due to her repeated failure to send me regular reports, especially financial reports, and a growing tendency to ignore many of my questions and my specific requests and instructions. I finally decided to sever the relationship--regardless of the difficulties this might cause. By chance, she was scheduled to come to the U.S. at the end of September through the U.S. Government funded Business for Russia program. While she was here, I informed her of my decision, and I offered to help her start her own business.

Discovering a Crime

My decision caught Mrs. Veksler by surprise. After her departure from the firm, an audit discovered false subcontracts which she had left behind in her office at the American Home and had not been able to retrieve. She had used these to remove from the bank a substantial sum earned by our new remodeling business--136 million (old) rubles, or more than \$33,000 at the prevailing exchange rate. (When she was unable to get her hands on the bogus subcontracts, she tried to persuade the firm's Russian bookkeeper to replace them with documents indicating the money had been spent on building materials. The bookkeeper refused to do this.)

Mrs. Veksler had converted the transferred funds to cash--which she subsequently claimed she had used entirely for the benefit of the firm. In the process, she had of course concealed this money from the Tax Inspectors. This was done without my knowledge and against my specific instructions to pay all taxes. At a minimum, she had put the firm at serious risk of being bankrupted by back taxes, fines, and penalties.

In discussions of what to do with this information, two different Russian auditing firms recommended that we conceal what had happened. They claimed that the Tax Inspectors would only discover that the subcontracts were fictitious if we so informed them. Their reasoning for pretending the documents were legitimate was that if we reported the money laundering and Mrs. Veksler was not ultimately found guilty, the firm would be liable under Russian tax law for all the unpaid taxes--plus *huge* fines and penalties. This law of course strongly encourages businesses to not report embezzlement!

My response was to point out that not reporting a crime was a crime itself. Further, I explained that I was working in Russia to help bring about a "civil society," even if only in a small way, and that such a society requires respect for the law. There was never any question as to what I would do. But before informing the authorities, I did try to give Mrs. Veksler a chance to explain what she had done--and to return the money. However, she refused to do anything constructive. Instead, she made demands and threats. Just before returning to the U.S. the beginning of January 1996 I submitted an official statement to the Ministry of Internal Affairs, that is, the Russian police. This initiated a two year odyssey which finally culminated in February 1998.

Mrs. Veksler's "Defense"

Along the way a number of interesting things happened. For example, in trying to "explain" to the authorities what she had done with the money, Mrs. Veksler initially claimed that she had "given a great deal of it" to me, but that I had "refused to sign any documents" acknowledging receipt of the money. Later, she claimed she had "found three receipts" which I had supposedly signed for a total of 20 million rubles, or something over \$5,000. These "receipts" were clearly forged. (She claimed she had "found" the receipts in her apartment--after a thorough search had been conducted by the militia. When asked at trial how it was that the militia had not found the receipts, she simply replied, "I don't know." This was a phrase she often used when there was in fact no good explanation.)

During the search of her apartment in early 1996, the authorities found 44 million rubles worth of dollars. At that time Mrs. Veksler claimed that this was money that had been owed to her by the firm, and that she was saving it to purchase an apartment for her daughter. That story was to change later too.

Mrs. Veksler's ultimate explanation for the 44 million rubles and her claim that she had given me 20 million rubles were not her only lies. In fact, the distortions of the truth and lies mounted as the investigation proceeded. For example, in her effort to undermine my credibility, she claimed I had "promised" her a trip to the U.S. as soon as the American Home was built--but had failed to honor that promise. In fact, what I had told her was that *as soon as we had earned the money to pay for it*, her first visit to the U.S. would be in order. (On several

occasions when I tried to explain to Mrs. Veksler that I did not have additional funds to cover expenses she thought were "mandatory," and that we would have to earn the money to cover these expenditures, she replied, "If you did not have enough money to 'do everything necessary,' you should not have come here in the first place." The concept of generating income from the initial investment before incurring new costs seemed to be beyond her grasp.)

Another part of her argument was that I contributed nothing at all to the efforts to generate income--according to Mrs. Veksler, once the American Home was built I dumped everything on her. This was not true. Our first project was an English program, which I initiated and for which I still recruit all of the teachers, as well as cover all expenses incurred in the U.S. This program was the sole source of income to cover operating expenses in Russia for the first two years, including Mrs. Veksler's monthly salary. I also supplied substantial information on a significant number of prospective business deals, several of which were very promising. However, the only trade deal Mrs. Veksler managed to complete in four years was the purchase of one 40 foot container of American wall paneling and trim.

Notwithstanding her failure to successfully follow through on all but one of the many trade opportunities which were brought to her attention, Mrs. Veksler did make a substantial contribution to the project's initial survival and success. Her connections throughout the community were particularly helpful on some occasions. She especially played a significant role in starting a remodeling business in the spring of 1994. However, it was never true, as she tried to argue, that she had started the remodeling business entirely by herself, that is, without any investment of any kind from me. To begin with, she was using the American Home as an office and as a model. (Potential clients were particularly impressed with the seamless walls made possible by dry wall.) She also made full use of the substantial prestige of the American Home, which was generated in large part by its successful English program. This program was very ably directed by Galina Altonen, not by Mrs. Veksler, although the latter did want to control all the money earned by the School. (When an American business professor who had spent several weeks at the American Home in 1993 asked Mrs. Veksler in the fall of 1995 why she did not leave Serendipity if she was dissatisfied and start her own business, she replied that she still needed the office and storage space--and the American Home's prestige.)

Despite the growing number of lies, Mrs. Veksler was never charged with perjury. While the lies clearly undermined her credibility, at least with those who were inclined to be objective, the Russian legal system does not yet treat perjury as severely as does the U.S. system--where a lie almost brought down the President. In Russia, the accused seems to have *carte blanche* to search for any explanation that might appear to clear them--and they are not held formally accountable under the law for their earlier conflicting statements, no matter how clear it might be that they are lying.

