

Date : 08 Dec 15

To : THE Honorable, BARACK OBAMA;  
THE Honorable, JOSEPH R. BIDEN;  
MEMBERS OF THE U.S. CONGRESS

From : AMBASSADOR LEE E. WANTA  
S.D.R. PASSPORTS N° 04362, 13535

Message : " OPERATION : STILL POINT "  
LAWFUL SOURCE OF US DOLLAR MONETARY  
FUNDS [US\$31.2 TRILLION], less 35% TO  
U.S. TREASURY < PERSONAL REPATRIATION  
INCOME TAXES > AUTHORITY : U.S. DISTRICT  
COURT-VIRGINIA 1:02 cv-01363-GBL; 1:07 cv  
609 TBE/BRP " TO TAKE LAWFUL ASSIGNMENT  
OF THE HELLENIC REPUBLIC OF GREECE  
NATIONAL DEBT OBLIGATIONS OF APPROXIMATELY  
327.6 BILLION EUROS (US\$356 BILLION)

cc : ALL FELLOW AMERICANS, THE GREEK  
ELECTORATE, DOMESTIC & INTERNATIONAL PRESS =>

ATTACHMENT : THE GREAT DEBATE : WHO WAS  
BEHIND THE RUBLE FOLLIES ?

Date : 25 Nov 2015

To : THE Honorable, BARACK OBAMA,  
THE Honorable, Joseph R. Biden,  
MEMBERS OF THE U. S. Congress

From : ★ AMBASSADOR LEE E. WANTA  
SDR PASSPORTS N° 04362, 12535

Message : IMPLEMENTATION OF AMERICAN RULE  
OF LAW - USDOLLARS 31.3 TRILLION, LESS  
35% REPATRIATION FEDERAL TAXES PER  
U.S. DISTRICT COURT, EASTERN DISTRICT OF VIRGINIA -  
(ALEXANDRIA) CIVIL DOCKET FOR CASE # : 1:02 -  
CV - 01363 - GBL & CIVIL ACTION N° 1:07 CV  
609 T3E / BRP ⇒ PLS See ATTACHMENTS  
UNDER THE Sole DIRECTION & MONEY CONVERSION BY  
U.S. SECRETARY OF TREASURY, HENRY M. PAULSON, ETAL ⇒

cc : ALL FELLOW AMERICANS, DOMESTIC &

INTERNATIONAL PRESS OUTLETS ⇒

THANK YOU,  
AMB. L.E. WANTA

*Wanta*  
*1/38*



U.S. OFFICE OF SPECIAL COUNSEL  
1730 M Street, N.W., Suite 218  
Washington, D.C. 20036-4505  
202-254-3600

Hand Delivered  
25 Nov 15  
VSS

Mr. Lee Wanta  
[REDACTED]

OCT 28 2015

Re: OSC File No. MA-16-0141

Dear Mr. Wanta:

This letter responds to the complaint you recently filed with the U.S. Office of Special Counsel (OSC). OSC has carefully reviewed the information you have provided. However, based on our evaluation of the facts and law applicable to your circumstance, we have made a determination to close our inquiry into your allegations.

OSC is authorized to investigate allegations of prohibited personnel practices and certain activities prohibited by civil service law, rule, or regulation. 5 U.S.C. §§ 1214(a)(1)(A), 1216(a) and 2302(b). There are thirteen specific prohibited personnel practices described in the statute over which we have investigative authority. However, you have not alleged an action which constitutes any of the thirteen personnel practices prohibited by 5 U.S.C. § 2302(b), or any other prohibited activity within the Special Counsel's investigative jurisdiction.

In addition, OSC's authority to investigate allegations of prohibited personnel practices extends only to employees, former employees, or applicants for employment to competitive or excepted service positions in the Executive Branch departments and agencies of the federal government. The information you provided does not indicate that you are a federal employee.

Since you are not a federal employee and because you have not alleged a prohibited personnel practice, OSC does not have investigative jurisdiction over your complaint. Therefore, we have no authority to assist you. Accordingly, we are closing our file in this matter.

