

Berezovsky Teams Up With Bush's Brother

By Catherine Belton. The Moscow Times
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Kremlin outcast Boris Berezovsky and Neil Bush, the scandal-tainted brother of the U.S. president, have joined forces in an educational software company that they are trying to promote in the former Soviet Union.

With the unusual partnership, Berezovsky most certainly has succeeded in further annoying President Vladimir Putin, who counts George W. Bush as a friend.

The investment in Bush's company, Ignite!, also sees him joining a well-connected group of former and current shareholders such as former President George H.W. Bush and major Asian and Middle East financiers, at a time when Berezovsky claims he has been struggling to gain permission to travel to the United States.

The flip side for Berezovsky is that he has become a shareholder in a U.S. company that has come under criticism in the United States for dumbing down schoolwork and for peddling political ties.

In recent months, Berezovsky has helped Neil Bush take his company on a tour of countries from the former Soviet Union that have spun out of Moscow's sphere of influence. First stop was Ukraine in June, where Berezovsky said he had "masses of friends" who helped Bush find his way. Then a few days later was Georgia, where Berezovsky's longtime partner and Tbilisi power broker Badri Patarkatsishvili was on hand to wine and dine the U.S. president's brother. Last month, they were in Latvia.

"He asked me to think about possible projects in the regions that I know about," Berezovsky said of Bush's expansion plans for the company he founded in 1999. "I've known this region for a long time. The CIS is my area of expertise."

Berezovsky, a former Kremlin king-maker who had extensive business interests in Russia, served a stint as executive secretary of the Commonwealth of Independent States under former President Boris Yeltsin. He became an archenemy of the Kremlin after falling out with Putin shortly after his election in 2000.

Since fleeing for Britain, where he has been granted political asylum, Berezovsky has continued to irk the Kremlin by funding anti-Putin activities and by emerging as a possible string puller in revolutions that brought pro-Western leaders to power in Georgia and Ukraine. In Latvia, one of his charitable foundations funds pro-Western programs aimed at the Russian-speaking community.

When Berezovsky turned up with Bush in Latvia two weeks ago, Russia's patience frayed. Once again, prosecutors tried unsuccessfully to have him extradited to Moscow, where he is wanted on charges of fraud.

Even with a partner like Neil Bush on board, Berezovsky's Latvia trip caused Riga's political establishment to sweat. The prime minister and president late last week called on the country's National Security Council to consider blocking any future visits by Berezovsky. Prime Minister Aigars Kalvitis said his visits posed "a real threat to the Latvian state" by putting it at loggerheads with Russia. Neither commented on his partnership with Bush.

The U.S. Embassy in Moscow distanced itself from the visit. "The Department of State had no involvement in, or any role in arranging, the activities of these two private individuals in Riga," an embassy official said.

The Kremlin is bound to be smarting at the Bush-Berezovsky partnership, especially since Putin has taken pains to build a personal relationship with the U.S. president.

"For Putin, it must be a very sore point that the brother of his friend has some kind of business with Berezovsky," said Vladimir Pribylovsky, the head of the Panorama think tank.

For the exiled tycoon, the partnership looks more like his own art of politicking. "For Berezovsky, politics is business," Pribylovsky said. "He doesn't need to make money out of this company. He is an influence peddler. To have influence you need exposure."

The Berezovsky partner who set up the Latvia visit may have gotten a little more exposure than he bargained for. Just days after Bush and Berezovsky flew out of Riga, articles appeared on Russian Internet sites claiming that the bank belonging to the trip's organizer, Valery Belokon, was coming under scrutiny from Moscow authorities for possibly laundering funds from Russian clients. As a result, a major Moscow bank broke off relations with the bank, Baltic International Bank, Belokon said by telephone from Riga. "This seems like a PR action by one of the Kremlin structures," he said. "This can't be possible. We work in line with the law."

Ignite! president Ken Leonard said he was unaware of any political shadows that might follow Berezovsky. "We know him in terms of his relationship directly with the company," he said.

Berezovsky said he became a shareholder two years ago.

Despite the fallout over the Latvia visit, Belokon, who has close ties to right-wing and anti-Russian political leader Einars Repshe, said he was still hopeful of potential future deals with Bush. "It is not a big bank, although we do work with a lot of clients," he said. "Our relations with Mr. Bush allow us to say we have a very serious client base. We are in negotiations with Mr. Bush about a joint business." He declined to elaborate further.

Bush declined a request for an interview made via Leonard. Bush told Leonard that as a private citizen he would prefer to keep quiet, while Leonard could speak for the company, Leonard said.

A History of Scandal

The activities of the 50-year-old brother of George W. Bush have often caused controversy. There were lurid divorce proceedings in 2002 in which Neil Bush boldly testified that on at least three occasions when he was staying in hotels in Asia, a woman came into his room and had sex with him. The practice, he said, seemed "very unusual."

And then there were his businesses, which, as The Washington Post said, "have a history of crashing and burning in spectacular fashion."

