

Browder, Magnitsky and the Whole Damn Thing

Written by Eric Walberg Эрик Вальберг/ Уолберг □□□□□ □□□□
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Review of Bill Browder, **Red Notice: A true story of high finance, murder, and one man's fight for justice**, Simon & Schuster, 2015.



'Red notice' is the catch phrase for an interpol arrest warrant. There is sort-of one out on Browder, accused by the Russian government of tax fraud, though only Spain briefly acted on it in May 2018 before releasing him, saying it was a political case. Browder, our speculator-hero, who made and spirited out of Russia hundreds of millions, compares his last flight from Moscow to London in November 2005 □ as "like those who had narrowly escaped Phnom Penh or Saigon before their countries fell into chaos and ruin."

Here as elsewhere his memoirs full of incongruencies, though occasionally hitting a

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bull's eye. Phnom Penh was indeed descending into chaos in 1973, but Saigon's legendary 'last helicopter' moment was not a descent into chaos, but a liberation from the chaos of American invasion, that killed millions and devastated Vietnam over two decades.

And Moscow in 2005 was finally beginning to look like a normal country after 15 years of 'chaos and ruin', thanks, not to the western briefcase crowd, but to a large extent to Browder's nemesis, the now legendary Putin. Putin is the star in history books; self-styled 'human rights' activists like Browder, mere footnotes.

Browder is the grandson of the CPUSA leader in the 1930s--40s, Earl Browder,

a simple union organizer from Wichita, who went to Moscow in 1926, was enamored twice-over, marrying Raisa Berkman, and returning to lead the US on the path to communism. Bill's father Felix was the eldest of Earl's three sons, born in Moscow on the tenth anniversary of the revolution

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McCarthyism made life difficult for the sons of Browder sr, though his hopes as an American communist were detente, leading him to disband the Communist Party during WWII. It seems naivete runs in the family, as US leaders were not the slightest bit interested in making peace with communism, just as post-Soviet Russia was not really interested in making peace with capitalism and imperialism, which Bill learned to his dismay a half century later.

Fortunately, neither Stalin nor Putin were/ are naive, however nasty their domestic politics may be. Neither sold out to capitalism, though in the 1920s and 1990s, Russia came within a whisker of that fate.

Shock therapy as addiction

Bill's epiphany came when he remembered his grandfather, and used his fame to argue his way into Stanford as a kind of brilliant loose cannon, and in job interviews, to suggest he wanted to go to Russia not as communist stooge, but as a capitalist hero, a kind of family bookend.

"My grandfather had been the biggest communist in America, and i decided that I wanted to become the biggest capitalist in eastern Europe." He wanted "to reconcile my family's communist background with my own capitalist ambitions". I.e, □ dump social rights, embrace individual rights -- especially the right to make money without limits.

He proved to be very good at this, with his shiny MBA from Stanford, and chutzpah off the charts, railroading his way into private meetings to promote himself, ambushing bigwigs in hallways, undaunted by rejection. He wangled his way into the World Economic Forum in Davos in 1996 without an invitation and crashed a private lunch for Zyuganov; he rushed up to Medvedev at a formal luncheon and ask him why he couldn't get his coveted visa ...

Bill, the 'real existing'* Mr Twister, is brilliant and knows his capitalism. He started in Poland as a privatization consultant for the bus manufacturer Autosan in 1990, discovering that "the Polish government was selling the company for one-half of the previous year's earnings. This meant that if you invested in this company, and it stayed in business for six months, you would effectively make your money back." He immediately wagered all his 'capital' (\$2,000) on stocks in Autsan, soon finding his first

‘ten bagger’ (multiplying your investment ten times).

This was the blueprint for the ‘shock therapy’ across the Soviet bloc in the 1990s: sell off the crown jewels, all the jewels, to whomever at discount prices. Mostly, privatization was supposed to be via government-issued certificates, but foreigners’ dollars were welcome, and the Ivans and Natashas just sold this funny money to sharks for, say, a bottle of vodka or the monetary equivalent, and the sharks gathered them up and then used them at privatization auctions to take control of firms, with or without foreign dollars.

Insiders from the old bureaucracy were often able to take control and then resell to anyone (preferably foreigners who could set up and pay directly into their foreign bank accounts) for a killing (they thought), on which foreigners could then make the real ‘killing’. Imagine vultures hovering over a dying wildebeest, descending majestically after the messy kill, to coolly pick at the remains.

Like a safe-cracker, he had discovered the road to massive profits by a simple sleight-of-hand. He relishes “the sensation of finding a ‘ten bagger’, the financial equivalent of smoking crack cocaine. Once you’ve done it, you want to repeat it over and over and over as many times as you can.” An apt analogy. Bill, like all who fall in love with capitalism, became addicted. He didn’t know when to stop.

