

## Viktor Yushchenko: 'Every politician in Ukraine who turns to the West is in danger'

<http://www.independent.co.uk/news/people/viktor-yushchenko-every-politician-in-ukraine-who-turns-to-the-west-is-in-danger-a6694311.html>

The [poisoning of the Ukrainian opposition leader Viktor Yushchenko](#) in 2004 was a shocking act. Images of his face, disfigured by lesions and blisters, were seen across the world. And the fact that the attempted assassination had taken place while he was running in an election in a European state added to the sense of astonishment.

Ukraine has experienced damaging turbulence since that attack 11 years ago. The vicious civil war and the annexation of Crimea by the Kremlin has left a society fractured, on the frontline of a new Cold War between Russia and the West.

The scars Mr Yushchenko bears have, to an extent, faded. But he believes that the threat to those who hold his pro-Western views has not. Other leaders too can become targets, he believes. "Every politician in this country and neighbouring countries who turns towards the West is facing that kind of danger," he said. "My poisoning took place because I had started taking steps towards the European Union. We have a neighbour who does not want this to happen."

He added: "What happened to me was a matter of surprise because it took place when things were meant to be peaceful. But we are in such a risky situation now that violent acts directed against individuals may still cause outrage, but should not come as a total surprise."



Left, Viktor Yushchenko in July 2004 and, right, later that year. Mr Yushchenko's

doctor disclosed that he was the victim of dioxin poisoning (AFP)

After his poisoning, Mr Yushchenko went on to win the presidential election. His chief opponent, Viktor Yanukovich, denied allegations that he was responsible for the administration of TCDD, the most potent dioxin and contaminant in Agent Orange, which resulted in Mr Yushchenko having to campaign with his face half paralysed and a catheter inserted into his back to inject painkillers into his spine.

The original vote had been won by Mr Yanukovich, but this was mired in widespread allegations of fraud and after 13 days of street protests – the “Orange Revolution” – the Supreme Court ordered a run-off, with Mr Yushchenko emerging victorious by 52 per cent to 44 per cent.

Mr Yanukovich won the next election in 2010, but his presidency came to a dramatic end with the Maidan uprising last year. He now lives in Russia, while he is wanted in his home country for alleged crimes committed in the suppression of the protests.

Mr Yushchenko obviously takes care of his appearance. He spoke to *The Independent* at his office in Kiev wearing an elegantly cut blazer and lilac tie and pocket handkerchief. The former President said he preferred not to say openly who would want to silence those who try to bring their country into the West.

He added: “There are no detailed plans on how to deal with Russia, so Russia gets more and more bold. There are sanctions in place, of course; but they may be eased, or even dropped in the next six months. It will be a big mistake if that happens: just look at the way the Russians are behaving in Syria.”

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Mr Yushchenko is not involved in politics at the moment, focusing instead on business ventures in China and the Far East. He is, however, in regular contact with senior politicians. He is the godfather to the children of the current President. Petro Poroshenko, who he believes is “right for our country; he has brought the kind of politics we want”. He said: “The only problem is that the state of the economy means he can’t deliver all that he is trying to do. But who else is there who would be right for Ukraine at the moment?”

One person who would not be right at all, he wanted to stress, was Yulia Tymoshenko, who seeks the presidency and whose Fatherland party is doing well at the polls. The two have a long history of political enmity. “For the last 12 to 14 years Tymoshenko has been the main source of destabilisation in the country. She will continue to be supplied with the tools she needs to continue doing this by Putin,” he said.

Nor was he impressed by talk of Mikheil Saakashvili taking a more prominent role in Ukrainian politics. The former

*I fell foul of Ukraine's political cuisine, which it seems can kill*

Former Ukraine President, Viktor Yushchenko

President of Georgia was appointed governor of Odessa by Mr Poroshenko and his popularity is high following a policy of ending corruption and inefficiency. Mr Yushchenko said: "We know that he enjoys the support of Mr Poroshenko. But he will find it difficult because he is a foreigner. It will be a hazard having a foreigner like him wielding too much power. It will not be good for our society."