Neil Bush first drew attention during the Silverado Savings and Loan scandal, while his father was president. Federal regulators reprimanded him for having "multiple conflicts of interest" in his dealings as a board member of Silverado, which went belly up in 1988, costing U.S. taxpayers \$1.3 billion.

His business partners have also attracted scrutiny, among them Jamal Daniel, a Syrian-American businessman, who is co-chairman with Bush of a fund called Crest Investment Company. Daniel boasts important connections with leaders and their families in the Middle East, including former Iraqi Foreign Minister Tariq Aziz, the Financial Times reported in a December 2003 investigative article on the Daniel-Bush relationship.

The little-known fund last year surprised all by being granted lucrative rights to develop a plant to process liquefied natural gas near Freeport, Texas, in the process pushing out ExxonMobil, which had first rights to develop the plant.

Daniel attracted further attention when it became known he was a member of the advisory board of New Bridge Strategies, a low-profile Washington firm set up to help companies invest in postwar Iraq. Directors of New Bridge include political heavyweights Joe Allbaugh, the former manager of the Bush-Cheney election campaign in 2000, and Ed Rogers, a former senior White House aide to President Bush.

Bush revealed during his 2003 divorce proceedings that he was paid \$60,000 a year at Crest for providing "miscellaneous consulting services ... such as answering phone calls when Jamal Daniel, the other co-chairman, called and asked for advice," according to newspaper reports.

It was not clear how much Bush is paid by Ignite!, where he serves as chairman. Leonard declined to disclose the amount. His annual salary in 2003 was \$180,000, the Post and The Houston Chronicle reported at the time.

Daniel is also involved in Bush's educational software company. A fund linked to Daniel is a shareholder in Ignite!, Leonard said.

Filings with the Securities and Exchange Commission show Bush's parents and major Taiwanese financier Winston Wong, who founded a semiconductor manufacturer with the son of former Chinese President Jiang Zemin, have also been shareholders in Ignite!, along with other financiers from the United Arab Emirates and Kuwait.

Berezovsky's investment in Ignite! appears to put him at a nexus of influence peddlers and financiers, as well as at the center of yet more controversy.

Selling educational software might seem to be an innocuous occupation, but Bush has drawn controversy with that, too. The company, which produces software designed to provide teachers with interactive material such as videos and computer programs, has been criticized by some educators for dumbing down classwork. One Ignite! program taught the Constitutional Convention as a rap song, the Post reported in its December 2003 piece on Bush.

Leonard defended the company's software, saying teachers had found it to be "a viable and credible resource for teaching and learning."

Bush also has been accused of using his influence to line up charitable funding to make sure schools can buy his company's software. The Houston school board agreed in 2003 to accept \$115,000 in charitable donations to spend on software from Ignite!, The Houston Chronicle reported in February 2004.

"We've been looking at the willingness of Bush to use his name in philanthropic fundraising that his firm would benefit from," said Rick Cohen, director of the Washington-based National Committee for Responsive Philanthropy. "Even though it's legal, it doesn't mean it's right. This is a clear conflict of interests."

Leonard said Bush's name had nothing to do with the donations raised that year and that they had been made by benefactors who every year made contributions to education in Texas.

The Real Prize

It was not clear how big an earner the company is for investors like Berezovsky. Leonard declined to disclose any of the company's earnings or profits since it was founded six years ago. He also would not say how many schools had bought the company's software, but only that "thousands of students" had access to it in a number of states, including Texas, Florida, Washington and California.

With projects just starting in Latin America and South Korea, Leonard said the company was also eager to expand into the former Soviet space. As a result of Berezovsky's help in arranging visits to Georgia, Ukraine and Latvia, these countries have each ordered 10 of Ignite!'s science courses for pilot programs in their schools. So far, the agreement is to use the English-language U.S. curriculum available in existing material, Leonard said. But the programs, if successful, might be first translated into Russian and then localized to meet each country's curriculum, he said.

The real prize, however, would be Russia. "The problem with many of these republics is that they are focused on their own languages and they are very small markets," Leonard said. "Russia is similar to the U.S. market.

"We would openly welcome an invitation to meet with schools in Russia, and we would gladly come to present the company. Obviously, it is a much bigger market," he said.

So far, however, no invitations have been forthcoming, presumably because Berezovsky has been unable to arrange a visit.

Berezovsky said his investment in Bush's firm was just business and an investment in an area he had always been interested in. Declining to disclose the sum he put in, Berezovsky said: "I invested in the company because I think that it is doing the right thing. I had no other aims for

making this investment. If the company had not been owned by Bush, I would have invested in another that was doing the same thing.

"When I received the offer to invest, I sent specialists to look at what the company was doing and they approved," he said.

Even though he invested in Ignite! two years ago, Berezovsky said he had been unable to travel to the United States to discuss business.

Berezovsky said he had made two official requests for a visa, the first two years ago and the second as recently as last month, but had yet to receive a response.

The U.S. Embassy in Moscow, citing privacy issues, said it could not comment on Berezovsky's visa status.