



Written by [William F. Jasper](#) on August 18, 2010

Pixie Dust, Treason, & Spies

“Dmitry Medvedev and Barack Obama will try to jump-start economic links this week as Russia’s president travels to Silicon Valley and Washington, building on improved political ties after the U.S. ‘reset’ relations,” Bloomberg Businessweek reported on June 21.



President Medvedev’s June 22-24 U.S. trip was lavishly covered by the U.S. and global media, with many reporters, commentators, business leaders, and politicians heralding the visit as a major breakthrough in economic and political relations. The Russian President and California Governor Arnold Schwarzenegger met with technology leaders in Silicon Valley, and Medvedev invited them to come set up shop in Skolkovo, the new tech center launched by Vladimir Putin and billed as “Russia’s Silicon Valley.”

Medvedev sealed a \$1 billion deal with Cisco Systems and a multi-billion dollar “strategic partnership” with Boeing before heading to Washington for a “cheeseburger diplomacy” photo-op with President Obama.

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Pixilated Pixies R Us

Predictably, reactions to the Medvedev tour from media mavens and investment shamans registered somewhere on the enthusiasm spectrum between ecstatic and euphoric. “Maybe I’m breathing the same pixie dust, but there’s real momentum for this,” Esther Dyson told *Foreign Policy* magazine. Dyson, a globally celebrated technology guru and longtime investor in Russia, is a major promoter of the Skolkovo project. A onetime member of the Skolkovo advisory board, Dyson is the founder of EDventure Holdings, which has invested heavily in Russian start-up companies. She sits on the advisory board of AmBAR, the American Business Association of Russian-speaking Professionals, which organized a major summit of American venture capitalists in Russia this past May. Dyson and AmBAR also were involved in facilitating Medvedev’s June tech-shopping trip to the United States.

For all her tech savvy, supposed business acumen, and high-flying global connections, Dyson seems hopelessly star-struck with Medvedev, and unrealistically optimistic about his potential for changing Russia. The *Foreign Policy* article reports:

She was present at some of the events in Silicon Valley and was struck by Medvedev’s level of engagement and bonhomie. “He is so sensible, he understands the issues,” she said. “He’s responsive, thoughtful, not at all bombastic. He gets the culture. You could stick him in a cubicle at



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Google, and no one would notice. But the issues persist, so the question is, can his mentality be expanded to everyone?"

Apparently, Dyson and other Medvedev cheerleaders were quite taken with the Russian President's easy delivery of scripted lines during his U.S. jaunt. On taking leave of California's Governor Schwarzenegger, Medvedev expressed farewell with lines borrowed from Arnold's action-hero movies. "I'll be back," he told Schwarzenegger. And with a wink, he added "Hasta la vista — baby."

Esther Dyson is typical of the American elites who promote East-West "convergence" and claim to see a bright silver lining in every dark cloud over the Kremlin, a new blossoming of freedom in every new concentration of power by the KGB/FSB. A member of the Council on Foreign Relations and an advisory board member of the Soros Medical Internet Project, Dyson is also well connected to the powers-that-be in Russia, including Putin, Medvedev, and unsavory oligarchs such as Yuri Milner, Alisher Usmanov, Roman Abramovich, Mikhail Fridman, and Viktor Vekselberg. Although she reads great significance into the personality style differences between Putin and Medvedev, she was more than willing to work with Putin when he was Russia's President. She certainly is informed enough to know that Putin is the real power behind Medvedev and that it is very likely that Putin will move back up from his current Prime Minister post to be President again in 2012.

Oops! Spies and Lies

Less than three days after President Medvedev's bonhomie media tour, the real face of U.S.-Russian relations briefly peeked through the contrived facade, looking very much like the grim visage of the Soviet Union that the Medvedev visit had been crafted to dispel. On June 27 the FBI arrested a network of 10 Russian sleeper agents of the SVR, the re-vamped foreign intelligence arm of the Soviet KGB. According to the FBI court complaints, the agents were members of an "illegals program," meaning that unlike spies who operate under legal diplomatic cover, their modus operandi is to assume a false identity and blend into American society. The Russian agents — eight of whom had adopted fake "American" names — were seized by the FBI in a series of raids in Boston, New York City, Yonkers, Virginia, and New Jersey. Some members of the ring had been under surveillance by the FBI for more than a decade.

An eleventh Russian agent, believed to be the paymaster for the network, was arrested the same day on the Island of Cyprus, but escaped after being freed on bail by Cypriot authorities. A twelfth agent was arrested in Seattle the following day, June 28.