No one was ever charged over the attack on Mr Yushchenko in September 2004. Initially his political opponents claimed that what happened was the result of food poisoning due to an indulgence in bad sushi, washed down with an excess of cognac. One rival declared that he personally stuck to safer patriotic fare rather than risky foreign cuisine.

Mr Yushchenko had dinner with the head of the Ukrainian security service (SBU), Ihor Smeshko, and his deputy Volodymyr Satsuk just before he fell ill. He later told parliament: "I fell foul of Ukraine's political cuisine, which it seems can kill." Blood samples taken at the time by Ukrainian doctors mysteriously disappeared. In September 2009 Ukrainian prosecutors said that they had been unable to obtain testimony for an investigation from Mr Satsuk who had gone to Moscow and had been given Russian citizenship which protected him from extradition.

Despite the violent divisions and his own experience, Mr Yushchenko maintained that Ukraine can have a peaceful and united future as long as dialogue continues. "Yanukovich carried out fraud in the election. But we must not forget that millions did actually vote for him. His views are still held by many here," he said. "I do not agree with these views, but these people are fellow Ukrainians and we must keep on talking to them. Putin will exploit the situation if we don't and we know how good he is at exploiting situations."

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## Oleksandr Yanukovych files claims to ECHR against Ukraine – spokesman



The son of former Ukrainian President Viktor Yanukovych, Oleksandr Yanukovych, has filed a claim with the European Court of Human Rights (ECHR, Strasbourg) against Ukraine, his spokesman Yuriy Kirasirov has reported, referring to a press release of Joseph Hage Aaronson LLP law firm (England).

Kirasirov wrote on his Facebook page that Oleksandr Yanukovych filed the claim to the ECHR as he believes that Ukraine has violated his human rights.

"The ground for filing the claim was the decision of the National Bank of Ukraine of November 27, 2014 to declare National Bank for Development (VBR) insolvent. This resulted in the introduction of temporary administration and the bank's seizure. Due to the decision, Oleksandr Yanukovych lost his ownership right to 100% of shares in VBR," Kirasirov wrote.

He said that Oleksandr Yanukovych asked the ECHR to oblige Ukraine to pay compensation to him in the amount of the market cost of the bank.

# Firtasch: Schriftliche Entscheidung des Landesgerichts liegt vor

Mehr als fünf Monate, nachdem das Straflandesgericht Wien die Auslieferung des ukrainischen Oligarchen Dmytro Firtasch in die USA abgelehnt hat, ist dieser Tage die schriftliche Gerichtsentscheidung den Verfahrensparteien zugestellt worden. Dies erklärt eine Gerichtssprecherin gegenüber der APA. Firtasch hatte kürzlich angekündigt, nach Erhalt des Erkenntnisses in die Ukraine zurückzukehren.

Nach der Zustellung des schriftlichen Erkenntnisses hat die Staatsanwaltschaft Wien nun zwei Wochen Zeit, ihre bei der Gerichtsverhandlung am 30. April 2015 bereits angemeldete Beschwerde schriftlich bei dem für die Berufung zuständigen Oberlandesgericht Wien einzureichen. Danach haben auch Firtaschs Anwälte ebenso zwei Wochen lang die Gelegenheit, dieser Beschwerde der Staatsanwaltschaft zu entgegnen. Es wird damit gerechnet, dass das Oberlandesgericht Wien in der ersten Jahreshälfte 2016 eine rechtskräftige Entscheidung im Fall der Auslieferung fällen wird. Die erstinstanzliche Entscheidung des Wiener Straflandesgerichts selbst ist bisher nicht rechtskräftig.