According to a Russian friend working in law enforcement, one reason for this leniency toward lying is that the courts understand that during the investigatory phase the Russian police and the investigators from the Prosecutor's Office are sometimes inclined to apply considerable pressure on the accused to make incriminating statements. Therefore, the courts tend to allow the defendant considerable latitude to change his or her story. In this case, however, if anything, Mrs. Veksler was treated with a great deal of consideration during the investigation. (In addition to her influential "contacts," she had hired a high powered attorney.) In addition, many of her lies came out during the trial itself--but she was never formally sanctioned for the radical alterations in her explanations and/or version of the facts.

The Initial Investigation

In early 1996 the local militia (police) did a preliminary investigation based on the information and documents we provided. They quickly determined there was sufficient evidence a crime had been committed to warrant turning the case over to the local branch of the State Prosecutor's Office. A young investigator was assigned to the case and in February he requested my "urgent presence" in Vladimir for interrogation. I met with the investigator separately and together with Mrs. Veksler and her attorney. In addition to myself and the investigator, our Russian attorney, Valentina Spiridonova, was always present, along with a good friend, Alexei Altonen, who assisted with interpretation when needed. (Fortunately, both during the investigation and at trial, I was able to fully participate in the proceedings without much assistance--and this may have made a difference in the outcome of the case.) Both Mrs. Veksler and I were questioned at length.

The evidence that a crime had been committed was overwhelming--at least from a Western perspective. There were the original false subcontracts with the accused's signature. She in fact never denied that she had "laundered" the money. However, she claimed that she had "only done what the system had forced her to do," and, as noted above, ultimately she claimed she had used "all of the funds for the benefit of the firm," that is, she claimed to have not taken any of the money for her personal use. This was of course in conflict with her initial statement to the police that she was saving money for an apartment for her daughter. This was the one lie that was to come back to haunt her when the verdict was handed down.

In order to "support" her claims, Mrs. Veksler had to resort to things like the clearly forged "receipts" for the 20 million rubles she insisted she had given me in 1995. There were also other illegitimate "expenses," such as the 10 million rubles (more than \$2,500) she spent on professional quality video cassettes for friends of hers who had started their own television production company. (She argued that it was necessary to "repay them"--in 1995--for "help" they had supposedly provided with the publicity for the dedication of the American Home in 1992. This is something she never discussed with me--or even mentioned to me.) In addition, she claimed that she had to make several payments to young "mafia thugs" from Moscow, something that would not have been necessary if she had not needed to conceal her money laundering. (We have never had any other problems with the so called mafia in Vladimir.)

As a side note, Mrs. Veksler's television production friends were seen videotaping us on the day of the first joint interrogation in February 1996. To what purpose was not clear, but probably in the hope that this would somehow intimidate us. (In some ways on occasion this case did have a "Keystone Cops" aura to it.)

In February 1996, the investigator's questions seemed to focus more on what I had allegedly promised to pay the accused, including a "five percent bonus" mentioned in an unsigned document, than on the crime itself. Even though under Russian law only signed documents are considered to have legal force--in this case, the document in question was a "job description"--both the accused's attorney and the investigator seemed to give considerable importance to this "bonus."

In addition to the fact that this document was not "official," I pointed out that her signed contract clearly stated that if she did not fulfill her side of the agreement, my obligations under the contract would be null and void. (This was a standard Russian labor contract.) But the fact that

she had repeatedly violated her side of the signed agreement did not seem to carry much weight. (Obviously, her greatest violation was concealing a large share of the firm's income from me.) Most important, the initial investigation ultimately ignored the fact that a serious crime had been committed.

In August 1996 the investigator turned in a report recommending the charges against Mrs. Veksler be dropped--first on the grounds that she had allegedly used most of the money for the benefit of the firm or had given it to me. In this context, the investigator accepted the "receipts" for the 20 million rubles as authentic--despite clear evidence they were forged and despite the fact that this was the type of question the Court was supposed to decide. What money could not plausibly be accounted for he claimed was owed to her under promised "bonuses." In this case the investigator completely ignored the fact that, with the help of the fictitious subcontracts, she had concealed all the profits out of which a bonus might have been paid! In addition, she was of course guilty of tax evasion--and thus clearly in violation of her legal obligations under her contract.

It was obvious that illegal "persuasion" (either through "contacts" or bribes--or a combination of the two) had been brought to bear on the young investigator. There was simply *no* basis in fact or law for dismissing the charges. But this is what most Russians had expected would happen--because this was the way their system "worked."

Challenging the Dismissal of the Charges

In an apparent effort to keep us from being able to appeal the dropping of the charges within the time limit allowed, we were not officially informed of the investigator's decision, and our attorney found out about it only by chance. This was a clear breach of Russian law. It demonstrated, along with the decision itself, just how influential Mrs. Veksler's "connections" could be. This surprised none of my Russian friends.

Our attorney, Valentina Spiridonova, moved quickly to submit a written appeal, and she asked me to get assistance from the U.S. Embassy in Moscow, especially with respect to fending off the Tax Police who were threatening to start confiscating the firm's property in payment for the back taxes (plus fines and penalties) on the embezzled money. (They could not legally move against us while the case was under investigation, but when the charges were dropped, we expected the worst. We were in fact informed by a contact in the Tax Police that the necessary documents were being drawn up in preparation for the seizure of the American Home.)

Fortunately, the Ambassador at the time, Thomas Pickering, was scheduled to visit Vladimir. The Mayor's office had called the American Home and asked if we could serve a light lunch during his visit. (Ambassador Pickering had made a previous visit to the Home, and I had met with him at the Embassy in Moscow in January 1995.) I immediately sent a fax to the Embassy with an update on our activities--and with a request for whatever assistance could be provided. After his return to Moscow, Ambassador Pickering informed me by fax that he had discussed our situation with Mayor Igor Shamov and had been assured that the matter would be looked into. The one catch was that the Mayor had asked that the Ambassador's request for assistance be put in writing.