Sincerely,

*Kimberly S. Banta For*  
Malvina Winston  
Attorney  
Complaints Examining Unit

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VSS 2/38

## ABOUT LEE EMIL WANTA --- SUMMARY FORM---



Lee Emil Wanta [birth name] is a US Citizen, born in Stevens Point, Wisconsin in June 11, 1940. [Leo Emil Wanta is his Baptism name]. For a period of time he worked as a Deputy Sheriff in his home town and rose in rank to Executive Vice President for the Waukesha County Special Deputy Sheriffs' Association in Waukesha, Wisconsin. It was in January 1981 that Lee Wanta, as a private citizen [not as a government employee], became a Secret Agent who reported directly to and was mandated by President Ronald W. Reagan under the Totten Doctrine [92 U.S. 105,107] US. He accepted missions as ordered by the President of the United States to whom he directly reported. There are books and articles about the last 25 years of his life and the fortune he amassed, all available on the Internet and on [Amazon.com](https://www.amazon.com).

### About his Somali Ambassadorship:

In 1993 Lee Emil Wanta was named by the Somali government as Ambassador to Switzerland and Canada as part of his mission under the Totten Doctrine to promote Operation: "Restore Hope", which was a project to direct the transformation of Somalia by the United States into a modern economy, equipped with new ports, airports, military bases and other infrastructure. Although his Ambassadorship has never been revoked, he has not been actively involved with that country since that time..

**About the Federal court case when he sued the United States to release his personal money so he could repatriate his overseas funds/assets and finally, among other things, begin the HSR [high speed rail—230mph min.], his gift to America:** Although the Court case was ultimately dismissed for jurisdictional reasons, Judge Gerald Bruce Lee of the United States District Court in Richmond, VA, in Wanta vs. United States of America, Case No. 02-1363-A, pronounced that his "sole remedy was to proceed with the liquidation of his [overseas] corporations and report these transactions to the Internal Revenue Service...", which he did and the government is still holding his private funds, for which a 35% repatriation tax will be subtracted upon their release. At this point they are held by the U.S. Treasury in Wanta's name in off-balance sheet accounts, with the plan to be sent to one or more Custodial [custody] account at banks in the United States with Wanta as sole Principal, Trustor of account].

**Banking Request:** To open a Custodial [Custody] Safekeeping account with Wanta as sole Principal-Trustor Signatory of account. One of his major goals is as mentioned above, is to use his own funds in this account to finally build a High Speed Rail in United States and Canada [minimum 230 mph] with no cost to the American public. After the Custodial account is open, Wanta's funds would be deposited into the bank in the form of a U.S. Treasury Direct Deposit [Treasury Direct], after all repatriation taxes are subtracted. The accounts **must** be custody/custodian accounts [where the Wanta funds are held separately from bank's assets {for a fee}], where the bank is the Custodian and Wanta is the sole Principal, Trustor of account(s). This is similar to a lawyer's escrow account, with the same safekeeping of the funds, but in that instance, only the lawyer would have access to the *movement* of funds, and in this instance, it would be Wanta that has the access as Trustor of his own funds/assets, and in that way, he could finally, *inter alia*, make financial commitments to build this High Speed Rail for the American people.

## Greece passes 'tough' austerity-extending 2016 budget

The budget includes pension and tax reforms, and predicts a less severe recession than previously forecast



The Greek government narrowly approved its new budget for 2016



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By Madhumita Murgia

4:46PM GMT 06 Dec 2015

The Greek parliament approved a "tough" 2016 budget on Sunday morning, which will include large spending cuts and tax increases. Despite this, it assumes the 2016 recession to be less severe than forecast.

The budget was pushed through by 153 votes for compared to 145 against, with the opposition calling it "anti-growth" and "socially unfair."

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The Leftist party of Prime Minister Alexis Tsipras is under pressure to apply the terms of July's much-opposed EU bailout worth up to €86 billion.

The terms include the privatisation of €50bn of Greek assets to help pay back its debts, slashing pensions, and the handing over of a veto power on domestic laws to Brussels.