[http://diepresse.com/home/politik/aussenpolitik/4843527/Firtasch\\_Schriftliche-Entscheidung-des-Landesgerichts-liegt-vor-](http://diepresse.com/home/politik/aussenpolitik/4843527/Firtasch_Schriftliche-Entscheidung-des-Landesgerichts-liegt-vor-)

## Rekordkaution bezahlt

Das Straflandesgericht Wien hatte im April 2015 Dmytro Firtaschs Auslieferung in die USA mit einer "auch politischen Motiviertheit" der Strafverfolgung gegen den ukrainischen Oligarchen abgelehnt. Der Österreich-affine Firtasch, dem US-Behörden Korruption im Zusammenhang mit Geschäftsaktivitäten in Indien vorwerfen, war nach einem US-Haftbefehl im März 2014 in Wien-Wieden verhaftet worden. Nach Bezahlung einer Rekordkaution von 125 Millionen Euro war er auf freien Fuß gesetzt worden und hatte sich seit damals in Österreich aufgehalten.

Nunmehr, so kündigte Firtasch gegenüber der ukrainischen Nachrichtenagentur Interfax-Ukraine Anfang Oktober 2015 an, dürfte der Ukrainer erstmals wieder in seine Heimat zurückkehren: "Sobald meine Anwälte die Gerichtsentscheidung bekommen, fahre ich nach Hause", hatte der Oligarch erklärt.

Während einer mehr als anderthalbjährigen Abwesenheit hatten Unternehmen von Dmytro Firtasch in der Ukraine zunehmend mit Problemen zu kämpfen. Abgesehen von Verlusten, die mit der Annexion der Krim, dem Krieg in der Ostukraine und der allgemeinen wirtschaftlichen Lage in seinem Heimatland zu tun haben, waren in den vergangenen Monaten auch ukrainische Behörden gegen seine Firmen vorgegangen. Die von ihm kontrollierte Nadra-Bank wurde bereits im Februar 2015 von der ukrainischen Nationalbank unter Zwangsaufsicht gestellt und wird nunmehr liquidiert.

Das ukrainische Innenministerium hatte zudem im Rahmen eines Ermittlungsverfahrens

seit April 2015 Vermögen von Firtasch-Beteiligungen beschlagnahmen lassen. In der ukrainischen Gerichtsdatenbank finden sich bereits 91 Entscheidungen mit Bezug auf dieses Verfahren. Vertreter des Oligarchen hatten die betreffenden Ermittlungen ihrerseits als "fabriziert" bezeichnet und von einer Strafverfolgung aus politischen Motiven geschrieben, hinter der die "Volksfront"-Partei von Innenminister Arsen Awakow und Premierminister Arsenij Jazenjuk stehe.

(APA)

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# Can Poroshenko Control Ukraine's Right Wing?

The Ukrainian leader's newest opponents are in his own parliament.

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BY JOHN HUDSON, REID STANDISH

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With a shaky cease-fire between Ukrainian forces and Russian-backed rebels appearing to hold, one of Ukrainian President Petro Poroshenko's biggest challenges may come from nationalist parties within his own government, and not from his erstwhile opponents in Moscow.

In the coming months, Ukraine's parliament is expected to vote on legislation to transfer power away from Kiev — a key component of the [Minsk II cease-fire](#) agreement brokered by Germany, France, Ukraine, and Russia in February. Under the terms of the accord, Kiev is required to grant more autonomy to eastern Ukraine, many of whose residents seek closer ties to Moscow, while Russia is required to withdraw its military hardware and volunteer fighters.

The problem is that Poroshenko currently does not have the votes to amend the Ukrainian Constitution due to opposition from nationalist groups like the Radical Party, Right Sector, and now even political parties beyond the radical fringe, which fear that the legislation will undermine the country's sovereignty and independence.

When parliament voted on autonomy, for instance, Radical Party leader Oleh Lyashko [said](#) the amendment was a part of Russian President Vladimir Putin's plan "aimed at the destruction of Ukraine," shortly before he left Poroshenko's coalition.

The impasse threatens to erode the Minsk peace deal and reignite violence between the warring sides. And that impasse may not be disappearing anytime soon. In an interview, Ukraine's new ambassador to the United States said the only way to break the deadlock would be for Russia to withdraw militarily from the conflict — a step that many doubt Putin will take.

