

# Investigation

June 2017

## Russia's Ties to U.S. Environmentalist Groups

by Eugene Slaven



*Revelations that Russia may have interfered in the 2016 U.S. elections have dominated headlines in recent months. While we may never know the full extent of Russia's influence on the election or its outcome, there is in fact overwhelming evidence of Russia's meddling in one critical sphere of U.S. politics: energy policy. Evidence shows that a complex network of offshore firms has intimate ties to the Kremlin and connections to U.S. based anti-fracking and anti-oil lobbies.*

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As congressional committees, journalists, and intelligence officials investigate the extent of Russia's interference in the 2016 elections, one important aspect that has thus far been overlooked is Russia's financial ties to powerful anti-fracking and anti-oil lobbies in the United States.<sup>1</sup>

The evidence is overwhelming, even if the graph connecting the dots between Moscow and U.S.-based environmental advocacy groups is non-linear, and at times as one would expect, obfuscated.

What is Russia's interest in meddling in U.S. energy policy?

The natural gas boom ignited by the fracking revolution has played a central role in driving down global oil prices, which has significantly hampered Russia's oil-centric economy. Ergo, it is in Russia's economic interest to inflict damage on the U.S. fracking industry. To put it another way, what's bad for fracking is good for Russia.

A 2014 report released by Republican members of the U.S. Senate Committee on Environment and Public Works sheds light on an intricate network of

### KEY POINTS

- A Caribbean-based company that has donated millions of dollars to anti-fracking U.S. environmentalist groups is run by executives with close ties to Vladimir Putin.
- Russia's incentive in undermining the U.S. natural gas industry is rooted in the risk that fracking poses to its oil export-driven economy.
- Russia's role in the building of the "South Stream" pipeline to Bulgaria gives us a window into Putin's efforts to exert influence over sovereign nations' energy policies, as part of an overall geopolitical strategy to protect its oil interests.

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wealthy donors—the committee dubs them “Billionaires’ Club”—who utilize complex arrangements to funnel millions of dollars into the U.S.’s best-known and active environmentalist groups, including the Natural Resources Defense Council and Environmental Defense Fund.<sup>2</sup>

Perhaps the report’s most significant revelation is the existence of a group called Klein Ltd and its \$23 million donation to a group called Sea Change Foundation.

According to its disclosure forms, Sea Change Foundation gets its funding from only two sources: The Nathaniel Simons family and Klein Ltd. Billionaire Nathaniel Simons is the foundation’s founder and sole board member who generously gives to left-wing environmentalist causes (See Appendix).

Sea Change Foundation’s primary function is bundling millions of dollars for U.S. environmental groups. In 2011, the group gave \$15 million to the Sierra Club, \$13.5 million to the Natural Resources Defense Council, and \$18.1 million to League of Conservation Voters—three of the biggest and most active left-wing environmentalist groups aggressively lobbying against oil and natural gas.<sup>3</sup>

To be sure, bundling is not inherently nefarious; conservative billionaires bundle millions for their causes, liberal billionaires bundle millions for their causes, and the earth keeps spinning.

The potentially nefarious aspect comes to light when we learn who the key players are behind the mysterious Klein Ltd.—one of Sea Change Foundation’s two benefactors.

Klein Ltd. is based out of Wakefield Quin—a Bermuda law firm that according to its website is “a full-service firm with a history of advising both local and international clients in the areas of banking, corporate and commercial, real estate, restructuring and insolvency, trusts, private client and litigation.”<sup>4</sup>

That sounds like an innocuous cookie cutter offshore law firm, except that Wakefield Quin is run by executives with intimate Kremlin ties, including Putin’s friend and adviser, Leonid Reiman.<sup>5</sup> Furthermore, Wakefield Quin’s senior counsel is a man named Roderick Forrest, who along with Nicholas Hoskins and Marlies Smith formed Klein. Hoskins and Forrest were directors in the IPOC Group, which in 2008 was convicted of money laundering by a British Virgin Islands court, and had \$45 million in holdings confiscated. IPOC Group is owned by the very same Leonid Reiman.