Real existing capitalism

The Polish -- all the ex-Soviet governments were also enamored with capitalism, thinking in Adam Smithian abstract terms about harnessing greed to create wealth and prosperity for all. ‘Let foreigners come and solve our problems,’ i.e., bring western technology and access to western markets. Ha, ha.

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‘Real existing capitalism’* was very different. It was more like Genghis Khan’s invasion, with rape and pillage the chief characteristics. Strip assets, cut out existing markets (east Europe and Russia), and import largely unnecessary ‘goods’ in fancy wrapping, undermining the balance of payments, the currency, etc. Perfect for slick MBA grads like Browder, who throughout his book makes none of these connections. All Browder sees is dollars signs. Like his math prodigy father, he lives in a world of figures, abstractions.

This led him down a wild, rocky road, with more than one casualty. After having done business in Russia for five years, he set up his own investment fund, Hermitage Capital Management, which soon became the largest foreign portfolio investor in Russia.

A sensible capitalist, he gave up his US citizenship in 1998 to avoid paying taxes (citizenship, like money and ‘human rights’, knows no boundaries). After a decade of milking the dying Soviet cow, Browder was refused entry to Russia in 2005 as a threat to national security, after he exposed what he claims was a \$240m tax fraud by senior government officials.

He also is a big fan of Israeli machismo, constantly turning to ex-Mossad agents like Ariel (Lion of God), “widely considered to be one of the best security advisers in Moscow,” to “sort out” a problem. His life is littered with Mossaders, whom he clearly admires, like the heroes of comic books, acting to defend ‘human rights’ in the face of evil.

But then he is solidly Jewish, from his Soviet granny, through to his first wife (she dumped him for his obsession with Russia). His first job as investment fund manager was with the notorious □ Robert Maxwell, Israel’s “superspy”, who hated and was hated by all but a few ‘chosen people’. Browder soon ingratiated himself through his cold blooded profit making in the wreckage of the socialist world (Maxwell was Czech, so was especially eager to rape Russia). He comes across as a nice version of Maxwell, his

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mentor and idol (minus, so far, the sordid finale).

By the fall of 1991, even before the Soviet Union was buried, he had “reviewed more than 300 deals and traveled to nearly every country of the former Soviet bloc.” Until Maxwell’s massive, bloated body was found drifting near his yacht in the Atlantic. But the mystery and scandal didn’t really matter, as by then Maxwell Communications Corporation was already in receivership. Working for Maxwell was hardly a plus on his CV, but by then Browder was ready to start his own fund, and he chose Russia as his target, because no one else dared. I.,e., it was ripe for the taking, if you dared.

He started with the Murmansk trawler fleet, which was a Russian version of his Polish bus company: undervalued, ripe for picking. The sky looked like the limit at that point. Yelstin had been conned into issuing 150m privatization certificates/ vouchers to citizens, which were exchangeable for 30% of all Russian company shares, originally trading at \$20.

Browder did the math: the entire Russian economy was worth \$10b (1/6 of Walmart). He went right to the top, the Salomon Brothers Investment Bank. They snapped him up and found a relative in Moscow who owned a small Russian bank (wouldn’t you know it!) and

could be trusted in now dog-eat-dog Russia. Soon he had bought \$25m vouchers for the Salomons at bizarre, makeshift auctions,*^ and then proceeded to buy shares of companies at even more bizarre “voucher auctions”. Browder brilliantly plays these events like a teenage Jewish prodigy at Carnegie Hall. His ‘ten baggers’ came in the hundreds, millions, making the Salomons the owner “of the most undervalued shares that had ever been offered anywhere in history”.

Beny Steinmetz, a charismatic Israeli billionaire, heir to his family’s rough-cut-diamond business, Salomon’s biggest private client, offered him \$25m to start his own investment firm. Leopold Safra, a prominent Lebanese Jewish financial magnate, invested -- and



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almost lost, thanks to Browder -- \$100m. To show his faith in Browder, he sent to Moscow, unsolicited, a dozen heavily armed bodyguards, headed by yet another 'Ariel'.

'Jews of the word unite...'

The Jewish theme runs through this incredible story, from Browder to Maxwell, the Salomon brothers (with the relative-with-bank), diamond merchant Steinmetz, the ex-Mossad Ariels, the Kosher Nostra, the oligarchs, even storyteller Samuil Marshak, the parodist of these capitalists out to swallow the plucky Soviet Union. Right down to the recapitulation of Stalinist era Jews-fighting-Jews (many NKD in the 1920s--30s were Jewish, as were many of those arrested; Browder, the Kosher Nostra, and the oligarchs fought among themselves over the spoils and influence at the top).**

Even the silence in the West about all this outrageous *Jewish* activity. The importance of Russian Jews in Russian and Soviet history was never dealt with until Solzhenitsyn's Two Hundred Years Together (2002), but it is the only one of this Nobel laureate's books that still has not been published in English since it is, of course, 'antisemitic'. The topic is verboten

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