“If we see real progress on the withdrawal of troops and weapons, then the pace of [constitutional reform] will go very quickly,” Ukrainian Ambassador Valeriy Chaly said in a wide-ranging interview with [Foreign Policy](#) at the Ukrainian Embassy in Washington. “Ukraine goes further and further with difficult political compromises, but there has been no major progress on the withdrawal of weapons.”

Kiev’s insistence that Moscow move first has worried some experts because it appears to be laying the groundwork for Ukraine to use Russian intransigence as an excuse to delay needed reforms.

Matthew Rojansky, a Ukraine expert at the Wilson Center, said Poroshenko faces real constraints in his parliament. Still, Rojansky noted, “in Ukrainian politics, playing the Russian card has always been less a recipe for action than a substitute for it.”

Others say Ukraine has every right to slow-roll reforms given the sustained presence of Russian troops along the Ukrainian border and heavy artillery in the hands of rebels. “Until Russia does serious implementation of Minsk, Ukraine shouldn’t be required to make constitutional reforms,” said John Herbst, a former U.S. ambassador to Ukraine and a director at the Atlantic Council.

Chaly, who assumed his post in Washington in July, is a close confidant of Poroshenko and previously served as his foreign-policy advisor. A quick and witty conversationalist, he differs in style from his predecessor, Oleksandr Motysyk, a more reserved old-school emissary appointed by now-ousted President Viktor Yanukovich.

In acknowledging Poroshenko's difficult political challenges at home, Chaly noted that his boss's decentralization legislation has grown increasingly unpopular in Ukraine. "Last year, the majority of Ukrainians supported the political compromises of Minsk," he said. "But this year, less and less Ukrainians support this process because they see that Russia can stall and keep leverage on Ukraine."

Decentralization was brought forward in the aftermath of the Maidan protests in 2014 and was proposed as a measure to boost the country’s fledgling [democratic reforms](#). Momentum stalled, however, after the outbreak of fighting in eastern Ukraine and when the shakiness of the second Minsk agreement became apparent, decentralization became tied up in the wider political debate about the status of the rebel-held territories. That, in turn, has further linked Ukraine’s reform agenda to the security situation in the Donbass and has left Poroshenko to balance between an increasingly disenchanted electorate and Western governments eager for progress in eastern Ukraine.

“Special status for occupied areas was imposed on Ukraine in Minsk and looks like a reward for Putin. Many Ukrainians see it as appeasement of Putin from the West,” said Olexiy Haran, a professor of comparative politics at Ukraine’s Kyiv-Mohyla Academy.

A decentralization bill passed a first reading in Ukraine’s parliament in late August, but only served to highlight the difficult path forward for fully implementing the Minsk agreement. During the boisterous parliamentary session, Poroshenko came under fire from both the opposition and his own pro-European coalition, which accused the president of caving to Russia. After the vote, **protests outside** led by the ultranationalist party Svoboda left three members of the National Guard dead.

To be ratified as a constitutional amendment, the decentralization bill will need to pass a second and final reading with at least 300 of the parliament’s 450 deputies voting in favor — up from the 265 who voted on the first reading. How — and if — Poroshenko can corral the necessary votes remains to be seen.

“It’s not impossible,” said Steven Pifer, a former U.S. ambassador to Ukraine and a senior fellow at the Brookings Institution. “It will require lots of legwork by Poroshenko, and it’s going to be a very tough political fight.”

Decentralization in the Donbass has become so fraught in part because neither side has fully taken the first step in **implementing** the Minsk peace deal. From Moscow’s viewpoint, Ukraine is not living up to its promises on autonomy; from Kiev’s viewpoint, Russia has endangered the agreement by refusing to reduce its military presence in the east.

“One of the key problems with Minsk II is that it does not specify how some steps are to be sequenced,” said Pifer.

As part of Minsk, Ukraine is demanding the withdrawal of Russian military forces, military hardware, and volunteer fighters from Ukraine; the pullback of artillery from the eastern front; free access for cease-fire monitors sent by the Organization for Security and Co-operation in Europe (OSCE); and restored Ukrainian control over its southeastern border with Russia.