For some reason, the first letter from the Ambassador apparently did not reach Vladimir, and I received repeated requests from our attorney to make sure that a letter was sent--as had been

promised. (The concern was that if the Mayor's office received nothing in writing, it might be concluded the Embassy had lost interest in this matter, and, therefore, "local considerations" could freely determine the outcome of the case.) After sending a number of faxes to Moscow with no response, I asked Senator Paul Simon's office to intervene. I had met Senator Simon briefly on a couple of occasions and had provided him with information on our unique project. Senator Simon's Legislative Assistant for International Relations, Tom Lynch, arranged for a fax to be sent to the Embassy. Within 24 hours I had a reply--and a second letter was sent to Vladimir.

From then on, Richard Steffens, a Commercial Attaché in Moscow, took over our case. Initially, Mr. Steffens was very helpful. This included bringing our situation to the attention of the Gore-Chernomyrdin Commission. But one morning I received a call from Moscow. I had obviously passed along one too many requests from our attorney for letters to various Russian officials. Mr. Steffens informed me that he "was not going to do any more on our behalf." I apologized for the number of requests we had made, but I also pointed out that given the role played by "connections" in Russian society, without interest in our case being shown by the U.S. Government, there was a very good chance we would not receive fair treatment. I noted that all that was necessary was for the Embassy to make it clear that it was interested in the outcome of the case, and that no special efforts were needed beyond sending some brief letters to appropriate officials. (It appeared that Mr. Steffens was assuming that substantially more than this was being requested.)

I said nothing more to Mr. Steffens at the time. However, I thought that if we in fact did need more assistance, we *would* get it, even if another fax from a Congressman or Senator was needed. After all, I was a U.S. citizen trying to work within the law in a foreign country. I would have been breaking both U.S. and Russia law had I done what I was initially advised to do, that is, had I covered up the embezzlement. But once the crime had been reported, we were in special jeopardy, particularly because of the illogical Russian tax laws--and some assistance was necessary.

After submitting the initial request for a review of the decision to drop the charges, Valentina Spiridonova prepared a detailed argument pointing out that neither the facts nor the law supported discontinuing the investigation. She methodically took apart the investigator's arguments. This was presented to both the local Prosecutor's Office and to the Federal Prosecutor's Office in Moscow. The Federal office sent a brief note to the Oblast (regional) Prosecutor in Vladimir, instructing them to review the case.

The review was assigned to an Oblast Deputy Prosecutor known for his integrity. Despite significant pressure from the accused's "contacts," the review proceeded and the final report thoroughly refuted the arguments that had been presented in support of dismissing the charges. For example, the notion that the accused had a right to simply take what she decided she was owed was totally dismissed.

Threats

The attempted intimidation of the Deputy Prosecutor was not Mrs. Veksler's only effort to obstruct justice. Two young men approached our attorney on the street. They suggested that she and her family would be much less likely to have an accident involving, for example, a reckless driver, if she quit representing the American Home. An effort was also made to damage her

reputation at the law firm where she worked. None of the efforts to force her off of our case were successful. Without exception, Mrs. Spiridonova worked tirelessly and professionally on our behalf.

While the authorities did seem to take note of Mrs. Veksler's efforts to obstruct the judicial process, and these attempts to interfere undoubtedly worked against the interests of the accused at the trial, the Prosecutor's Office did not take any overt action. It was as if attempted intimidation was simply an expected part of the process; that is, an accepted part of the informal "rules of the game." Had any of the threats been followed through on, the police probably would have taken action; however, this might very well have been after innocent people had been harmed.

The Second Investigation

In October 1996 the case was ordered reopened by the Oblast Prosecutor's Office and a new investigator was assigned. This investigator was much more aggressive in pursuing the criminal charges than his colleague. (The first investigator had been transferred to different duties. His excuse for dropping the charges was that he had to complete work on the case before moving on to his new job. I don't think anyone believed him--but no action was taken to discipline him for failing to uphold the law. Again, he was apparently just playing by the informal rules--and, as I later found out, he had "connections" of his own.)

I made several additional trips to Vladimir during 1997 to participate in the interrogations. As implied above, the new investigator had not been "bought off" by the accused, and he reacted to her "explanations" and her alleged "documents" with a great deal of skepticism. She, in turn, responded to him with growing hostility. At one point, in front of witnesses including myself, she actually threatened him. She said she was going to "expose" him--with help in part from her television production friends. As with most of her threats, exactly what she was going to do was not clear. For example, on another occasion she implied that she was secretly tape recording the interrogation sessions and that she was somehow going to use these recordings against us. (Apparently searching her and confiscating any recording device she might have was not legal.) The threats simply increased the investigator's determination to pursue her prosecution.

As noted above, the main thrust of Mrs. Veksler's defense throughout the investigation was her claim that she had used all of the money "for the benefit of the firm." The new investigator required her to document this. The list she presented included some expenses for some people whose trips to Russia I had arranged. There was one instance involving a few hundred dollars that I initially disputed. However, in the course of the interrogation I remembered that what she had claimed was basically accurate, and I said so. After she and her attorney had left the investigator's office at the end of a long day, it was made clear to me that when she had no documents it was best for me to dispute her claims. This way the total amount it could be claimed she had stolen would be increased and her ultimate sentence would be harsher. I replied quite sincerely that "the truth was the truth"--even when it assisted her. At that our attorney responded, "I don't think the walls of this room have ever heard such an honest man."

To be fair, I should note that I also explained that being honest had the advantage of facilitating consistency--the truth is much easier to remember than lies, something Mrs. Veksler regularly demonstrated. In addition, I pointed out that by telling the truth when it was not necessarily in my immediate interest to do so, I increased my credibility in those instances when the facts were

difficult for me to prove. Finally, I repeated that I had not come to Russia to lie.