Wakefield Quin clients include 20 companies and investment funds with ties to the Russian government. And this disproportionately Russia-heavy portfolio shouldn’t come as a surprise, given the firm’s leadership’s connection to Putin.<sup>6</sup> Hoskins and Forrest also happen to be executives of Spectrum Partners Ltd., a fund with offices in several countries, including Moscow, with a portfolio that’s heavy on Russian securities.

Given the media frenzy over Russia’s tampering in the 2016 elections, the evidence that shadowy firms with direct ties to the Kremlin fund left-wing environmental groups should pique most journalists’ interest. And the fact that Putin’s Russia has aggressively influenced global geopolitics is all the more reason to relentlessly pursue this story.

Perhaps the clearest example of Russia’s willingness to use most any means necessary to affect global oil and gas markets is its well documented role in the building of the “South Stream” pipeline to Bulgaria.

As The New York Times reported in 2014, shortly after Russia annexed Crimea, Bulgaria’s parliament drafted legislation sanctioning a gas pipeline from Russia to Bulgaria. The legislation was largely written by Russia’s state-owned energy giant, Gazprom, and was spearheaded by Putin’s energy minister, with the explicit

intent of enriching Putin and his cronies.<sup>7</sup>

Compared to the Bulgaria scandal, Russia's funding of left-wing environmentalist groups is a relatively passive gambit in Russia's quest to exert influence over the global energy market.

So, what does all this mean? In short, we know that Putin is committed to expanding Russia's sphere of influence and strengthening Russia's economic position. We know the risk U.S. fracking poses to Russia's economy, and we know the direct Russian ties to firms that contribute tens of millions of dollars to anti-fracking environmentalist groups.

As we look into Russia's role in the 2016 elections, it's incumbent on all responsible parties to examine Russia's ties to anti-fracking environmentalist groups as well. After all, anyone who is concerned about a foreign power influencing U.S. public opinion should be alarmed by evidence that Russia is shaping public opinion (and public policy) through its ties to such groups.

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## Notes

1. See Lachlan Markay, "Foreign Firm Funding U.S. Green Groups Tied to State-Owned Russian Oil Company," The Washington Free Beacon, January 27, 2015. <http://freebeacon.com/issues/foreign-firm-funding-u-s-green-groups-tied-to-state-owned-russian-oil-company/>

2. U.S. Senate Committee on Environment & Public Works. EPW Republicans Release In-Depth Environmental Collusion Report, "The Chain Of Environmental Command: How A Club Of Billionaires And Their Foundations Control The Environmental Movement And Obama's EPA". July 30, 2014.

3. "Big Donors...Big Conflicts: How Wealthy Donors Use the Sierra Club to Push Their Agenda," Energy & Environment Legal Institute, July 2015. <https://eelegal.org/wp-content/uploads/2015/07/Big-Donors-Big-Conflicts-Final1.pdf>

4. "About Us." Wakefield Quin <http://www.wq.bm/about-us/> (retrieved April 19, 2017).

5. "From Russia With Love: Examining Links Between U.S. Environmental Funders and the Kremlin," Big Greed Radicals, December, 2015. [https://www.biggreenradicals.com/wp-content/uploads/2015/12/Klein\\_Report\\_12-2015.pdf](https://www.biggreenradicals.com/wp-content/uploads/2015/12/Klein_Report_12-2015.pdf)

6. Markay, "Foreign Firm Funding U.S. Green Groups".

7. Jim Yardley and Jo Becker, "How Putin Forged a Pipeline Deal That Derailed," The New York Times. December 30, 2014. <https://www.nytimes.com/2014/12/31/world/europe/how-putin-forged-a-pipeline-deal-that-derailed-.html>

Eugene Slaven is a freelance writer, a former Charles Koch Institute Associate, and former Associate Director at the Center for Freedom and Prosperity. He is the author of the comedy novel *A Life of Misery and Triumph* and the self-help guide *Enemy Thoughts*. Eugene holds a B.S. in Business Administration from Carnegie Mellon University and an M.A. in Political Management from The George Washington University.