The 2016 budget, the first by the Tsipras-led government, includes €5.7bn of public spending cuts, with €1.8bn coming from pensions, and €500m from defense.

It also includes tax increases of just over €2 billion.

The GDP for 2015 remains unchanged, which is better than October's forecast of a 2.3-percent contraction.

Forecasts for 2016 are also optimistic: the budget projects only a 0.7 per cent reduction, compared to a predicted 1.3 per cent in the draft budget.

Mr Tsipras described the budget as a "difficult exercise" and an "agonising effort," while emphasising that for the first time in five years, spending on hospitals, social welfare and job creation was being increased modestly within the bailout's constraints.

Mr Tsipras' government already lost the support of two of its ministers during the drawing up of the Budget, when it discussed the facilitation of foreclosures against people who cannot pay their mortgages.

Despite austerity measures, debt is forecast to grow to 327.6 billion euros (\$356 billion) or 187.8 percent of GDP from 180.2 percent in 2015.

According to Reuters, EU creditors including the European Central Bank and the International Monetary Fund will return to Athens on Monday for further discussions about pension and tax reforms.

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# The Great Debate: Who Was Behind the Ruble Follies?



Kiss those babies good-bye: Soviets lined up to turn in 50 and 100 ruble bills.

**Summary:** Rumors of billions of rubles available to be traded for Western currency swirled in the months before the Soviets seized 50 and 100 ruble notes. Moscow claimed the deals were part of a conspiracy to ruin its economy. Indeed, people were trying to trade rubles — or make a fast buck by claiming they were.

By Holman Jenkins Jr.

In a gigantic, worldwide conspiracy to sabotage a failing economy, a group of Western banks had been helping spirit billions of paper rubles out of the Soviet Union. Like Robin Hood in reverse, the world's rich and powerful were lining their pockets with the precious capital of the Soviet Union while that desperate country grew poorer and poorer. And the whole business was the secret work of "certain groups resembling the Colombian mafia" planning to overthrow President Mikhail Gorbachev.

No, this isn't the dust jacket copy of a bad suspense novel. This outlandish theory was revealed in February by none other than Valentin S. Pavlov, who simultaneously holds the title of prime minister and finance minister of the Soviet Union. It was instrumental in the decision by the Soviet government Jan. 22 to confiscate all 50 and 100 ruble bills — an act of hysteria even for a nation on the edge.

Even if the conspiracy theory seemed like low comedy, not every-

ROBERT TONKING / SABA

body was laughing. In fact, more than a few Western bankers were feeling distinctly queasy. As it happens, for the preceding six months, a lot of them had been trying to buy and sell rubles — or at least had been on the receiving end of a blizzard of telephone calls, faxes and flying visits by businessmen who claimed to be buying and selling them.

Of course, none of this at the time seemed like a conspiracy. Sure, it had always been illegal to take rubles out of the country. But wasn't *perestroika* changing all the rules? The rapidly widening gap between the Soviet currency's official price and its black market price looked like the opportunity to make the killing of a lifetime.

But most of all, the ruble mania that seemed to grip many bankers and businessmen was a phenomenon of the information age. The fax machine and international direct dialing combined with the age-old lure of instant wealth to create a global frenzy with a life of its own. And like all global frenzies, this one was riven with conspiracy theories of its own, fueled by gossip and rumor and hints, that the world's Big Boys were involved.

"I've known people here residing in the biggest hotels, throwing money around and pretending they were going to come up with huge volumes of rubles," says a well-connected Belgian banker. "There was talk that the Vatican was buying, there was talk that the CIA was buying." If even a small percentage of the deals were genuine, he adds, "there should have been trains and trains of rubles going around."

This banker, who in the wake of the Pavlov allegations prefers anonymity, estimates that he spent three months talking about ruble speculation last summer and met with more than 80 people. In the end, all he accomplished was to validate the hard way what might have been obvious from the beginning — that hardly anybody in his right mind was prepared to part with a fortune in solid U.S. dollars for bales of colored paper that even the Soviets themselves shun. The whole affair has left him somewhat bitter: "Word gets around very quickly that you might find some suckers at this bank," he says.