In contrast, in what seemed to become an increasingly desperate effort to avoid being charged, in addition to making threats and trying to maneuver behind the scenes with help from her "friends," Mrs. Veksler submitted a written appeal to the Prosecutor's Office. In this appeal she claimed, among other things, that I had been demanding more and more money from her because my salary was being cut at Illinois State University. It was easy to prove that this was not true. I simply had my Department Chair write a letter refuting this claim. (In this connection, at the request of Valentina Spiridonova, I asked a number of people to write "character references" for me. These included individuals who had known me in a variety of capacities for a decade or more. In contrast, Mrs. Veksler supplied only a single letter of support for herself. This was written by an American consultant who had spent six weeks in Vladimir, and who, unfortunately, had provided no useful assistance. To the contrary, his support for Mrs. Veksler may very well have encouraged her belief that she "knew best" and, therefore, had a right to ignore the president and owner of the company.)

Unfortunately, after 74 years of Communism, when the Party leaders were among society's most dishonest members, the truth has lost much of its moral force. Russians still have a saying: "An honest person is a fool." They tend to expect everyone to "say what they have to say" to protect their interests. However, Alexei Altonen, who, as noted above, participated in all the interrogations involving me and who also helped during the trial, made it clear that he appreciated my honesty. He said that this was one of the major reasons he was willing to work for Serendipity as Director of the American Home's special projects--despite all the threats the accused was making. While dishonesty is a major social problem, it has been my experience that there are more Russians who appreciate the truth than many observers, both Russian and foreign, might believe. (On this subject and related issues, see the author's article, "The Rule of Law and Russian Culture--Are They Compatible?" *Demokratizatsiya*, Spring 1999, pp. 204-13.)

Charges Filed

On February 21, 1997 the Vladimir Prosecutor's Office filed preliminary charges against Mrs. Tatyana Veksler. She was accused of grand theft and forging documents--but not tax evasion since this was the responsibility of the Tax Police. The maximum sentences were ten years for grand theft (later increased to 15 years) and 5 years for forgery. This must have come as a very rude shock to Mrs. Veksler. Her "friends" had reportedly promised her up to the last minute that no charges would be filed. On May 7, 1997 extended criminal charges were filed against her. (In the Russian system, formal charges are filed only after a thorough investigation, as opposed to the U.S. system when charges are filed as soon as sufficient evidence has been gathered to indicate that a crime was probably committed by the accused. In this case, under the U.S. system, charges probably would have been filed in February or March 1996.)

As another indication of the influence of her "friends," Mrs. Veksler was allowed to remain free after being charged without posting any bail. When told she had to post 10 million rubles in bail or go to jail, she replied that she did not have the money--and nothing was done. In contrast to her claim of "poverty" at this time, at the trial, in an effort to bolster her assertion that she was the only real "business person" in the firm, she asserted that her new company was earning "millions of rubles." This was just one more instance where she said what suited her at the time--apparently without considering how this might undermine her credibility in view of her earlier conflicting statements.

As further evidence that Mrs. Veksler was being "protected"--up to a point--by her friends, another client of our attorney who was charged with embezzling less than 2 million rubles was imprisoned before her trial when she could not post bond.

Attempted Blackmail

On July 14, 1997 I was handed an unsigned note just as we were leaving for the Moscow airport to return to the U.S. I had been in Vladimir with a tour group from our local community. On July 4 they had helped us celebrate the 5th Anniversary of the dedication of the American Home. The note threatened a series of actions, including sending letters to my family, including my father who, as noted, had provided the funds for the construction of the American Home, and others if I did not drop the charges by July 18. Exactly what "incriminating" information would be contained in these letters was not specified. I could think of no truthful accusations that would in fact harm me. My concern was that Mrs. Veksler's lies and distortions might have a negative impact--they certainly would have been upsetting to my family. I immediately turned this information over to our attorney. When I returned to Vladimir in August, I personally discussed this blackmail attempt with the authorities. (We deliberately did not file formal blackmail charges because we did not want the trial on the original charges to be delayed.) When we turned the original note over to the Court at the beginning of the trial, the accused acknowledged she had written it. (To be on the safe side, I had had the note checked for fingerprints in the U.S. by a good friend, the Chief of the Illinois State University Police, Ronald Swan. Mrs. Veksler knew this had been done, and this may have played a role in her admitting that she had sent the note.)

As with her perjury, the Russian reaction to the attempted blackmail, along with the rest of Mrs. Veksler's threats, was quite different than would be the case in the West. I pointed out on several occasions that in the U.S. obstruction of justice is a much more serious crime than embezzlement. This is not yet the case in Russia--where the law enforcement system, including the courts, has not earned the same degree of respect it has in the West, and, therefore, attempts to interfere with the legal process are not yet treated as a serious crime. As a result, the blackmail effort by itself did not insure a criminal conviction.

Scheduling the Trial

Following the preliminary charges in February, as noted, Mrs. Veksler was formally charged with two felony crimes in May 1997. In principal, the trial should have been held within a couple of months. However, it was delayed, and we could not find out when it was going to be scheduled. Undoubtedly, Mrs. Veksler's supporters were doing their best behind the scenes to either derail the process completely or control which judge was appointed to hear the case. Valentina Spiridonova informed me that she had been *very* concerned about whether or not an honest independent judge would be assigned to the trial.

Under the Communist system judges were in general considered to be little more than puppets. It was assumed they did exactly what they were told by "higher authorities." In fact, the system was referred to as "telephone justice" since a phone call from the right person, usually the local Party leader, could determine the outcome of any trial, not just the political cases. "Influence" or "contacts" can still play a major role, although not to the extent that was true under the

previous system. Today people refer to decisions being made "in the corridor." There was a great deal of concern that the "corridor" would prevail in our case.

I extended my visit in August 1997 by a week in hopes that the trial would be set and I could at least meet with the judge assigned to the case, but this did not happen. Our concern was that the trial would be conducted some time that fall when I could not be in Vladimir because of my teaching obligations and therefore would not be able to personally present my side of the case. Given the importance assigned by the Russian system to "direct confrontation" between the parties involved, my absence could have worked very much to our disadvantage.

