



Kazakhstan: A Short Story

In 1994, shortly after the Soviet Union broke up, I was hired by American banking investors to write the business plan for the first “Western-style” commercial banking joint venture in Kazakhstan. I had never been to the former Soviet Union and I was excited to expand my horizons.

Part of my mission was to convince the Kazakh partners (politically-connected former KGB operatives) that the bank should have transparent lending policies and procedures and not serve primarily to fund their personal ventures. This was not an easy task, but the American President of the bank (who had his own funds at risk) and I were eventually successful in convincing the Kazakh investors that formalizing such policies would enhance the bank’s credibility and value, for an eventual future sale.

The 20 days I spent in Almaty, the then capital city of Kazakhstan were very interesting and I was impressed with the education level and the friendly nature of most people I met. On my last night in Kazakhstan, three colleagues at the bank invited me to a farewell gathering at a discotheque. At the time, there were almost no restaurants, hotels or shops in Almaty and I was surprised there could even be a discotheque. I was 44 years old and was past my disco days, but I liked the colleagues and it was a nice farewell gesture from them.

The disco was in a dark concrete building, up three flights of stairs, and behind a big steel door, with no signs, no glitter, and no people nearby. My companions knocked on the door, and a small steel window in the door opened. The colleagues identified themselves and we were given access. Inside were about 75 happy people, a rotating mirror-ball, a dry ice vapor pit, good lighting, and familiar Western music was playing.

It was a fun evening, with plenty of food and drinks, and at about midnight I motioned the waiter for the bill. When he arrived, he said: *"sorry sir, we have a problem"*. Simultaneously, one of my companions said quietly to me: *"don't turn around, there is a man on the dance floor with a gun."*

There was a mirror across from me, and I saw a hooded man standing with legs wide apart, with a military-style weapon held waist-high, aiming towards the crowd. The music stopped and it became silent. About 9 more hooded men then stormed in with weapons, started grabbing people from the tables, dragging them to the side, and beating them. About ten people were beaten and lay face down on the floor. The remaining guests were videotaped, including the four of us. About a half-hour passed in silence as we awaited our fate.

Finally a guy with no hood, who smiled and looked like Steve McQueen, walked up to me and asked: *"Amerikanski?"* I said *"yes"*, and he said: *"you can go"*. I asked if my friends could go too, and he said *"da"*.

I never paid the bill. As we left, the steel door shut, and I could hear the beatings resume. I was told it had been a "mafia-bust" by the Secret Police.

Since that time, Kazakhstan has progressed a lot, and it has a new capital city, Astana. The bank was quite successful for several years and was eventually sold at a strong gain for all investors.