

The Kazakhstan Connection: *Questions About Trump, Bayrock, Felix Sater, Neil Bush — And A Shopping Mall in Ohio*

by Richard Behar

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Is a former [Mob-connected hustler](#)—a real estate developer who in 2010 worked on the same floor as Donald Trump as his “Senior Advisor”— threatening to spill some beans that could harm the President’s reputation?

Sure looks that way, based on an intriguing [Wall Street Journal story](#) that exposed aspects of a bitter feud between two of Trump’s former key business associates. The newspaper revealed that the Russia-born Felix Sater—a twice-convicted one-time Mafia associate—is demanding hush money from a former boss, Kazakhstan-born Tefvik Arif, whose Bayrock Group worked in a close partnership for nearly a decade with the Trump Organization.

Sater warned Arif, in writing, that news headlines will read: “The Kazakh Gangster and President Trump,” unless Arif forks over \$3.5 million to reimburse Sater for legal expenses he claims he’s owed, the Journal reported. Specifically, Sater is threatening to reveal negative information about Arif’s “past relationship with President Trump and the Republic of Kazakhstan” — as well as Arif’s alleged connections to “organized crime figures and his business activities in Kazakhstan,” which involve “dealings in the post-Soviet metals industry there.”

Spokespeople for Bayrock and Arif have called the allegations “unsubstantiated falsehoods.” The general counsel of Trump Organization didn’t respond to calls and emails.

Sater, however, may not even need the dough. I’ve discovered that he and a former Trump Organization colleague, Daniel Ridloff, received roughly \$20 million—in a settlement of a case that is linked to an alleged multi-billion-dollar global money laundering scheme originating in Kazakhstan, and stretching to Russia and the U.S.

Specifically, both men were accused in [a 2013](#)

[complaint](#) filed by a [Swiss financier](#) of absconding with nearly \$43 million from the sale of an Ohio shopping mall (Tri-County Mall near Cincinnati) to—American Pacific International Capital (APIC). That company is based in San Francisco. One of the directors is businessman Neil Bush—the son of former President George H.W. Bush and brother of former President George W. Bush.

In the shopping center complaint, the financier included (as an exhibit) a 2007 *New York Times* [article](#) that revealed numerous details about Sater's criminal past. The article said Sater had pled guilty and become a cooperating federal witness. Sater's cooperation agreement was unsealed by a federal judge in 2013, but many other documents in related cases are under court seal.

Five days after the Tri-County mall complaint was filed, the case was settled.

Neither Sater nor Ridloff, whose [LinkedIn bio](#) says he worked in “Acquisitions & Finance” in 2010 for the Trump Organization, will comment about the subject. In his own [LinkedIn bio](#), Sater describes himself as a former “Senior Advisor to Board of

Directors” of one of Neil Bush’s oil companies (TxOil) that once drilled in Turkmenistan, an oil-rich part of the former Soviet Union.

Bush tells me he’s never heard of Sater. Bush also says that the mall was purchased for **\$43 million** by APIC at a public auction, and then transferred to a Singapore publicly-held real estate company that he chairs called SingHaiyi Group. “I helped the group [SingHaiyi] find the property through a friend,” he says. When told about the subsequent litigation against Sater and Ridloff, Bush says: “I don’t remember anything like that. We bought it at a **sheriff’s auction**. If the funds filtered through some undesignated [entity] or intermediary, I’m unaware of that.”

A second lawsuit filed in U.S. Federal Court (Southern District of New York) may shed additional light on Sater and Ridloff’s Kazakhstan- related business activity. In this case, the BTA Bank (once one of Kazakhstan’s largest banks) and the government of Almaty (the country’s largest city) are accusing three Kazakh men—a former Almaty mayor, his son, and a former chairman of BTA Bank—of absconding with billions of dollars and

laundering the money.

The defendants — Viktor and Ilyas Khrapunov, and Mukhtar Ablyazov, respectively — deny the allegations and claim the charges are politically motivated. [It's no secret that Kazakhstan's corrupt regime, led by Nursultan Nazarbayev, has long persecuted political opponents.]