For a brief moment, newspaper, Internet, and television stories evoked a Cold War *deja vu*: secret codes, dead letter drops, invisible ink, clandestine meetings, buried caches of cash, false identities, long-term infiltration and penetration. Not exactly the kind of activity that reinforces the friendly relations "reset" narrative.

However, the establishment media quickly recovered and soon reverted to their usual "don't worry — it's no big deal" stance that has typified their dismissive "reporting" on Soviet-Russian espionage over much of the past century. Within a couple of days after the arrests, stories began pouring out reporting that these were merely bumbling, bungling wannabe spies who obtained nothing of value. Reports quickly painted a comical picture of Keystone Klutzes tripping over each other in an anachronistic spy game that no longer holds any relevance to present-day realities. The *Washington Post*, *New York Times*, *The Nation*, the *Huffington Post*, and other liberal-left media organs dug up former CIA and KGB officials who ridiculed the illegals network as "nutty," "inept," "feckless," and "preposterous." Of



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course, it should be noted that many of the news organizations that are deriding the significance of the recent spy revelations are the same media houses that are notorious for decades of coverup of communist atrocities and communist penetration of American government and institutions. Many of them stubbornly defended Alger Hiss, the Rosenbergs, Judith Coplon, Lauchlin Currie, and many others long after their treason had been exposed and proven.

Official Schizophrenia

The Obama administration appeared to be suffering from an acute attack of schizophrenia over the matter. On the one hand, its Justice Department was arguing that the arrested Russians should not be allowed to post bail because if released there was a serious risk they would flee the country. On the other hand, the State Department and White House spokesmen did everything possible to minimize the significance of the spy ring's activities and their potential threat to our nation's security.

In its 37-page complaint concerning nine of the 11 defendants, the FBI warned that:

A network of illegals (the "Illegals") is now living and operating in the United States in the service of one primary, long-term goal: to become sufficiently "Americanized" such that they can gather information about the United States for Russia, and can successfully recruit sources who are in, or are able to infiltrate, United States policy-making circles.

The FBI document contains a decrypted SVR order sent by Moscow Center (MC), instructing two of the defendants as follows:

You were sent to USA for long-term service trip. Your education, bank accounts, car, house etc. — all these serve one goal: fulfill your main mission, i.e. to search and develop ties in policymaking circles in US and send intels [intelligence reports] to C[enter].

In a letter to the court urging denial of bail, Department of Justice prosecutors warned that the defendants "are skilled deceivers who have repeatedly betrayed those closest to them and would readily do so again, by fleeing." The prosecutors said there was "little doubt" that the defendants, if released, "could call upon substantial and sophisticated resources to assist them," a reference to the Russian foreign intelligence service.

As it turns out, the FBI and Justice Department need not have worried about the spies slipping away while out on bail; only a few days after prosecutors expressed those concerns in court the White House and State Department gave the spies a surprise "get out of jail" pass, and a free charter jet ride to Austria at the American taxpayers' expense.

The Obama administration had been greasing the skids for the surprise move from the get-go. "I do not believe that this will have a great effect on our efforts to reset our relationship with Russia," Obama Press Secretary Robert Gibbs told reporters at a White House press conference on June 29. Other administration officials have made similar remarks minimizing the seriousness of the spy ring. "We would like to get to the point where there is just so much trust and cooperation between the United States and Russia that nobody would think of turning to intelligence means to find out things that they couldn't find out in other channels," said Philip H. Gordon, the Assistant Secretary of State in charge of Russia.

"We're moving towards a more trusting relationship," Gordon insisted. "We're beyond the Cold War; our relations absolutely demonstrate that." According to Gordon, we shouldn't be shocked "that some vestiges of old attempts to use intelligence are still there."



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“Some vestiges of old attempts”? The recently exposed ring is a new Putin-Medvedev-era operation directed by Moscow Center, not some rogue stragglers from the Khrushchev-Brezhnev days stumbling on independently out of blind loyalty to a dead ideology, as Gordon’s comments suggest. With hundreds of thousands of Russians having emigrated to the United States in the past couple of decades, and with our immigration security checks almost nonexistent, it has become far easier now than at any time in our nation’s history for Moscow to plant agents here. On top of which, under the leadership of Vladimir Putin, a career KGB-FSB man, Russia has become even more dominated by the intelligence services than the Soviet Union was in the old days of the dread Cheka, NKVD, or KGB.

No one should be surprised to learn that Gordon, like Esther Dyson (and Gordon’s boss, Secretary of State Hillary Clinton), is a member of the Council on Foreign Relations (CFR), where breathing the pixie dust of Russian-American political and economic convergence has been mandatory policy for decades.