I was scheduled to return to Vladimir the end of December. There were a number of things I needed to deal with, including a visit by a delegation from a Fortune 500 company which we had arranged. (They wanted to look at a plant in a city near Vladimir.) After I had purchased my tickets, I was informed that the trial date had finally been set. It was to start January 12, the Monday after I was supposed to return home. I was asked to add at least an extra week to my trip--but to keep it a secret. We assumed that our e-mail was being intercepted and that any information of value was being conveyed to Mrs. Veksler. In this instance, we assumed that if she found out I was not going to return to the U.S. as planned on January 10, she would do everything in her power to further delay the trial. I immediately changed my return flight to January 17, but wrote that I was going to have to return as scheduled, although I tried to convey my real plans between the lines. My ruse worked a little too well, because I received several additional messages from the worried Russian staff strongly urging me to find a way to be in Vladimir for the beginning of the trial.

After my arrival, we tried to keep up the pretense that I would be leaving before the trial started--just in case. We did learn that Mrs. Veksler wanted to postpone the proceedings. However, her attorney apparently advised her that further delay would not help. As it turned out, my presence almost certainly did not benefit her.

The Trial

On the morning of January 12, 1998 we arrived at the court building for the Lenin District, City of Vladimir. We had to wait for the secretary to open the room where our case was going to be heard. When we entered I saw that the layout was different from an American court room. There were no raised sections for the judge or the jury. Juries are now being used in Russia, but generally only for the most serious crimes, and even then only in a few cases. All other trials, as during the Communist period, are conducted by a judge and two "people's assessors." Therefore, at the head of the room was a table with seating for three people. Forming a "T" off of that table was another table at which the prosecutor, our attorney, and the defense attorney sat. Off to the right side of this was a table where the secretary sat. (Off to the left side was another table, presumably for a second secretary if needed.) On the right hand wall, to the right of the single door to the courtroom, stood a metal cage where allegedly dangerous defendants could be locked up. There were several rows of seats at the back of the room. The first row was reserved for the defendant(s), and Alexei Altonen and I sat in the second row. While there was room for spectators, none attended this trial.

The first day I was not sure what to expect. When the judge, in a traditional black robe, and the "people's assessors" entered the court room, we were asked by the secretary to stand. All three were older women. The judge, whose appearance was both attractive and professional,

announced the subject of the case and made sure all the parties were present.

The Judge then asked the prosecuting attorney, a young woman, to read the charges. The fact that she stumbled over the pronunciation of my firm's name suggested that she was not very familiar with the specifics of the case. ("Serendipity" is a bit difficult, but not at all impossible, for Russians to pronounce.) When the charges had been read, the Judge asked if it would be necessary for them to be translated for me. I had received a copy in advance and informed her honor that I fully understood them. Thanks in part to all the documents and interrogations involved in this case, my command of Russian had improved significantly over the previous two years.

It was clear that the trial schedule had been set on the assumption that substantial additional time would be needed to translate everything for me. Because that was not necessary, our longest day in court lasted just 4 hours, the rest of the week we were in session no more than 2 hours a day.

In significant contrast to American criminal trial procedure, the Judge invited the accused to make an opening statement. Mrs. Veksler read prepared comments. Her only significant addition to what she had said during the interrogations was a claim that I had some how "forced" her to initiate the laundering of the money when I asked her to cover the expenses of two tourists who visited Russia with our assistance in the fall of 1994. Her argument was that she had "no other way to pay their expenses" except by laundering the money.

What in fact happened was that I had asked Mrs. Veksler if it would be possible to cover the cost of their trip--about \$2,000--out of my share of the firm's new profits. I needed income to cover expenses in the U.S., and at that time it was still difficult to make bank transfers. Therefore, as I explained to the Court the next day, after I had had the opportunity to check the records, I had proposed using rubles to cover these expenses, so that I could keep the dollars in the U.S. I had instructed her by e-mail in August 1994 to let me know if this would be a problem. The couple did not arrive in Russia until October. She had plenty of time to inform me that this could not be done legally--if that was the case--and I would have simply sent the necessary money with the couple. Also, I pointed out to the Court that Mrs. Veksler had started laundering the money in July 1994, before the tourist issue had even come up. Her "explanations" were becoming more and more clearly in conflict with the facts.

When Mrs. Veksler finished her opening statement, the prosecutor was asked by the Judge if she had any questions. The young attorney started to stumble immediately, confirming her lack of preparation. The judge, without any hesitation, broke in and began questioning Mrs. Veksler herself. (In the prosecutor's defense, the young attorneys assigned to this duty are seriously overworked--and badly underpaid. Our attorney, however, made it clear that she wished a better qualified prosecutor had been assigned to our case.)

In Russian courts the judges regularly play the primary role, and her honor quickly proved to be a no nonsense interrogator. Whenever Mrs. Veksler fell short of answering a question or provided an unsatisfactory response, the Judge made her displeasure abundantly clear. For example, when Mrs. Veksler was asked by the Judge why she had not immediately turned over all property belonging to the firm when she was dismissed, her response was, "But I had just been fired." The Judge replied, "All the more reason you should have immediately turned everything over." Mrs. Veksler responded, "But you don't know how it made me feel to be fired." The Judge: "Your feelings were not important." Mrs. Veksler: "You would understand my feelings if you were fired." Judge: "I do my job well and do not expect to ever be fired." It

was clear that Mrs. Veksler had not answered the question to her honor's satisfaction.

After the Judge had finished her interrogation, she asked the two "people's assessors" if they had any questions. Up until this time, I was not sure if the two women were carefully following the proceedings. However, they made clear through the questions they asked that they were paying close attention--and that they fully understood what was going on. They were undoubtedly both retired and, in part to supplement their limited pensions, regularly participated in trials. In other words, they had substantially more experience with the legal process than most members of American juries. (In theory, the "people's assessors" can out vote the judge when arriving at a verdict. But especially during the Soviet period, this almost never happened, particularly in those cases where the judge had received his or her "instructions" by phone.) During the course of this trial, the two assessors did not ask a large number of questions, but what they did ask about was frequently significant. And it was clear that, along with the Judge, they had serious problems accepting Mrs. Veksler's key arguments and claims.