That's not the view of Matthew L. Schwartz, a former federal prosecutor, now in private practice at the prestigious law firm of Boies Schiller Flexner, who represents the city of Almaty and the bank. "The international financial fraud perpetrated by Ablyazov, Viktor and Ilyas Khrapunov, and their associates is as large and far-flung as they come," Schwartz says. "It involves billions of dollars and has touched at least two dozen different countries — from Kazakhstan, Russia, and Ukraine to the United States, England, and France — and just about everywhere else."

Schwartz adds: "We'll follow the money stolen by these fugitives wherever they may try to hide it." [A Switzerland-based spokesperson for the family didn't respond to questions prior to publication. But responses from him post-publication* are below this

article]

Needless to say, the saga—a saga within a saga—is very complicated. A [declaration](#) in the Khrapunov case by Nicolas Bourg, who happens to be the same Swiss financier who accused Sater and Ridloff of stealing the \$43 million from the Ohio mall deal. In the declaration, he says that he was president of a real estate fund (named Swiss Development Group, or SDG) that was controlled by the Khrapunov family “and used to conceal the movement and investment of his family’s money.”

Time out. Where does Trump fit into all this? In October, the *Financial Times* revealed that three Trump Soho condos in Manhattan were bought in 2013 with \$3.1 million that came from the alleged Khrapunov laundering caper. Trump Soho was 18% owned by Trump at the time. There is no evidence that Trump was involved or knowledgeable about the Khrapunovs. But he seems to have benefited.

In addition, bank statements submitted by City of Almaty lawyers indicate that the ultimate beneficiary of the companies that bought the condos was Elvira Kudryashova—the California-based daughter of

Viktor Khrapunov. The *FT* reported that correspondence and company documents seen by the newspaper showed that Sater and Ridloff worked closely with Kudryashova in 2012.

“They agreed to serve as directors of a company through which she would pour \$3 million into a business venture as part of her efforts to secure a U.S. investor visa,” wrote the newspaper.

Sater and Ridloff, my reporting shows, ran the U.S. arm of the Khrapunov’s SDG entity at the time. Another connection is in the Linked-In bio of Ridloff, where he refers to himself as the former vice president of SDG-Investment Fund.

Bourg, the Swiss financier alleging fraud in the Ohio mall sale, maintains in his declaration that a shell entity he created in Luxembourg — Triadou — was an investment vehicle wholly-owned and controlled by SDG. Bourg states that Triadou was also the entity used to buy the Ohio shopping mall.

[An exhibit](#) with the declaration from Swiss financier Bourg includes emails to Felix Sater and others in

2014 with “swift code” details for an account at a now-defunct rogue bank that was headquartered in Tanzania. Swift codes are used for international money transfers. In 2015, the bank FBME, formerly Federal Bank of the Middle East, was banned from operating in the U.S. due to money laundering and terror financing allegations. The email to Sater cites an entity called Telford International, which was allegedly used to move the money to FBME.

And—closing the circle—Telford was used to fund Triadou, the entity that bought and sold the Ohio mall, according to Bourg.

I obtained an audio recording in which three of Bayrock’s top four executives can be heard discussing coal and oil projects involving Bayrock and Sater, in which the name “Khrapunov” and “his son” are mentioned. The recording was made in Bayrock’s offices in the Trump Tower in 2008. In all likelihood, the references are to Viktor Khrapunov and his son Ilyas.

The recording was made just three months before Viktor reportedly fled Kazakhstan as a fugitive. Ilyas is also accused by Kazakh authorities of money

laundering and is a fugitive. [Excerpts from the audio are here](#), and emails penned by Sater in 2007 from Kazakhstan also talk about a coal deal he had just closed—three days after arriving in Kazakhstan without a visa. I’ve learned that the emails were referring specifically to a Khrapunov-connected deal.