**Don't talk to strangers:** You can hear that same story from dozens of bankers. Some merely listened politely when people called to talk rubles, only to find that their names and phone numbers were soon being faxed to the far corners of the world as references for multibillion-dollar ruble deals.

In other cases, gullible bankers cut

their own throats. The cardinal rule of international banking is not to expose the good name of your institution. But at Britain's National Westminster and Germany's Volksbank, bankers were gulled into putting out paperwork that lent credibility to the idea that billions of rubles were indeed sloshing around.

In the case of the Natwest banker, the offending document was a handwritten fax advising a Swiss banker where to deposit \$100 million that was supposedly about to materialize as the profit from a single ruble deal. A Natwest flack blames an eager-beaver junior officer at a suburban branch and says no money changed hands.

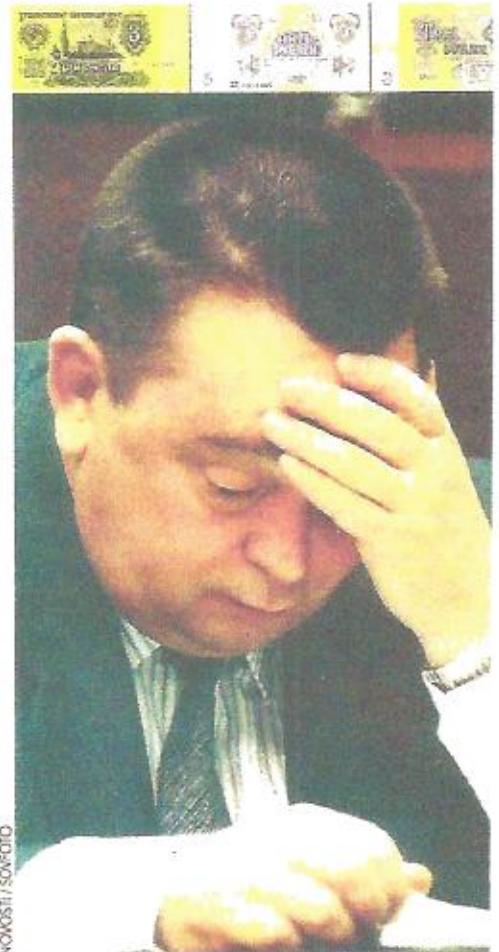
Before the Ruble Follies were over, disciplinary letters about getting involved in shadowy currency deals were fluttering down like confetti into personnel files of bankers on two continents. "We had to reprimand the guy," admits one European banker, referring to a colleague who kept chasing ruble deals after his employer told him to stop. "He could no longer see the danger."

Was this whole business a mirage from the start? Was it a scam or merely a case of mass financial mania? Or was it something more sinister? Was it perhaps all the work of the Soviets in the first place?

**The ruble mill:** There has always been a market for the Soviet currency in places like Vienna, Zurich and Berlin, where tourists, diplomats and the odd Soviet emigre can change their spare rubles at a fraction of the official rate. Though this is perfectly legal in the countries where it takes place, it's a no-no to take the rubles back across Soviet borders.

The theory behind Ruble Follies is that the Soviet mafia had taken huge numbers of rubles out of the country and was trying to exchange them for Western currency. The buyers were Western businessmen who supposedly would take the discounted rubles back inside the Soviet Union and use them to buy factories and pay their workers on the cheap.

But the planet does not hold enough suitcases, duffel bags and diplomatic pouches to accommodate the volumes said to be floating around last year. Until it was canceled in February, the highest denomination was the 100 ruble note, and a billion rubles' worth of those would fill a standard 40-foot shipping container. "Don't you believe this talk that billions can be sold," says a Swiss currency smuggler. "I have been in this business for 30 years, and I've never sold more than 500,000 or a million."



Pavlov saw a conspiracy at work.