One advantage of the Russian "panel" system vs. our jury system is that the judge and "people's assessors" are, in general, harder to sway with emotional arguments and the other "ruses" attorneys sometimes get away with in our system. On the other hand, it is potentially easier to "put in the fix" in the Russian system, because only two out of three people need to be influenced. This substantially enhances the potential for corruption.

After the questions from herself and the two assessors, the Judge turned to Mrs. Veksler's attorney. He proceeded to try to lead her through a summary of her version of events, including her "excuses" for what she had done. She did not follow his lead very effectively on several occasions, and he had to rephrase his comments to draw her out. I was surprised that they were not much more thoroughly prepared for this "exchange." As the trial progressed, there was additional evidence that the defense attorney was not handling the case as one might have expected.

Mrs. Veksler created additional problems for herself during the questioning. (This underlined for me the significance of the right the defendant has to not testify during an American trial.) Mrs. Veksler's penchant to lie was especially in evidence. She sometimes changed her story in the course of a few hours. For example, during questioning concerning her failure to send me regular financial reports, she initially claimed she had in fact prepared monthly reports and it was the secretary's fault if I had not received them. When the Judge refused to accept that argument, pointing out that as the Executive Director it was her responsibility to make sure the reports were sent, Mrs. Veksler changed her story, claiming that because a new bookkeeper had been hired there had not been time to send reports for several months.

In addition to the accused having to answer questions from the Judge, the two "people's assessors," the prosecutor, and our attorney, under the Russian system I was allowed to ask questions of her, as well as all of the witnesses. Mrs. Veksler of course had the same right to question me and the witnesses. The Russian system assumes it is easier to get at the truth by having the parties involved directly confront one another, both during the investigation and at trial. (During the two trials I have participated in as a juror here in the States, it was frustrating when it did not appear the attorneys were asking all of the questions that needed to be answered. I had no such sense of frustration during the trial in Vladimir.)

In addition to being able to ask questions, I was also allowed to make regular statements, as was Mrs. Veksler. My first extended opportunity to tell the Court my side of the story came on the

second day of the trial. I emphasized the fact that my instructions to Mrs. Veksler had been to keep me fully informed of her actions--and to pay all necessary taxes. I informed the Court that she had increasingly taken to not reporting to me for extended periods of time, not answering my questions, and not doing specific things I asked her to do. In other words, she was trying to act as if the business was hers, not mine. In fact, I informed the Court that when she was in the U.S. in the fall of 1995 she actually told people that it was her business.

I further informed the Court that, to the extent that she acknowledged my existence at all, behind my back Mrs. Veksler had been telling people that I was a "poor businessman" and that I did not understand and was incapable of understanding Russian realities. In retrospect, it is obvious this was her way of justifying her efforts to co-opt the remodeling business--which, as noted above, she claimed she had started without any investment from me.

I pointed out to the Court that if Mrs. Veksler did not respect my abilities, the appropriate thing for her to have done was to leave the firm. When she was asked by both the Judge and the "people's assessors" why she had not done this, her reply was that the American Home was "her child," and she could not bear to abandon it.

In contrast, it is my theory, as implied above, that Mrs. Veksler stayed with the firm because her plan was to take the entire remodeling business away from Serendipity--once she had exhausted the firm's resources for developing the business. In support of my theory was the fact that Mrs. Veksler had secretly registered two private firms in her name, one in December 1994 and one in December 1995.

In this connection, Mrs. Veksler was assuming that the workers--who were of course more important to the business than the tools--would go with her once she left Serendipity. When I let her go at the end of 1995, I met with all the workers and informed them that they were of course free to work for her if they wanted to. However, not one of them left Serendipity. Among other things, they did not like the way Mrs. Veksler frequently treated them, including the way she sometimes tried to tell them how to do their jobs. The foreman for the business, Andrei Koretsky, was the person whose professional knowledge the workers respected, not hers.

With regard to the lies Mrs. Veksler was prone to tell, we learned from one of our clients that shortly after the split she had told him all of the workers had left Serendipity and were working for her new business. As noted, this was exactly the opposite of the truth. One factor here is that under the Communist Party what frequently counted most of all was the way things were supposed to be, not objective truth--and Mrs. Veksler was brought up under this system where her father played an important role at the local level. In her mind, the workers should have all gone with her, so that is what she told people had happened.

Before the trial began that Wednesday, a TV crew showed up. They wanted to get some footage for use with a report they were planning. Mrs. Veksler was understandably very upset at this prospect, and she threatened to "expose" the reporter's alleged "personal interest" in the case (meaning, presumably, that he had known me since my first visit to Vladimir in 1990), and to take other unspecified "action" with help from her "television production friends in Moscow" if "anything appeared about the case" on the local news. At each threat, the reporter smiled and replied, "Please do." When the Judge and "people's assessors" arrived, Mrs. Veksler and her attorney immediately made clear their opposition to any video taping of the proceedings. The Judge then asked the rest of us for our views on this matter. I responded that I felt a free press played an important role in a democracy, but that the decision belonged to her honor. Our

attorney had no objection, and the prosecuting attorney replied that the decision belonged to the Judge. The Judge allowed the taping.

Despite efforts by Mrs. Veksler's "friends" to block their broadcast, a brief report aired before the trial ended and a longer report after the verdict was handed down, both without any "censorship." The final report noted the involvement of "contacts" in the case and suggested they had played a role in the initial decision by the local Prosecutor's Office to drop the charges in 1996 after just a six month investigation. In this connection, the report indicated that at the Federal Prosecutor's Office in Moscow they had laughed at the "absurdity" of the local decision. Finally, the report drew attention to all the difficulties involved in this case, and then added, "And we are all mystified as to why they [foreigners] are not hastening to us with their investments?"

As the trial proceeded, witnesses testified that all of the work covered by the subcontracts had in fact been done by Serendipity and not by any of the firms to which the money had been transferred. Witnesses also testified to my personal integrity, that I had tried hard to find some way to work with Mrs. Veksler, that I had in fact frequently communicated my dissatisfaction with the reports I was--and more often was not--receiving, and that no one was aware of my ever having received any large sums of money as alleged by the defendant.