The Russian-born Sater spent a year in prison in 1993 after pleading guilty to assaulting a man with a broken glass during an argument with in a bar. (The victim required more than 100 facial stitches.) Next, he pled guilty in 1998 to racketeering. Specifically, he helped run a huge pump-and-dump stock fraud with members and associates from four of New York’s five Italian mafia families—including the brother-in-law of Salvatore “Sammy the Bull” Gravano, the Mafia hitman turned Gotti- informer.

In a press release two years later that cited Sater, New York’s then- police commissioner dubbed the case “Goodfellas meets Boiler Room”—a reference to both the classic film and to cold-calling operations where salespeople often peddle fraudulent securities. This time around, Sater avoided prison by becoming a government cooperator for more than a decade, ratting out mobsters.

Why This Story Matters

I discovered some missing bricks in the murky Bayrock-Trump edifice as reported by me in *Forbes magazine* in October. As for Kazakhstan, sorting out the bewildering tangle (what Russians call a *zaputannyj klubok*) could take years. But why should anyone even care about it?

Here are just a few reasons:

It's a good bet that the Trump-Bayrock relationship will receive scrutiny in Washington. It certainly should be front and center in any serious investigation. Two months ago, Sater burst onto the front-pages when it was revealed that he and one of Trump's top lawyers delivered a Ukraine peace proposal to the White House. In late March, then-FBI director James Comey was asked about Sater's relationship with the FBI when he appeared before the House Intelligence Committee. (He declined to comment on it, likely because the twice-convicted Sater spent a decade as a secret government cooperator for both the FBI and at times, the CIA).

Trump fired Comey on Tuesday, just as the Senate Intelligence Committee's probe into Russia's interference in the presidential election has been shifting into a higher gear. Apart from that probe, Republican Senate Judiciary Committee chairman Lindsey Graham said on Tuesday that he wants his committee to look into whether Trump has any business dealings in Russia. Near the start of a hearing that committee held on Monday, another Senator dropped the name "Sater."

Trump and Sater have been doing an odd dance around each other during the past few years, regarding how much they've interacted. In 2010, Sater was made a "Senior Advisor to Donald Trump" and given an office on Trump's floor in the Trump Tower, where he worked for roughly one year. Nevertheless, Trump consistently has testified in civil cases that he barely knew Sater, barely dealt with him, and "wouldn't recognize him if he was sitting in this [deposition] room." However, Sater in another civil case said he would often pop his head into Trump's office to give him updates on a Moscow hotel deal he had in the works. (It doesn't appear that the project came to fruition.) Last September, I half-joked to Sater that he must have a photo album filled

with pictures of himself with Trump. “A photo album?” he responded. “How about *six!*”

While it seems unlikely that the Bayrock real estate enterprise will be Trump’s Waterloo, it is, without a doubt, a subject that reporters need to continue chipping away at. In part, because all the key players—from Sater and Arif to Trump and his aides, to tycoons in and from Kazakhstan and Russia—refuse to shed any real sunlight on it. And, as the late Supreme Court Justice Louis Brandeis once famously said: “Sunlight is said to be the best of disinfectants.”

* [Marc Comina, a Switzerland-based spokesperson for the family, didn’t respond to questions prior to publication. Some key excerpts from his post-publication response: “Statements and allegations against the Khrapunov family, coming from Kazakh authorities, are all about politics.... Kazakhstan is using the legal systems of Western countries to harass, wear down and destroy political opponents. Kazakhstan operates a well-funded army of PR spin-doctors all over the world, who spin tales of criminal fraud involving Mukhtar Ablyazov and the Khrapunov family. Journalists unfamiliar with Kazakhstan must not view allegations from Kazakh authorities with the same legitimacy or credibility that they would view allegations from Western law enforcement authorities. Kazakhstan has a long and

consistent track record of politically-motivated and fabricated allegations leveled against its political opponents.... The fact is, all of their business activities have been conducted in full accordance with Swiss laws, a fact which is not contested by any Swiss authorities.”]

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