Target: Gorbachev, under the theory



If there was no real market for billion-ruble deals, the rumor mill needed to invent one, and it did. The story went around that Western companies investing in the Soviet Union had an almost bottomless appetite for black market rubles. These cheap rubles, sold at a 90 percent discount to the official rate, would have allowed the Western investors to scarf up Soviet goods and Soviet property and lure Soviet workers for pennies on the dollar.

Of course, then they were faced with the tricky issue of how to get these massive sums back across Soviet borders or into the restrictive Soviet banking system. Not to worry. The rumor mill began talking about Soviet-issued documents to make that possible — documents called “repatriation certificates,” “white checks” and “gold checks.” Available from Western brokers, the documents would miraculously unlock the doors of Soviet finance.

All this overlooks the fact that no

such documents exist. And even if they did, rubles are probably worth even less to Western companies than to Soviet consumers. The Soviet capital Western investors are interested in — land, factories, office buildings, exportable goods — are dispensed by the state, and the state is already overflowing in rubles. Westerners who don't bring dollars or marks or pounds or any strong currency simply don't get past the entrance exam.

**The brokers:** Still, these tales of massive demand for rubles found ready ears in the strange, twilight world of self-styled “brokers,” a breed that has proliferated in the information age. They gave critical mass to the ruble mania. Louis Reyna, a San Antonio-based consultant to foreign companies, aptly describes them as “people trying to sell what they don't have to people who couldn't buy even if they wanted to.” The broker's dream: that somehow

fate is going to put him in the middle of some colossal transaction that will make him rich for life.

One West Coast physician is typical of the breed. He has virtually abandoned his practice to pursue currency deals that he says routinely involve tens of billions of dollars. The sums are so vast that they would topple the world financial system if they tried to pass through the conventional exchange markets, he explains. So instead they flow through occult channels of bankers and brokers who constitute “one of the four dominant monopolies” (the others being lawyers, doctors and the media).

With phone and fax, brokers can hypnotize themselves into thinking they are players in the international financial system. “It's a sickness, but I've found myself falling into it, too,” admits the owner of a prosperous Virginia-based trading company. “I've known people who've had their phones shut off. They can't pay their bills, but they keep making the international long-distance calls because they're suckered by the possibility of making \$20 million next week. But I've never met one yet who's made any money.”

**Feeding the mania: Leo Wanta was one of the key players, calling many people to say he was buying rubles on behalf of the U.S. government.**

## REGISTER FÜR HANDEL UND GEWERBE

Selbstverlag A. Koch Gesellschaft m.b.H.  
1000 Wien, Hitzinger Kal 125

**NEW REPUBLIC/USA FINANCIAL GROUP, LTD.**  
2101 NORTH EDGEWOOD AVENUE  
APPLETON, WISC., USA 54914  
TELE/FAX: (414) 738-7007

CORPORATE REGISTRATION

Resolved, that the President of New Republic/USA Financial Group, be and heretofore shall be, and to deposit, then into his or the companies possessively the Corporation, and to cause to be credit of this Corporation, any acceptances or other evidence of and that said institution be, and authorize payments of said loans, Corporation according to the check Passport number: P 020741034, SS Corporation. Mr. Wanta is hereby execute any and all such checks,

For and on behalf of New Republic/USA Financial Group, Ltd.

*Leo E. Wanta*  
By: Leo E. Wanta, President-C  
Acting Secretary

State of Wisconsin )  
County of Outagamie ) SS

On the 24th day of October 1990, the known, who, being by me, 2101 North Edgewood Avenue, President and Assistant Secretary of New Republic/USA Financial Group, and that he

NEW REPUBLIC/USA FINANCIAL GROUP, LTD. CURRENCY EXCHANGE CONTRACT

This AGREEMENT is made this 8th day of October, 1990 by and between Volksbank, Bonn, Germany, represented by Mr. Klaus Klohnness, (Hereinafter referred to as USDollar Provider), New Republic/USA Financial Group, Ltd. GES.m.b.H., represented by Leo E Wanta, Directeur-General, Wien, Austria. (Hereinafter referred to as Currency Provider.)

