

# Russia's Nukes: New Deal

**B**ehind closed doors in Washington and Moscow rages a furious battle over the fate of 500 tons of nuclear material from the warheads of Russian nuclear missiles. The material is highly enriched uranium (HEU). It can easily be used to make new weapons, which is why the Bush administration decided to buy it from the Russians — for \$12 billion. Now a group headed by a mysterious Russian-American businessman with high level connections in Washington and Moscow is trying to take over the trade.

The "HEU deal", as it is commonly known, was born at the time of the collapse of the Soviet Union. The idea was to take the lethal bomb-grade material from Russian warheads, dilute it with natural uranium and thus render it suitable as fuel for nuclear reactors. The US government would then buy it, recouping its investment by selling the material to nuclear power companies in the US. As eventually negotiated, 500 tons (enough for 25,000 simple nuclear weapons) would be delivered over 20 years for a total cost of \$12 billion.

On the Russian side the deal was in the hands of Minatom, the colossus that controls the nuclear industry there, including the famous "secret cities" where the weapons are made and dismantled.

Victor Mikhailov, the powerful Minatom chief who has tried to make money by selling nuclear technology to the Iranians, was delighted at the prospect of such an enormous flow of cash. His dealings with the West have not always ended happily. Nuexco, an American nuclear trading company, went bankrupt owing Minatom almost \$430 million — al-

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**Shusterovich's ties to the master of the Russian nuclear complex has given him an inside track to buy billions in nuclear material.**

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though Mikhailov himself may not have done so badly. "There is a common perception in the (nuclear fuel) industry that the \$30,000 Rolex Presidential watch he wears came from Nuexco," one nuclear executive confided in an interview.

The Americans appointed the United States Enrichment Corporation (USEC), wholly owned by the government, to handle the US side of the bargain. In 1993, Congress declared that USEC — highly profitable, thanks to heavy subsidies

from the taxpayer — should be privatized so as to raise \$1.5 billion for the Treasury. The scheme was fomented by Department of Energy officials who later became executives of USEC, and who hope to be at the helm when the corporation is sold off. Although the removal from Russia of material for making 25,000 nuclear weapons was the original objective, the USEC wheeler dealers found they could make even more money by discouraging the Russian shipments and obtaining their raw material at a cheaper rate elsewhere.

But now another player has emerged on the scene. Earlier this year a new company called Pleiades announced its intention of buying USEC at the still-to-be-concluded privatization sale. Pleiades, a privately-owned Delaware corporation is certainly not a known player in the nuclear industry. The company does, however, have an interesting Russian connection in the form of its president, Alexander Shusterovich, a 30-year-old US citizen who shuttles between Moscow and New York.

Born in Russia, Shusterovich came to the US with his parents at the age of 12 and ultimately graduated in law and business from Harvard University. Even while at Harvard he was hard at work exploiting the business opportunities of the new Russia. His interests in Moscow have reportedly included a share in a movie studio, an art gallery, a brewery and a scientific publishing business. Sources in the Russian nuclear industry, who detest this interloper, have alleged that he has also been involved in the flourishing Russian pornography business. When in Moscow he moves around amid a robust team of bodyguards.

Why would a well-protected "scientific publisher" think he has a chance of getting the right to buy \$12 billion worth of nuclear weapons material? Part of the answer lies in Shusterovich's very intimate connection with the master of the Russian nuclear complex, Victor Mikhailov. The two are so close that Mikhailov is commonly referred to as Shusterovich's "godfather". The older man attended Shusterovich's graduation ceremony, the pair have traveled together in the United States and, most importantly, Mikhailov is unreservedly backing Shusterovich's nuclear bid. As chief counsel of Pleiades, the youthful Nasir Hashim, a lawyer bereft of nuclear

## Guns, Drugs and the CIA: Sequel

**W**hen we left him in our last issue of *CounterPunch* the *Washington Post's* Walter Pincus was expending many thousands of words in efforts to demolish charges that his erstwhile would-be employer, the CIA, had ever had any connection with the drug smuggling from Nicaraguan contras to the inner cities and white suburbs of the United States.

Pincus went back into action in the *Post* for October 31, in a modified hang-out posture. He concedes that when Eden Pastora (aka Commandante Zero) was head of the contra group known as ARDE, he was engaged in cocaine trafficking with Miami-based drug smuggler George Morales, and that the CIA was aware of this.

