

With Russian immigration comes organized crime

Russian Mafia Invades California

by Wayne Lutton

Russian gangsters — many of whom entered the United States as “refugees” — have spread their influence beyond the East Coast and are becoming a major criminal presence in California, according to State Attorney General Dan Lungren. The California Department of Justice Bureau of Investigation recently released a report which provides an overview of the scope of Russian organized crime in the United States.

The California Attorney General’s Office report notes that during the 1970s and 1980s, under the guise of the Russian-Jewish refugee program, “the KGB emptied their prisons of hard-core criminals, much like Cuban dictator Fidel Castro did during the Mariel boatlift of 1980.” The 1989 Lautenberg Amendment expanded refugee admissions from the Soviet Union to up to 50,000 per year. This was followed, in 1991, by provisions

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for legal immigration from the now independent states of the former USSR.

Dubbed by Russian criminals as “the big store,” the United States is now home to criminal gangs from all 15 republics.

New York, to Boston, Philadelphia, Cleveland, Chicago, Miami, and Seattle.

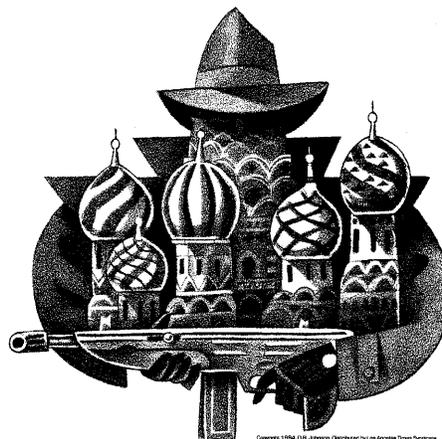
California is particularly vulnerable to Russian organized crime because only New York state has a larger population of immigrants from the former Soviet Union. These new crime groups have been identified in major California cities, including Los Angeles, San Francisco, San Jose, Sacramento, and San Diego. They maintain ties to criminal organizations back in Russia and are forging working agreements with other Latin American and Asian syndicates.

In California and elsewhere in the U.S., the Russian *vor v zakone* (thieves-in-law) have been linked to extortion, prostitution, auto theft, counterfeiting, drugs, credit card fraud, money laundering, tax fraud, insurance and medical fraud, and murder. They have shown a real flair for

high-tech crimes. *USA Today* (July 3-4, 1996, p.1) reported that two recent Russian immigrants, Abraham Romy and Irina Bashkavich, were charged with stealing more than 80,000 cellular phone numbers from their Brooklyn apartment using a high-

RUSSIAN ORGANIZED CRIME:

CALIFORNIA'S NEWEST THREAT



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Since the mid-1970s, the hub of Russian organized crime in the U.S. has been the Brighton Beach area of Brooklyn, New York, known as “Little Odessa.” From this center of emigre activity, they have spread their operations throughout greater

powered scanner they directed against cars passing on a parkway leading to and from John F. Kennedy Airport. This is the largest cell phone scam yet uncovered in the U.S.

members. Stolen auto parts are used to reconstruct cars bought from salvage yards. Vehicles are often taken out of state and re-registered, or are shipped out of the country through Seattle, Oakland, CA, and other cities where they are sold for huge profits in Europe and Russia.

groups in the United States and Russia have formed alliances with La Cosa Nostra, the Colombian cocaine cartels, and the Sicilian Mafia. These alliances allow these groups to potentially become a dominant wholesale cocaine and heroin distribution factor in California.

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- The Hollywood area of Los Angeles and the city of Glendale has the largest Armenian population outside of the Republic of Armenia. Several Armenian organized crime organizations do a flourishing trade in extortion, fuel frauds, credit card fraud, murder, kidnaping, and narcotics trafficking.

Because of their experience at ‘working the system’ in the former Soviet Union, Russian organized crime groups can be expected to continue their involvement in sophisticated criminal schemes, such as fuel and insurance frauds...Russian organized crime groups...take advantage of bureaucratic mazes to build their profit base.

Examples of Russian mafia activities in California include:

- In the biggest such case of its kind, two Russian emigre brothers, Michael and David Smushkevich, were found guilty of heading a \$1 billion false medical billing scheme. The brothers used mobile medical laboratories to conduct unnecessary and false tests on patients. Bills were then sent to insurance companies, at inflated rates or for tests not actually performed, with MediCal (the state health insurance program) and Medi-caid often picking up much of the charges. From California, the scam spread to Missouri, Illinois, and Florida. While Michael Smushkevitch was sentenced to 21 years in prison, it is estimated that the brothers pocketed between \$50 and \$80 million, which they transferred to an as-yet unidentified foreign country.

- Various fuel fraud schemes have been run by Russian and Armenian gangs. The operations involve the control of diesel fuel wholesale distributors and independent filling stations, watering down fuel sold to the public and skimming profits, and complex fuel tax frauds, including falsifying state and federal tax forms by means of sham companies.

They bring with them knowledge and methods to operate complicated fraud schemes.... While public and law enforcement attention is drawn to gangs and street violence, Russian organized crime groups will make inroads into California using these complex criminal schemes requiring extensive investigative efforts.

The Attorney General's Report concludes with these warnings:

These new Russian emigres will be a fertile source for recruitment by existing Russian organized crime groups...As immigration increases, these Russian crime groups can be expected to expand and new groups will be established.

Russian Organized Crime: California's Newest Threat

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