Meanwhile, Moscow has been advocating for “federalizing” Ukraine throughout the 18-month crisis, a move that would give the rebel-held regions of Donetsk and Luhansk increased autonomy from Kiev, including the power to conduct foreign and trade policies. Ukraine has vehemently opposed the idea and has instead pushed for decentralization, a different model that would give the country’s regions increased local decision-making authority and more revenue-sharing from the central government.

Kiev insists that decentralization upholds its obligations under the Minsk agreement, but major gaps remain before any progress can be made.

Another looming issue is elections in the rebel-held territories. The Ukrainian government maintains that elections cannot take place until weapons are pulled back from the front line and control over the Ukraine-Russia border has been entirely restored. Kiev says that elections will be recognized only if they are held according to Ukrainian law and are deemed to meet international standards by OSCE monitors. According to Chaly, without control of the border, it will be difficult to ensure that the elections are fair and that Russia is not interfering.

Over Kiev's objections, rebel leaders announced plans to hold their own elections on Oct. 18 and in early November. The announcement triggered strong condemnations from the Ukrainian government and risked derailing a renewed truce between Kiev and the rebels that has managed to take hold. The elections were eventually postponed after a meeting in Paris among Poroshenko, Putin, French President François Hollande, and German Chancellor Angela Merkel.

"We have a sustainable cease-fire for the first time in over one and a half years, and it's an opportunity for real progress," Chaly said.

How Kiev will take advantage of the relative quiet remains unclear.

"Things would be a lot easier if Russians were making significant strides, but the biggest driver of uncertainty is the fracturing of the political coalition that has supported Poroshenko up to now," said Andrew Weiss, vice president for studies at the Carnegie Endowment for International Peace. "This is the most complicated domestic political challenge for Poroshenko than at any previous point in his presidency."

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### SPARTA : THE STRATEGY GAME PHENOMENON OF 2015

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# 'Bribery, Back Room Dealing, And Bullying' In Ukraine: The

## Origins of Burisma

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What's wrong with Burisma—an influential Ukrainian gas company with high-profile Westerners on its board—is what's wrong with Ukraine: Its origins are highly suspect and it is controlled by a recent fugitive accused of stealing the country's gas assets.

It is this type of situation in Ukraine that “kills productivity and smothers inspiration,” according to U.S. Ambassador to Ukraine Geoffrey Pyatt, who recently used a financial forum in Odesa to [air his grievances](#) and concerns about the ongoing corruption in Ukraine and widespread attempts to allow it to perpetuate.

“Innovation and entrepreneurship lag under the weight of bribery, back room dealing and bullying,” said Pyatt, who took the opportunity to specifically address Burisma and the man who controls it: former Ecology and Natural Resources Minister Mykola Zlochevsky.

Pyatt accuses figures in the Ukraine Prosecutor General's Office (PGO) of misconduct in a British investigation into Zlochevsky that resulted in the April 2014 freezing of \$23 million in illicit assets, that belonged to the Ukrainian people, who then suddenly affected an about-face.

Criminal proceedings were initiated against Zlochevsky in August 2014, seeking access to his accounts in LGT Bank Zlochevskiy Ltd (Switzerland), as well as to the accounts of companies controlled by Zlochevskiy Brositi Investments Limited and Burisma Holding Limited in the London office of BNP Paribas Bank.

In January this year, the Central Criminal Court in London discharged the freezing order against assets beneficially owned by Zlochevsky, as detailed on [Burisma's website](#), with the court ruling that the [UK Serious Fraud Office](#) (SFO) had not been able to demonstrate reasonable cause that Zlochevsky had benefited from criminal conduct.

Right before the London court removed the asset freeze on Zlochevsky, the Ukrainian Prosecutor's Office had placed him on the [country's wanted list](#). But prior to this, in early 2014—when it was clear that Yanukovych's oligarchs would be placed under scrutiny--Zlochevsky [fled Ukraine](#), while his U.S. visa was revoked.

The Prosecutor General's Office, said Pyatt, “not only did not support investigations into corruption, but rather undermined prosecutors ...”