With regard to the alleged receipts Mrs. Veksler claimed she had "found" in her apartment, it should be noted that they did have my signature. The explanation for this was that on several occasions she had asked me to provide her with signed blank sheets of paper to be used in preparing various documents that required my signature as President--and sole owner--of the firm. I knew that the highly bureaucratic Russian system demanded an unusually large number of documents, and that at the time it was very difficult to send anything reliably by regular mail. (Faxed copies were generally not acceptable.) In retrospect, it obviously was not wise of me to provide these signed sheets, especially without some sort of control over their use. However, it was clear that the receipts in question were bogus. For one thing, my signature in each case appeared a substantial distance from the body of the text--that is, not where anyone would have signed such a document *after* it was prepared.

In addition, all three "documents" were on standard American paper, not European A4 paper. I pointed out that it would be highly unusual for three "receipts" allegedly prepared, as Mrs. Veksler claimed, at different times at the American Home in Vladimir to all be on American paper, especially when there was no such paper at the Home in early 1995. (Obviously I had sent these signed sheets from the U.S. with people going to Vladimir--something I was asked to do on at least two occasions.) Mrs. Veksler tried to counter this argument at trial by claiming that there was "plenty of American paper" at the Home since several cases had been shipped a year earlier with the wall paneling. To the contrary, I had put that shipment together, and it included no paper--something we were able to document through the invoice for the shipment. She also tried to claim that I had never been asked to sign any blank sheets. In contrast, several other staff members, including the bookkeeper, confirmed my version.

Even though she did not face the threat of a charge of perjury, it is still difficult to explain why Mrs. Veksler persisted in telling easily refuted lies, especially when it should have been clear to her that this was undermining her credibility with the Court.

In two instances in particular, the fact that Mrs. Veksler was required to respond to questions from me seemed to work very much to our advantage. In the first case, I asked her who was the

owner of the firm. She tried to avoid answering. I asked again, and again she tried to dodge the question. I kept asking, "Who is the owner?!" Finally, after about the fifth time I asked, she very softly replied, "I won't argue, you are the owner." I believe this exchange clearly brought home to the Court that she had in fact tried to operate independently of me. Fortunately, the Court did not accept the Marxist labor theory of value which holds that only those who directly do the work can claim a share of the profits. (At one point during the trial, Mrs. Veksler stated, "If he wanted to earn money in Russia, he should have come here to work." The panel made it clear they did not accept this specific argument.)

In the second instance, during questioning about the 136 million rubles she had taken with the help of the fictitious subcontracts, I asked if this included essentially all of the firm's profits. As before, she tried to avoid answering, replying that this amount was "not all profit." Again, I repeated the question several times. When she continued to refuse to provide a direct answer, I turned to the Judge and her two associates and said, "I'm sure you understand my question." They all nodded in agreement. In this instance I was able to make clear that she had in fact concealed the profits from which I might have paid her a bonus--thus badly damaging the argument that I had not treated her fairly in this regard. Put another way, how could I pay her a bonus out of the firm's profits if she had already stolen those profits.

Especially after more than 70 years of Communist propaganda about the "exploitation of the workers by capitalists," it was important to make the point that I had not in fact tried to take advantage of Mrs. Veksler. Under our system of justice, the laws tend to be applied even when the results are not always "fair." In contrast, considerations of "equity" can end up being significant in the Russian situation. This was the foundation for much of the first investigator's decision to drop the charges in August 1996. In other words, his logic basically was that if Mrs. Veksler had a "moral right" to take money from the firm--as a bonus that I had allegedly failed to pay her. Given this, the fact that she broke the law in the process--and violated her contract--could be "overlooked." (The investigator ignored the fact that Mrs. Veksler had started taking the money in the summer of 1994, while we had discussed a bonus only at the beginning of 1995.)

As noted above, it would have been to Mrs. Veksler's advantage if she could have avoided saying anything during the trial. More often than not, her comments damaged her case. In contrast, her attorney said very little. He had a reputation for being one of the best--and one of the most expensive--defense attorneys in Vladimir. After the second day of the trial, when he had failed to try to discredit any part of my statement to the Court, I suggested that he had given up on mounting a serious defense. When I asked an experienced lawyer about my theory, he replied that this was one possibility. On the other hand, he suggested that Mrs. Veksler's attorney was known for sometimes waiting to deliver a "knockout blow" at the last minute. In other words, we shouldn't let down our guard.

In order to attend the beginning of the trial, I had received permission to miss the first week of my classes at Illinois State University. I definitely had to return to the States on January 17. On Friday the 16th I asked the Judge's permission to make a final statement. I briefly summarized our position on the facts and thanked the Court for its professional handling of the proceedings. I then stated that because Mrs. Veksler had shown no willingness to accept responsibility for her actions or to repay the funds she had taken, because she regularly refused to tell the truth, and had continued to make threats, I could see no foundation for requesting any special consideration from the Court in deciding her punishment.

When I left Vladimir, I had the overwhelming impression that the facts would be impartially assessed and the law would be fairly applied. Barring some form of "divine intervention" from the old Marxist gods of "connections" and "telephone justice," I did not see how we could lose this case.

The end of the trial was delayed, first because our attorney was ill and then because one of the assessors was sick. I received an urgent request to return for the final arguments. Valentina Spiridonova had been through a lot with this case, including the threats made against her and her family and seeing the charges dismissed by the first investigator--in a clear display of the influence of Mrs. Veksler's "contacts." She obviously did not want to see all of our work go for nothing--in case either Veksler or her attorney managed to pull a rabbit out of a hat or something else went wrong at the last minute. The request for my presence was flattering--at least if it was intended to suggest that I might be able to deal effectively with any rabbits that might appear. (After the second day of the trial, Alexei Altonen, who, as noted, was there to help me when I did not fully understand the proceedings, teased me with the comment that I had "done better than he had thought I could." I felt that I had been able to present reasonably clear and convincing arguments in Russian, but most of all, because I was sticking to the truth, I believe I had substantial credibility. In this connection, sometime after the trial was over, Mrs. Spiridonova informed me that the defense attorney had commented to her that I had impressed him as a man of integrity.)