WHEREAS the USDollar Provider warrants that they are in a position to exchange good, clean, clear, freely transferable, legitimately earned United States Dollars (US\$) for good, clean, clear, freely transferable and legitimately earned - External Russian Rubles - SUR Cash Notes and, WHEREAS, the parties wish to enter into such a contract for an exchange and receipt of a bonus, if applicable in some cases, on the basis of a set exchange rate of USDollars Six Point Eight Zero per One Hundred SUR - External >>> US\$6.80/100 <<<<<< to the US\$ Provider.

Now, therefore, in consideration of the above-mentioned, and other good and valuable consideration and the mutual promises made herein, USDollar Provider agrees to exchange USDollars and Currency Provider agrees to exchange External Russian Rubles / SUR in the amount of; One Hundred Twenty Five Billion Russian Rubles / SUR with rolls to fund exhaustion, as scheduled later, as follows: and the balance to be

First tranche	US\$ 8,000,000,000	08/09 OCTOBER 1990
Second tranche	SUR 12,000,000,000	please advise schedule
Third tranche	SUR 105,000,000,000	within 30 days

Validity thru - 08 October 1990 unless USDollar funded.  
Transaction code: USD/SBC.90.VOL

New Republik  
Gesellschaft  
Kärntners  
1010 WI  
New Republik  
Wien, Kärntners  
Handel mit Waren  
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Geschäftsführung  
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Wanta, Kaufman  
Gesellschaftsver  
wid - wenn mit  
Rühre: gemäss  
Produktion von  
Geschäftsführer  
angefordert

The broker network kept the ruble paperwork flying, but that doesn't explain why so many presumably sophisticated international bankers fell for it. When asked, they wave vaguely in the direction of *perestroika* and the impenetrable strangeness of the Soviet financial system.

One European banker puts it this way: "Is it believable that somebody in Western Europe wants 100 billion rubles? How can he get it back into the country without smuggling? How can he use it, because the government controls the use of the ruble very strictly, especially in joint ventures? But at first you don't know this. It's all a blank territory."

The Soviets weren't much help, either: In response to his calls, this banker says he was invited down to the local Soviet embassy for lunch. The Soviets listened with great interest to what he had to say about ruble mania but offered nothing in return. Other bankers and businessmen who approached the Soviets for guidance came back none the wiser, too.

In fact, it wasn't until this spring that the Soviet-run Gosbank got around to issuing a circular warning Western bankers and businessmen away from what it called "counterfeit payment documents."

**Enter Leo Wanta:** One of the names most frequently cited by those who got caught up in ruble mania is that of Leo Emil Wanta, director general of the New Republic/USA Financial Group. Though few claim to have met him face-to-face, a lot of people heard his story over the telephone. What he told them, they say, is that his business was acquiring rubles on behalf of the U.S. government in order to provide an infusion of hard currency to the Soviet economy.

It might be too much to say that Wanta single-handedly created the myth that rubles were in demand, but he did more than his share. He has floated dozens of pieces of paper relating the sale or purchase of rubles in amounts of up to 105 billion rubles (worth roughly \$6 billion at the black market rate). There is no evidence that any of these deals ever closed, but he has shown a rare gift for getting other folks to trot hither and yon.

Almost every banker contacted for this story recalls at least one telephone conversation with him. It was on his behalf that officials at Natwest and Volksbank went fishing for a high-profit deal on their own banks' stationery.

A Midwestern banker encountered Wanta last summer and tells a story

that stands for many. "No sooner had we begun talking about the possibility of opening an account than I began to get inquiries from traders here and abroad and in tiny Pacific islands asking whether his company was good for a \$10 million spot transaction. I said, 'I'm sorry, but we're still checking it out ourselves,' and they'd say, 'That's all I wanted to know, click!'"