# Appendix

## Financial Statements, Sea Change Foundation

Form 990-PF (2011) SEA CHANGE FOUNDATION

20-4952986

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### Part XV Supplementary Information (continued)

#### 3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<b>a Paid during the year</b> SEE STATEMENT	NONE	PUBLIC		55,155,839.
<b>Total</b>			<b>3a</b>	55,155,839.
<b>b Approved for future payment</b> SEE STATEMENT	NONE	PUBLIC		6,752,500.
<b>Total</b>			<b>3b</b>	6,752,500.

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Form 990-PF (2011)



Name of organization

Employer identification number

SEA CHANGE FOUNDATION

20-4952986

**Part I** Contributors (see instructions). Use duplicate copies of Part I if additional space is needed

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	NATHANIEL & LAURA SIMONS ONE EMBARCADERO CENTER 22ND FL SAN FRANCISCO, CA 94111	\$ 11,700,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	NATHANIEL SIMONS DE TRUST 500 STANTON CHRISTIANA RD NEWARK, DE 19713	\$ 2,230,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	NATHANIEL SIMONS DE TRUST II 500 STANTON CHRISTIANA RD NEWARK, DE 19713	\$ 470,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	NATHANIEL SIMONS RENAISSANCE TRUST 500 STANTON CHRISTIANA RD NEWARK, DE 19713	\$ 5,525,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	KLEIN LTD. VICTORIA PLACE-31 VICTORIA ST. HAMILTON, HM 10 BERMUDA	\$ 10,000,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

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Schedule B (Form 990, 990-EZ, or 990-PF) (2011)

**STATEMENT 5**  
**FORM 990-PF, PART I, LINE 23**  
**OTHER EXPENSES**

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
EMPLOYEE BENEFITS	\$ 238,828.			\$ 238,828.
RETIREMENT PLAN EXPENSE	329,428.			326,921.
STAFF DEVELOPMENT	48,320.			59,320.
WORKERS COMPENSATION	26,032.			26,032.
COMPUTER EQUIPMENT	33,587.			33,587.
EQUIPMENT PURCHASE	35,923.			35,923.
EQUIPMENT RENTAL	15,403.			15,403.
EQUIPMENT REPAIRS	302.			302.
OFFICE SUPPLIES	23,444.			22,610.
TELECOMMUNICATION	41,348.			40,473.
POSTAGE & DELIVERY	2,654.			2,645.
SOFTWARE	19,427.			19,427.
PRINTING & REPRODUCTION	17,551.			17,551.
OTHER INSURANCE	15,752.			15,752.
BANK FEES	412.			412.
MEMBERSHIP & DUES	28,739.			29,623.
MISCELLANEOUS	250.			250.
LOAN FEES	454.			454.
<b>TOTAL</b>	<b>\$ 877,854.</b>	<b>\$ 0.</b>		<b>\$ 885,513.</b>

**STATEMENT 6**  
**FORM 990-PF, PART II, LINE 13**  
**INVESTMENTS - OTHER**

	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
<b>OTHER INVESTMENTS</b>			
MEDALLION INVESTMENTS-FMV	MKT VAL	\$ 63,989,282.	\$ 63,989,282.
MERITAGE INVESTMENTS, CLASS A-FMV	MKT VAL	16,272,644.	16,272,644.
MERITAGE INVESTMENTS, CLASS C-FMV	MKT VAL	627,188.	627,188.
EMPLOYEE RECEIVABLE	MKT VAL	60.	60.
<b>TOTAL</b>		<b>\$ 80,889,174.</b>	<b>\$ 80,889,174.</b>

**STATEMENT 7**  
**FORM 990-PF, PART II, LINE 14**  
**LAND, BUILDINGS, AND EQUIPMENT**

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
FURNITURE AND FIXTURES	\$ 81,811.	\$ 0.	\$ 81,811.	\$ 81,811.
<b>TOTAL</b>	<b>\$ 81,811.</b>	<b>\$ 0.</b>	<b>\$ 81,811.</b>	<b>\$ 81,811.</b>