Unfortunately, I could not return--and I responded that I did not think I should have to. I was still confident that we had presented a strong case. I was also confident that Mrs. Veksler had done herself a great deal of harm with her weak to nonexistent arguments and explanations, and, especially, with her transparent disregard for the truth. I did not really expect her attorney to pull any effective last minute tricks. From the beginning of the trial it seemed to me that he had exhibited no real intention to mount a major defense. He appeared to be resigned to his client's conviction--as much by her own continuing mistakes as by any of the existing evidence. For example, when we introduced her blackmail note to the Court, her attorney could not conceal his dismay. She apparently had given me this note without his knowledge, and he understood that it did considerable harm to her defense--even though under Russian law it would not result in a formal charge of obstruction of justice.

Especially in my absence, it seemed appropriate to ask the U.S. Embassy to express its continued interest in the case. The reasoning was that it would not hurt to remind the local officials--one last time--that the verdict in this trial would not go unnoticed in Moscow. Therefore, whatever was decided would have to be explained--with reference to the facts and the law, not "connections."

On February 2nd I sent a fax to the new U.S. Ambassador to Russia, James Collins. I updated him on our activities in Vladimir, which included continued assistance with militia training, expanding our English program, and organizing the visit by the delegation from the Fortune 500 company. I then brought him up to date on our legal case and requested, on the advice of our attorney, that a note be sent by the Embassy to the Chair of the Lenin District Court requesting a copy of the final verdict. The idea was to avoid the appearance of trying to interfere in the case, but at the same time making it clear that the Embassy had not lost interest.

I did not receive a reply until February 6. It came from the Embassy's Minister-Counselor for Commercial Affairs, John Peters. He wrote that Ambassador Collins had referred my correspondence to him, and that he would get back to me "as soon as possible after we discuss

internally how to best approach this matter." I immediately replied, underlining the need for quick action. If Mrs. Veksler's friends found a way to "get to" the Court, a note arriving after the verdict was issued would do no good. On Monday, February 10, I received another fax from Mr. Peters informing me that it had been decided that it would be "inappropriate" to send a note to the Chair of the Court, and could I suggest another official they could contact. I replied immediately, pointing out that I had requested contacting the Chair of the District Court on the advice of our Russian attorney--who would presumably know best what protocol would allow. Although I should not have had to suggest that they send a note to the Mayor or the Oblast Chief Prosecutor--both of whom had been contacted earlier by the Embassy--I did. The verdict was issued the next day. A note was sent to the Mayor the day after that. (While the Embassy can be of assistance on occasion, most of the Americans I know who are working in Russia would advise against depending on them for quick action in particular.)

The Verdict

As it turned out, there were no last minute rabbits pulled from any hats. The Court found Mrs. Veksler guilty of the "theft of an exceptionally large sum of money" (i.e., "grand theft" in U.S. legal parlance) and sentenced her to 5 years in a penal colony. (There is one located about an hour's drive from Vladimir.) She was taken from the court room under arrest. I was told that she remained unrepentant to the end, and it was felt this played a role in her relatively harsh sentence. I was also told that the case was being widely discussed in Vladimir by those interested in its outcome, and that the general feeling was that the sentence was severe--but, under the circumstances, appropriate. The consensus was that she had brought all this on herself with her greed and dishonesty. One individual wrote to me that, "as a journalist," he was glad that "justice had triumphed and not 'connections.'"

In its written verdict the Court dismissed Mrs. Veksler's claim that she had used all of the money for the "benefit of the firm" and ordered her to repay the total amount she had taken--minus the 44 million rubles that had already been returned. In this connection, the Court pointed out that during the initial investigation Mrs. Veksler had claimed that the 44 million rubles were hers--because she had "earned" them. The Court noted that only later did she claim that she had set this money aside to purchase a vehicle for the firm. The conclusion was that she had in fact stolen this money. In other words, at least one of her efforts to change her story had finally caught up with her. Also, it is clear that the Court did not believe her claim that she had paid me 20 million rubles. The forged receipts did not fool the panel.

On May 6, 1998 the *Oblast* (Regional) Court upheld the lower Court's verdict on appeal--despite considerable pressure from Mrs. Veksler's "friends." She continued to serve her sentence while the case was on final appeal. In August 1998 the Russian Supreme Court concluded that there was no legal basis for it to review the lower courts' decisions. Mrs. Veksler was released from custody in February 2001 after serving a little over 3 years of her 5 year sentence in the women's penal colony near Vladimir. We do not expect to be able to collect the money she owes the firm. (In addition to the amount she embezzled, under Russian law we are entitled to collect for the expenses we incurred during this case. This would include the cost of the six extra trips I had to make to Vladimir at the request of the two investigators.) However, if she tries to follow through on any of her threats to do harm to the American Home and its staff, we will see her back in court.

Some Final Thoughts

It appears that Mrs. Veksler remained convinced to the end that she was “in the right,” and the law, the Court, and everyone else was wrong. Unfortunately, 74 years of Communist rule went a long way toward destroying the concepts of “the rule of law” and “justice.” You did what you—with help from your “connections”—could get away with. However, a growing number of Russians understand that it will never be possible for them to “live normally” if employees are free to do what Mrs. Veksler did—without fear of negative consequences. Her conviction should send several messages, including: 1) if you do not own a business you have no right to try to control it, that is, the “labor theory of value” is no longer widely accepted; 2) no matter how good your “connections” might be, you can no longer be sure they can protect you from the consequences of illegal actions; 3) lying can work against you, even if the Russian legal system does not yet provide punishment for perjury; and 4) the Russian legal system can function professionally, especially when the special features of Russian culture are taken into account and dealt with effectively.

ADDITIONAL READINGS

Stanislaw Pomorski, *Justice in Siberia: A Case Study of a Lower Criminal Court in the City of Krasnoyarsk* (Washington, D.C.: The National Council for Eurasian and East European Research, June 7, 2001).

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