New Republic's letterhead features a fashionable address in Vienna, but Wanta's phone rings in Appleton, Wis. In a two-hour conversation, he attributes his start in politics and finance to the kindness of the late Sen. Alexander Wiley, a Wisconsin Republican, who sent him to Dale Carnegie to cure a stuttering problem. He mentions various careers as a high-tech defense engineer, a deputy in the Waukesha County sheriff's office, a Milwaukee policeman, stints in the Nixon and Reagan campaigns, adviser to the Drug Enforcement Administration and as a perennial candidate for various Cabinet and sub-Cabinet posts.

"My background is in intelligence," Wanta says, while denying that he has posed as an agent of the U.S. government in ruble deals. Instead, he calls himself a "task force member," adding cryptically: "Do your homework. You'll find out we are who we are. We're the good guys."

The public record is somewhat less than definitive. It shows that Wanta is the owner of a failed vending machine company in Menomonee Falls, Wis., against which a number of legal judgments remain outstanding. Marquette University, which he offers as one of his educational credentials, says he once registered for a continuing education course in 1963, only to cancel two days later.

A letter that appeared to have been signed by an employee of the First Wisconsin Bank of Appleton, dated last summer and addressed to a Swiss bank, attests that Wanta is a corporate client in good standing and has been since the 1960s. The employee, Jill Campbell, denies ever signing such a document. Wanta claims to have recently had \$1.4 billion on deposit at National Westminster, but a bank spokesman says no account was ever opened. And so on.

As for rubles, Wanta claims to have signed trade agreements worth \$50 billion with Moscow, covering everything from exporting oil and vodka to rebuilding gas pipelines, to the importation and distribution of food. He was floating offers to buy rubles in order to fulfill these contracts. Profit, or even completing the deal, was not the primary objective, however: "All we



Wanta kept the phone lines busy.

say is that we are Big Brother monitoring what the hell is going on out there."

Most bankers have another explanation: "The whole thing stinks from A to Zed," says Frederick Gevers of PaineWebber Inc.'s office in Geneva, Switzerland.

Gevers was just one of many who found themselves playing starring roles in Wanta's imaginary deals. His name and phone number appear on a raft of documents relating to an ostensible \$544 million ruble deal involving Volksbank and the Union Bank of Switzerland. Typical is a fax message dated Oct. 8, 1990, in which Wanta instructed Gevers to confirm with Volksbank the transfer of \$24 million in profit on Wanta's behalf. The deal, says Gevers, was entirely a figment of Wanta's imagination, and the paper that poured in over the fax was totally unsolicited. "I gave my name once, and I was bombarded," he complains. "It has continued to haunt me for four or five months."

**Ruble disinformation:** The first notice the Soviets seem to have taken of all this was in January. A British national, Colin Gibbins, was arrested at Mos-



cow's Sheremetyevo Airport by the KGB, and among his papers was an agreement under which his firm, Dove Trading International, was to buy 140 billion rubles from a Soviet firm for \$7.75 billion. Another document, also found in Gibbins's possession, bore the signature of Gennady Filshin, the deputy premier of the Russian republic and an ally of Boris Yeltsin's.

Though neither company appears to have much substance and the documents were riddled with absurdities, the Soviet authorities went to town. Filshin was drummed out of office, and a top Gosbank official told the Soviet press that had the deal not been stopped, Dove Trading would have been able to buy up "a great deal of immovable property in this country" — equivalent to five times the total value of the 24,500 pending industrial projects that were under construction in 1989.

Next came Pavlov's notorious news conference. More documents were displayed, this time having to do with two separate ruble deals involving banks in London and Geneva and proving — so said Pavlov — that "certain groups resembling the Colombian mafia" were planning to overthrow Gorbachev.

Since then, the Soviet press has been full of credulous accounts of huge sums of rubles floating offshore and nefarious plots to buy out the Soviet Union. Such documents were not exactly hard to come by in the latter part of 1990. In fact, they were whizzing around the world in crazy numbers, clogging up the wastebins of hundreds or thousands of bankers, trading firms and other companies.