But once again Pincus gets it wrong. The CIA was always happy to tout stories about Pastora because the Agency regarded him as a loose cannon. What Morales told the Kerry Committee and certain journalists was this: he flew arms from Florida down to John Hull's ranch in Costa Rica, to a group supported by the CIA and aimed at supplanting Pastora and ARDE. Morales carried back drugs to Florida and recounted how his landings at Homestead and other airports, though in DEA and CIA-monitored airspace, were always remarkably trouble-free. He was clear that the CIA connived at the drug smuggling. Morales was killed in a car crash some years ago. ■

## Larry Pressler's Stool Pigeon

**W**e discovered the degree of timidity in the South Dakota press when we sought to distribute our detailed findings about Larry Pressler's frequent foreign junkets, as published in the last issue of **CounterPunch**. Contacts in Sioux City were not optimistic about the prospects, advising us first to funnel our article to an out-of-state newspaper. That, they said, would allow the Dakota press to pick up the story ("The Washington Post reported yesterday that Senator Larry Pressler ...") while remaining shielded from Pressler's frequent attacks about what he claimed was the media's unfair hostility toward his campaign.

Gannett's bureau in Washington initially expressed interest in information about Pressler's foreign travels, but a staff reporter soon called back to say that her editors felt it wouldn't be fair to do a "gotcha" story so close to the election. Presumably, the time to do such a story would be well before an election, when it wouldn't matter.

Finally, the *Rapid City Journal* decided to pursue a story about Pressler's foreign travels and mentioned our report in a tough dispatch published on October 28. The newspaper's reporter, Bob Mercer, expressed concern about being tainted

by too close an affiliation with **CounterPunch**, especially as one of its editors recently visited South Dakota at the invitation of former Senator Jim Abourezk, savaged Pressler and became involved in fierce altercations with Pressler supporters — all broadcast on local radio. Soon after the visit, Pressler began to slide.

Our efforts to crack the South Dakota press's iron curtain were not entirely unsatisfactory, however. Some of the state's reporters passed on amusing information about Pressler's less than illustrious senate career. One source told us that Pressler's full-time chauffeur, Todd Trautman — who the senator has on his payroll as a "legislative assistant" — was preceded in his post by a number of other staffer/drivers.

One of these unfortunates, now ensconced at the South Dakota Chamber of Commerce, had told our source of the best of times and the worst of times as Pressler's driver. The high point: sharing a cigarette with Bianca Jagger as he waited for Pressler to emerge from a DC social affair and she waited for her then paramour, Senator Christopher Dodd, attending the same gathering. The low point: being ordered to carry a brown paper bag with a senatorial stool sample to a laboratory for inspection. ■

experience, sits in his small office up a narrow staircase at the top of a mid-town Manhattan building, the home of the Pleiades Corporation. He confirms the relationship between Shusterovich and Mikhailov, calling it the "fundamental value-added that this company brings to the deal" and claims, wrongly, that Shusterovich was one of the originators of the whole idea of the US buying the Russian bomb material in the first place because he is devoted to "bridging gaps between Russia and the US". Hashim told **CounterPunch** the proposed nuclear deal was a very good opportunity to do "God's work".

Hashim denied a story circulating in the somewhat puritanical nuclear industry that Shusterovich has made approaches to buy *Penthouse* magazine. But *Penthouse* executives rather nervously admit to having had a business relationship with Shusterovich.

Shusterovich has been able to recruit some big names as advisers to his project. These include Ambassador Max Kampelman, formerly the chief US trade negotiator, Stephen Hadley, assistant secretary of defense in the Bush Pentagon and former Secretary of Commerce Robert Mossbacher — who will serve as chairman of Pleiades. Recently, Kampel-

man and Hadley turned up at the White House to lobby the US National Security Council for approval of the Pleiades deal.

Shusterovich has not confined himself to Republicans. Also on the team are Ron Rozensweig, chief of staff to Energy Secretary Hazel O'Leary before he resigned following unpleasantness regarding her extravagant travel arrangements and Wyche Fowler, formerly Democratic Senator from Georgia and currently Ambassador to Saudi Arabia. Hashim likes to display pictures of himself with Gore at Fowler's swearing-in ceremony as ambassador earlier this year.

"This is bad", one high-ranking expert on highly enriched uranium says. "We have a possible situation where the Russians will control both ends of the entire HEU deal — 500 tons of bomb grade uranium. What you have here is a classic mafia type operation. Someone turns up and tries to insert themselves in the middle in order to take a percentage without really adding anything of value. Pleiades does not bring any value-added to the deal. Victor's interest has got to be personal revenue flow. He must be hoping that Shusterovich will make him rich." Plenty of people in Washington are ready to join him at the trough. ■

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