In the case of Zlochevsky, “officials at the PGO were asked by the UK to send

documents to support the seizure. Instead, they sent letters to Zlochevsky's attorneys attesting that there was no case against him. As a result, the money was freed by the UK court, and shortly thereafter the money was moved to Cyprus," [according to the U.S. ambassador](#), who is now calling for this misconduct to be investigated and that those responsible have their jobs terminated, at the very least.

In the meantime, while the Burisma website would like everyone to believe that this criminal case is closed, it is not: [The investigation is ongoing](#) and the UK SFO is not giving up.

Zlochevsky's UK assets may have been unfrozen and whisked off to safety in Cyprus, but anyone considering investing in Ukrainian gas or this influential player should understand that the next stop will be Switzerland.

[In August](#), the Ukrainian Prosecutor General's Office requested access to information about Zlochevsky's Swiss bank account as they search for \$35 million in alleged illicit benefits.

## **Suspect Origins and Illicit Enrichment**

Zlochevsky is one of 'Yanukovych's oligarchs'—who have [collectively stolen \\$30 billion in assets](#) from Ukraine—none of which has been recovered yet.

And while this alone should be enough to send any mildly cautious investors running, the fact that he is accused of everything from money-laundering and large-scale embezzlement to abuse of power and illicit self-enrichment should be a deciding factor.

Zlochevsky was the former Minister of Environment and Natural Resources until April 2012, when he was replaced by Eduard Stavitsky under the government of Mykola Azarov. Zlochevsky was first appointed minister of natural resources in the government of Leonid Kuchma and became environment minister under President Yanukovych. While the Azarov government replaced him in this post, he was instead given the post of deputy secretary of Ukraine's National Security Council—a position he retained until Yanukovych's fall in February 2014.

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Zlochevsky's position at the Ministry of Ecology and Natural Resources meant that he controlled the granting of licenses for the development of mineral deposit extraction. When Yanukovych was president, he removed state-owned Naftogaz Ukrainy's license to develop the country's largest gas deposits, opening the door for Zlochevsky to grant these licenses to his own companies. Specifically, he transferred the license for

the Sakhalinska field in the [Kharkiv region](#)—one of the country's largest fields—to his newly formed private holding, Ukrnaftoburennia.

The abuse of power allegations arise from information that 10 companies controlled by Zlochevsky obtained some 30 permits for oil and gas while he was in his ministerial seat, according to [Antikor](#), a Ukrainian anti-corruption watchdog. Those companies include Nadragaz, Azov Oil, Gazoylinvest, Krymtoopenegoservic, Tehnoresurs, Paris, First Ukrainian Petroleum Company, Esko-Pivnich, Aldea Ukraine and Ukrnefteburenie—all connected to Burisma.

[Zlochevsky had devised](#) a “complicated pattern of off-shore holding companies established when he was still a serving Minister ... effectively to conceal his beneficial ownership of Burisma,” according to the UK SFO in documents obtained by [veteran Moscow-based journalist](#) John Helmer, who has long specialized in investigating oligarchs. More specifically, the SFO alleged that Zlochevsky's wealth came from “the exploitation of mineral licenses awarded to his companies when he held public office.”

According to Antikor, Burisma's plan is to take over all independent oil and gas production in Ukraine.

So far, its plan has worked: It's now ranked second in the country in terms of private gas production, after oligarch Rinat Ahmetov's Neftegazdobychi.

“The problem here is the question of whose assets these really are,” said the chief investigator in Eastern Europe for OPTactical, the intelligence wing of Oilprice.com. “Along with the \$30 billion that Yanukovych's oligarchs stole from the country, these currently producing and future producing gas assets once belonged to the Ukrainian people and there are very serious questions about how they ended up in the hands of these connected private companies at a time when Zlochevsky was minister.”

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#### **Buying 'Legitimacy'**

Burisma—registered in Cyprus in 2006--fails to pass the most basic due diligence check. Its registration documents are impossible to run down. It publishes no asset information or financial records, nor does it release any audited financial statements. The complete lack of transparency means that anyone interested—including potential investors—must rely solely on press releases about Burisma's future plans and intentions.

