



Written by [William F. Jasper](#) on July 14, 2010

Spy Escape in Cyprus Highlights Russia's Growing Clout in Mediterranean

The recent easy escape and disappearance of Russian spy "Christopher R. Metsos" may draw more attention to Russia's beefed up presence of intelligence operatives throughout the Mediterranean. Metsos, the 11th person in the high-profile arrests of Russians in late June, is frequently referred to as the "paymaster" of the network of Russian agents.



According to the [complaint](#) filed by the Department of Justice on June 25 in the U.S. District Court for the Southern District of New York, Metsos "is a secret SVR agent who is based abroad, and who has repeatedly entered the United States to meet with certain Illegals and, among other things, to pay them on behalf of Moscow Center."

The SVR is the Russian foreign intelligence successor to the notorious KGB of the Soviet era. "Illegals" is the term in spycraft for agents who assume a fake identity in a foreign country and work undercover without the benefit or protection of diplomatic immunity.

The DOJ complaint says that in 2004 Metsos "was surreptitiously handed money in New York by a Russian government official ... a purported diplomat associated with the Manhattan-based Russian Mission." Metsos purportedly buried a portion of the money (said to be \$40,000), which was later dug up by Michael Zottoli and Patricia Mills, whom the FBI named "the Seattle Conspirators."

Metsos was arrested June 29 at the Larnaca airport on Cyprus as he was preparing to board a flight to Budapest, Hungary. However, he was released on \$33,000 bail and turned over his Canadian passport. He is, perhaps, still hiding somewhere on the island, but it is far more likely that he exited the country soon after posting bail and is now back in Russia.

No Cyprus Surprise

How was the spymaster able to walk away with such seeming ease? The most likely explanation is that the Cypriot government, the only openly communist government in the European Union, intentionally allowed him to get away. President Dimitris Christofias put on a public display of indignation at the suggestion there may have been something amiss in the way Cypriot authorities handled the affair. "I don't think it is appropriate to apportion blame to the Cyprus Republic," [Christofias said](#), claiming that it was Washington's tardiness in sending documents that was responsible for Metsos' escape.

President Christofias, elected in 2008, came up through the ranks of the Soviet-aligned AKEL, which is Cyprus's Communist Party. Christofias took his university studies in the Soviet Union, receiving a Ph.D. in history from the Institute of Social Sciences and the Academy of Social Sciences in Moscow. A



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Reuters dispatch regarding his 2008 election victory [noted](#), "His AKEL party boasts busts of Lenin and red flags at its headquarters."

The Christofias government maintains [close relations with Communist Cuba](#) as well as with Syria, the PLO, and Hamas.

But it is Russia that exercises the biggest foreign influence on Cyprus's politics and economy. The Russian gas and oil behemoths Lukoil and Gazprom have planted major investments there and continue to expand.

The British *Guardian* [reports](#):

Since the collapse of communism an estimated 20,000 Russians have settled on the island. The community's impact on the seaside town of Limassol is such that it is known as "little Moscow." Four Russian dailies and a host of lifestyle magazines have popped up in the city in the last decade alone. Oligarchs, citing its crime-free life, often leave their families on the island and commute to Moscow by private jet.

The *Guardian* states further:

Increasingly, too, it is Russians who are buying real estate on the island. A group of €3m-plus villas, currently being built in Cape St. George and among the most luxurious on the island, are being snapped up almost exclusively by Moscovites.

Even before Cyprus's entry to the EU, the majority of the island's 14,000 offshore companies were Russian-owned. In the 1990s an estimated \$1bn a month was flowing out of Russia into Cypriot banks. This week the Central Bank of Cyprus said that the figure had risen considerably: €18.7bn (15.5bn) of foreign investment poured into local banks in May alone and most of it was Russian.

"From February 2010 we have seen the beginnings of a steady rebound in international banking which can be attributed primarily to Russian deposits," said Miltos Michaelas at the privately-run Marfin Laiki bank. "We estimate that the volume will increase, already deposits for June have risen considerably ... 50% to 60% of our clientele is Russian."

Cyprus is far from alone in feeling both the blessing and curse of the new Russian elite. The Russian oligarchs have joined the ranks of the world's super-rich and are making a big footprint in the Mediterranean's most glamorous — and strategic — locales: Sardinia, Mallorca, Malta, Monaco, Marbella, and the French Riviera. They are buying — or building — enormously expensive mansions and villas and plying the azure waters of Med's pricey playgrounds in monstrous yachts. A recent Reuters story, ["Luxury Yachts All the Rage for Rich Russians This Year,"](#) reports:

Roman Abramovich, the billionaire owner of English Premier League club Chelsea, already boasts a fleet of yachts, one of which cost at least \$300 million.

Abramovich, who ranks 50th on the current [Forbes list](#) of the world's wealthiest people, hobnobs with Presidents, corporate tycoons, sports stars, and Hollywood celebrities. He is described in *Forbes* as "Self Made," but like all of the *nouveau riche* Russian "oligarchs" he is a "KGB-made man." Russia's young instant billionaires have not accrued their massive wealth through brilliant entrepreneurial acumen and hard work; they have been *chosen* by the Kremlin to run Russia's massive state-owned businesses (some of which have been pseudo-privatized), to serve the interests of the state, which currently is run by Vladimir Putin and his *Siloviki*, veteran operatives of the Soviet military and intelligence services.



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Putin himself [reportedly](#) purchased a villa for 10 million euros in 2004 at one of Abramovich's favorite haunts: Porto Cervo, an exclusive seaside enclave on Sardinia's Costa Smeralda, or Emerald Coast. One of Putin's neighbors is Silvio Berlusconi, the Italian Prime Minister and billionaire media magnate. It was Berlusconi who introduced Putin to the area, hosting the Putin family for extended stays at the massive Berlusconi villa.

While many stories in the travel, social, and investment sections of the major press have reported on the huge new presence of the Russian elite throughout the Mediterranean, these have focused on the extravagant lifestyles and fabulous real estate acquisitions of the oligarchs. None seems to consider that behind the lavish spending and playboy partying of these *state* capitalists there may be a strategic design by Putin and the Moscow Center.

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