It's hard to believe the Soviet Finance Ministry was taken in by all this. The "Red Man" has been a major player in Western gold and commodity markets for decades. The Soviets also have a reputation for keeping careful tabs on the black market for their currency. "Unofficially, there has always been a certain amount of carrying of suitcases to Zurich and Vienna," says Robert Scallon of Britain's Barclays Bank. "It's a way to keep track of that market, to regulate it and even to take advantage of it" to raise a hard currency and gather intelligence about who is buying and selling.

So if Pavlov wasn't really seeing capitalists under every bed, the stan-

dard analysis is that his blithering was totally for domestic consumption. The goal was to make his disastrous ruble swap — pulling the 50s and the 100s out of circulation — easier to swallow. Its ostensible purpose was to punish black marketeers and ward off hyperinflation, but it mainly clobbered simple folk who keep their life savings in mattresses. "He was looking for scapegoats," says Yuri Maltsev, an emigre Soviet economist living in Washington, "and so much better if the scapegoats are outside the country."

But then who were all those guys jetting in and out of Antwerp, Geneva and Zurich, running up phone and hotel bills, and swearing a blue streak that you really can trade rubles? A lot of them have since vanished, their phones having been disconnected or left to ring unanswered. But many more are still around and claim to be as puzzled as everybody else. Ruble mania doesn't add up, they say, unless the Soviets themselves were behind it.

**Ruble realities:** Last year began with the Soviets, who are normally fastidious in financial matters, rapidly going the way of a Texas savings and loan. Moscow was facing a painful hard currency crunch and had few options for dealing with it. Some now say that in desperation the Soviets responded with what amounted to a secret and perhaps unconcerned attempt to float the ruble.

The owner of a German trading company, for example, says his Soviet joint venture partner tried to market through him some ruble checks drawn on a Soviet bank account. The treasurer for the Soviet operations of a large Western consumer products company tells a story with a similar ring. He was approached last year by a Western computer firm that had sold computers for rubles and now was looking to resell them to another Western company.

"There are a lot of Soviet firms that have lots of rubles. And if they hear all you have to do is take the rubles out and sell them and you can buy your spare parts or whatever, they'll do it," says Jerome Farnum, head of a small investment bank in Geneva.

According to Peter Palms, a Seattle investment banker who specializes in Soviet trade, strong-arm tactics were sometimes employed. He says there

have been several cases where Western suppliers were lured into shipping, say, personal computers and promised hard currency, only to find themselves later faced with a choice of rubles or nothing.

Even then their victimization was not complete, for when they tried to bail themselves out by using the rubles to purchase Soviet goods (which they hoped to resell for dollars outside the country), they were blocked by the Soviet Finance Ministry.

**Deliberate tactic?:** "There was a deliberate tactic by the Soviet government at high levels to encourage the sale of Western goods for rubles," says Palms. "They not only sucker you into owning rubles, but they freeze them in such a way that you can't do much with them."

The case of Guido Bordiga, head of Italy's Bordiga Group of Companies, shows how the sudden buildup of rubles in Western hands inside the Soviet Union fed the black market outside. Through a Swiss attorney he floated an offer last year to sell more than 500 million "internal rubles" — that is, rubles held on account in Moscow's Promstroibank. The asking price was typical of the rates then being quoted, \$4.08 per 100 rubles.

Bordiga declines to elaborate on the affair except to say that no deal was consummated. But he adds that Soviet officials had indeed blocked his attempts to buy locally produced goods with rubles and export them. According to the Swiss associate, though, Bordiga had originally accepted rubles willingly as payment for computers. "He thought there was a market for them," he says with a shrug.

Discounting their currency abroad is not exactly an unheard-of tactic for Third World governments in a bind, and many ruble traders are convinced that dumping by the Kremlin was ultimately behind the short-lived boomlet in their business last year. If so, the Soviets violated an unspoken trust, for when they saw the market getting away from them, they simply canceled the notes.

"They had opened a market, they were selling their currency, and then they said, 'Stop, nothing more,'" says Panagiotis Papadakis, a Zurich-based ruble trader and strong proponent of the Moscow-did-it theory. "It is quite clear that it was a theft." ●