All of this has Western media wildly speculating as to why [Hunter Biden](#), the son of U.S. Vice President Joe Biden, has joined its board of directors, along with Devon

Archer (a campaign advisor and family friend of Secretary of State John Kerry) and former Polish president Aleksander Kwasniewski.

The former Polish president's involvement is particularly mysterious considering that, when Zlochevsky took over the Sakahlinska field license, he took it away from a joint venture between Ukraine's state-owned companies and Poland's national gas company.

While [conspiracy theories abound](#), the general sentiment among industry experts on the ground in Ukraine is that Burisma brought two high-profile Americans with no energy experience on board in an attempt to gain legitimacy given Zlochevsky's tainted history.

The timing is significant: Biden and Archer officially joined the Burisma board right before the UK investigation that led to the asset freeze was announced.

According to Ukrainian analyst [Oleg Varfolomeyev](#), "Ukrainian companies having reputation problems often hire Western managers, but this does little to improve their profiles locally."

And while attempts to buy legitimacy continue, the world continues to equate Ukraine with corruption—and corruption, in turn, with the gas sector first and foremost.

The companies that have arisen out of the fleecing of this country's assets are not only bad news for the interests of the state but bad news for investors who risk getting entangled with dirty money, unstable assets and endless legal battles.

"Zlochevsky, who's been in top politics and business in Kiev since the 1990s, used to be very influential. Such influence doesn't disappear overnight in Ukraine. If people linked to the kleptocratic regime which was overthrown remain influential, obviously this doesn't bode well for the future of the local oil and gas industry, and serious investors will tend to avoid this market," said Varfolomeyev.

Abuse of power may be the fast route to lucrative strategic assets, but as many in Ukraine have learned, these assets are highly unstable. Zlochevsky learned this as well in 2006 when his political opponents were in power, according to UK court documents, and issued an executive decree cancelling the exploration licenses granted to his companies in 2004. The licenses were restored some two years later, but in this industry time is money and this should be a primary concern for new investors in Ukraine.

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"Burisma's glass house could very easily come crashing down, even if the inevitable is

delayed by throwing a lot of money at the right people,” according to OPTactical’s Eastern Europe analyst. “As an investor, I would steer clear of anyone tied up with Yanukovych or on the radar of the Serious Fraud Office.”

[NewsBase](#) Ukraine analyst Varfolomeyev concurred. “Burisma is likely to be affected. Zlochevsky, its founder and beneficiary, is one of the people firmly associated in the public mind with the government that ran Ukraine before February 2014 and was deposed for corruption,” he said.

“Local investigative journalists targeted him on many occasions. It should be hard to make business with such a public profile after the anti-corruption revolution of last year. Incidentally, the newly established Interior Ministry’s agency to return stolen assets said this past summer that Zlochevsky’s businesses would be among its main targets.”

According to Yaroslav Udoenko, Managing Director at Empire State Capital Partners in Kiev, the list of legitimate gas companies in Ukraine is a short one, and Burisma isn’t on it.

“There are really only 5-6 purely western gas businesses in Ukraine: [Cub Energy](#), [Kub Gas](#), [JKX](#), [Arawak](#), Eni and Cadogan. These are the only companies in the gas sector that are independent and funded with Western money; with the exception of JKX, which lists [Igor Kolomoysky](#) and Vadim Novinsky as beneficiaries, although the Board is western and independent,” Udoenko told Oilprice.com.

As for the missing \$30 billion—or even the \$23 billion that Burisma almost lost to the Ukrainian people until the UK court lifted the freeze—“imagine the impact,” said Ambassador Pyatt, “if--instead of lining corrupt officials’ pockets--the resources being zapped by corruption were freed up and reinvested in Ukraine’s economy. Imagine what those resources could do to fuel the development and broad-based prosperity the Ukrainian people want and deserve.”

By James Stafford of Oilprice.com

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