No Damage Done — Trust Us

On July 11, on NBC’s Meet the Press, Robert Gibbs asserted that the Russian spies “never managed to pass on any classified information despite working in the United States for more than a decade.” Gibbs stated further, “Individuals have been monitored for quite some time. They tried but they never got classified information and intelligence.”

Gibbs’ claim that sensitive information was not leaked seems to be a completely hollow reassurance, especially in light of the charges presented to the District Court by FBI counterintelligence agent Maria L. Ricci. Page eight of her document reveals that in 2004 “DONALD HOWARD HEATHFIELD, the defendant, met with an employee of the United States Government with regard to nuclear weapons research.”

The document goes on to state that Heathfield transmitted an electronic transmission to his handlers revealing that he had “established contact” with an individual the FBI identified as “a former high-ranking United States Government national security official.” The FBI complaint further states that Tracey Lee Ann Foley “discussed with HEATHFIELD a method for sending secret messages to Moscow Center.” For a period of several years, Heathfield and Foley, now known actually to be Andrey Bezrukov and Elena Vavilova, transmitted a variety of messages back to their handlers at Moscow Center. According to Agent Ricci’s document, one such message, dated December 3, 2004, included the following (in which “Dv” refers to Bezrukov/Heathfield):

During the seminar at [location omitted] Dv made contacts w. [name and title, omitted] working for [a United States Government research facility, name omitted] in [geographical location of facility, name omitted]. He works on issues of strategic planning related to nuclear weapon development. Dv. had conversations with him about research programs on small yield, high penetration nuclear weapons recently authorized by US Congress (nuclear ‘bunker-buster’ warheads).

Obvious questions arise from the foregoing, such as who was the employee of the United States Government with regard to nuclear weapons research whom Bezrukov/Heathfield met with in 2004? What information was divulged with regard to the nuclear “bunker-buster” weapons? What other information may have been divulged in the ring members’ electronic transmissions over the years?

Unfortunately, we are unlikely to get answers to these and many other important questions since all 10 of the agents were returned to Russia on July 8, less than two weeks after their apprehension. The eleventh spy, who went by the alias “Christopher Metsos,” escaped from Cyprus, as we’ve already mentioned. A twelfth agent, Alexey Karetnikov, a computer code developer for Microsoft, was deported



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on July 13.

Why the Rush on ?Deporting the Russians?

Why did the United States government spend years — and undoubtedly millions of dollars — tracking and monitoring a network of Russian deep cover-sleeper agents and then release them after only 11 days in custody?

None of the apprehended SVR agents was charged with espionage; they pled guilty to the much lesser charge of conspiring to act as an unregistered agent of a foreign country. The cover story that the administration gave for the quick return was that this was a “spy swap,” with our side getting four “defectors” in exchange for returning the 10. The claim seems dubious at best; from available evidence, the swap appears to be a very odd mismatch, with Moscow getting by far the better end of the trade. The four exchangees — Igor Sutyagin, Sergei Skripal, Aleksandr Zaporozhsky, and Gennady Vasilenko — are not Americans, so this is not a reciprocal return of nationals to their respective homelands, as with most trades of the past. Even the liberal-globalist *Economist* felt constrained to remark editorially that the obvious asymmetry of the trade is “puzzling.”

But, some Americans may have dared to hope, perhaps by being so generous and by demonstrating that, in Gordon’s words, “we’re beyond the Cold War,” we would begin to see a kinder, gentler Kremlin. News to the contrary was forthcoming almost immediately. On July 9, the day after the spies were repatriated, the lower house of the Russian parliament, the State Duma, controlled by Putin’s United Russia party, voted to give the already super-powerful FSB even more sweeping police-state powers. On July 20, the upper house followed suit. President Medvedev is expected to sign the new legislation. Henceforth, under the new law, political opposition will be even more efficiently stamped out, and the beating, jailing, and assassination of political dissidents that have marked the Putin era can be expected to increase dramatically.

So, who on Team Obama is responsible for coming up with the “spy swap” that so obviously benefited Moscow and just as obviously harmed the United States? Certainly Secretary Clinton and Assistant Secretary Gordon played central roles. Undoubtedly, another individual calling the shots on this matter for the administration is Michael McFaul, President Obama’s Special Assistant for National Security Affairs and Senior Director of Russian and Eurasian Affairs on the National Security Council. This is interesting in that Dr. McFaul appears to be a close associate of — and a Facebook friend of — Anna Dvornikova, president of the American Business Association of Russian-speaking Professionals (AmBAR). And Anna Dvornikova is, among other things, Facebook friends with Anna Chapman, the most famous of the spies that were deported on July 8. The same journos who reduced the serious national security implications of the spy scandal to tabloid-style reports on Anna Chapman — the “sexy spy” and “the Russian hottie” — have failed to show any interest in probing Dr. McFaul’s connections to the spy ring.

The foregoing is not to suggest that Professor McFaul is a Russian agent, but it does suggest that there is more than ample reason for investigative journalists (not to mention congressional committee investigators) to take a serious look at his connections and activities, especially as they relate to the curiously expedited deportation of the Russian spy-ring members. And it is not simply the matter of his being “a friend of a friend” of Anna Chapman on Facebook. Or even merely a matter of his connections to Anna Dvornikova and her AmBAR comrades, and their numerous ties to Putin’s KGB/SVR apparatchiks, although those ties certainly should more than justify a thorough inquiry.



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McFaul, a principal architect of Obama's "reset" agenda with Russia, was the administration's top representative this past May at a venture capital summit organized by Dvornikova and AmBAR to draw top U.S. high-tech investors to Russia. The Moscow program, headlined by Russian President Dmitry Medvedev, lured 22 of the "big names on the US venture capital market, collectively managing more than \$60 billion in more than 6,000 high-tech companies," according to the *Moscow News*.

McFaul has been working with AmBAR's Dvornikova and Vladislav Surkov, top advisor to President Medvedev and assistant to Putin, to convince American venture capitalists and high-tech companies of the benefits to be gained from investing billions of dollars to develop the Skolkovo tech venture. McFaul and Surkov co-chair a U.S.-Russian working group to push U.S.-Russian convergence on "nuclear energy and security, arms control, fighting terrorism, economic relations, health, energy, and the environment, and civil society."

"Instruments of State Policy"

AmBAR is joined at the hip with RUSNANO (the Russian Corporation of Nanotechnologies), a Kremlin-owned-and-controlled company. RUSNANO, which cosponsored the Moscow venture capital summit with AmBAR, is headed by former Communist Party apparatchik Anatole Chubais, who oversaw the phony "privatization" program that destroyed the savings and livelihoods of tens of millions of Russian citizens. Chubais' program also transferred state assets into the hands of fellow Communist Party functionaries and KGB operatives who became Russia's new billionaire oligarchs. Despite his false reputation in the West as a "free market" advocate, Chubais has managed to stay in the good graces of Vladimir Putin, as evidenced by his plum job at RUSNANO. Here is how RUSNANO is described by its own corporate PR people in a company profile for the Nanotech Conference and Expo 2009 in Houston:

RUSNANO is an instrument of state policy in the field of nanotechnology, with the main tasks of: gaining a substantial part of the world's market share of nanotechnology-based products.

As "an instrument of state policy," RUSNANO is as much a tool, or agent, of "Moscow Center" (command headquarters for the KGB/FSB/SVR) as the recently apprehended Russian sleeper agents. The same can be said for Rostekhnologii (Russian Technology State Corporation), the giant operation at the center of the Skolkovo project run by Sergey Chemezov, a longtime Putin crony and KGB careerist.

Dr. McFaul is a major player in the convergence game, with top connections at the CFR — where he is a member, as well as a regular contributor to the council's journal, *Foreign Affairs*, and a speaker on council programs. For two years in the 1990s, McFaul lived in Russia as a senior associate of the Carnegie Moscow Center, an adjunct of the Carnegie Endowment for International Peace, which, like the CFR, has been pushing for world government for much of the past century. Carnegie works closely with the Gorbachev Foundation and other Russian institutions operating at the behest of the KGB/FSB. All of these connections — AmBAR, Skolkovo, RUSNANO, Gorbachev, Chemezov, Surkov (and many others) — have provided numerous excellent opportunities for McFaul to become entangled in operations of the KGB/FSB/SVR. Did any of these connections have an influence on the Obama administration's decision to delay arrests of the spies until after Medvedev's tech investment tour? Or the curious decision for the hasty expulsion of the spies before they could be properly debriefed and possibly finger others?

Is Michael McFaul President Obama's Alger Hiss? One of the most notorious high-level Soviet moles to penetrate our federal government, Hiss was FDR's top man on Russia. And like McFaul, Hiss was a "highly respected" upper-echelon member of the CFR and a top factotum (president, actually) of the



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Carnegie Endowment. The same media chorus that for decades doggedly defended Hiss, and attacked those who expressed alarm about Soviet espionage, is today singing the same song, smugly dismissing the current spy scandal as nothing to get worked up about. We mustn't allow, they insist, a minor thing such as an extensive, long-term, hostile intelligence offensive to undermine this "Kumbayah moment," this chance to join hands with Putin and Medvedev and "reset" U.S.-Russian relations.

— *Photo of four of the Russian spies: AP Images*



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