

Ukraine's Oligarchs Turn on Each Other

Exclusive: Ukraine's post-coup regime is facing what looks like a falling-out among thieves as oligarch-warlord Igor Kolomoisky, who was given his own province to rule, brought his armed men to Kiev to fight for control of the state-owned energy company, further complicating the State Department's propaganda efforts, reports Robert Parry.

By Robert Parry (Updated on March 25, 2015, to include Kolomoisky's firing)

In the never-never land of how the mainstream U.S. press covers the Ukraine crisis, the appointment last year of thuggish oligarch Igor Kolomoisky to govern one of the country's eastern provinces was pitched as a democratic "reform" because he was supposedly too rich to bribe, without noting that his wealth had come from plundering the country's economy.

In other words, the new U.S.-backed "democratic" regime, after overthrowing democratically elected President Viktor Yanukovich because he was "corrupt," was rewarding one of Ukraine's top thieves by letting him lord over his own province, Dnipropetrovsk Oblast, with the help of his personal army.

Last year, Kolomoisky's brutal militias, which include neo-Nazi brigades, were praised for their fierce fighting against ethnic Russians from the east who were resisting the removal of their president. But now Kolomoisky, whose financial empire is crumbling as Ukraine's economy founders, has turned his hired guns against the Ukrainian government led by another oligarch, President Petro Poroshenko.

Last Thursday night, Kolomoisky and his armed men went to Kiev after the government tried to wrest control of the state-owned energy company UkrTransNafta from one of his associates. Kolomoisky and his men raided the company offices to seize and apparently destroy records. As he left the building, he cursed out journalists who had arrived to ask what was going on. He ranted about "Russian saboteurs."

It was a revealing display of how the corrupt Ukrainian political-economic system works and the nature of the "reformers" whom the U.S. State Department has pushed into positions of power. According to BusinessInsider, the Kiev government tried to smooth Kolomoisky's ruffled feathers by announcing "that the new company chairman [at UkrTransNafta] would not be carrying out any investigations of its finances."

Yet, it remained unclear whether Kolomoisky would be satisfied with what amounts to an offer to let any past thievery go unpunished. But if this promised amnesty

wasn't enough, Kolomoisky appeared ready to use his private army to discourage any accountability.

On Monday, Valentyn Nalyvaychenko, chief of the State Security Service, accused Dnipropetrovsk officials of financing armed gangs and threatening investigators, Bloomberg News reported, while noting that Ukraine has sunk to 142nd place out of 175 countries in Transparency International's Corruptions Perception Index, the worst in Europe.

The see-no-evil approach to how the current Ukrainian authorities do business relates as well to Ukraine's new Finance Minister Natalie Jaresko, who appears to have enriched herself at the expense of a \$150 million U.S.-taxpayer-financed investment fund for Ukraine.

Jaresko, a former U.S. diplomat who received overnight Ukrainian citizenship in December to become Finance Minister, had been in charge of the Western NIS Enterprise Fund (WNISEF), which became the center of insider-dealing and conflicts of interest, although the U.S. Agency for International Development showed little desire to examine the ethical problems even after Jaresko's ex-husband tried to blow the whistle. [See Consortiumnews.com's "[Ukraine Finance Minister's American 'Values.'](#)"]

Passing Out the Billions

Jaresko will be in charge of dispensing the \$17.5 billion that the International Monetary Fund is allocating to Ukraine, along with billions of dollars more expected from U.S. and European governments.

Regarding Kolomoisky's claim about "Russian saboteurs," the government said that was not the case, explaining that the clash resulted from the parliament's vote last week to reduce Kolomoisky's authority to run the company from his position as a minority owner. As part of the shakeup, Kolomoisky's protégé Oleksandr Lazorko was fired as chairman, but he refused to leave and barricaded himself in his office, setting the stage for Kolomoisky's arrival with armed men.

On Tuesday, the New York Times reported on the dispute but also flashed back to its earlier propagandistic praise of the 52-year-old oligarch, recalling that "Mr. Kolomoisky was one of several oligarchs, considered too rich to bribe, who were appointed to leadership positions in a bid to stabilize Ukraine."

Kolomoisky also is believed to have purchased influence inside the U.S. government through his behind-the-scenes manipulation of Ukraine's largest private gas firm, Burisma Holdings. Last year, the shadowy Cyprus-based company appointed Vice President Joe Biden's son, Hunter Biden, to its board of directors. Burisma also lined up well-connected lobbyists, some with ties to

Secretary of State John Kerry, including Kerry's former Senate chief of staff David Leiter, according to lobbying disclosures.

As Time magazine reported, "Leiter's involvement in the firm rounds out a power-packed team of politically-connected Americans that also includes a second new board member, Devon Archer, a Democratic bundler and former adviser to John Kerry's 2004 presidential campaign. Both Archer and Hunter Biden have worked as business partners with Kerry's son-in-law, Christopher Heinz, the founding partner of Rosemont Capital, a private-equity company."

According to investigative journalism in Ukraine, the ownership of Burisma has been traced to Privat Bank, which is controlled by Kolomoisky.

So, it appears that Ukraine's oligarchs who continue to wield enormous power inside the corrupt country are now circling each other over what's left of the economic spoils and positioning themselves for a share of the international bailouts to come.

As for "democratic reform," only in the upside-down world of the State Department's Orwellian "information war" against Russia over Ukraine would imposing a corrupt and brutal oligarch like Kolomoisky as the unelected governor of a defenseless population be considered a positive.

(Early Wednesday morning, President Poroshenko dismissed Kolomoisky from his post as Dnipropetrovsk regional governor.)

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his latest book, *America's Stolen Narrative*, either in print here or as an e-book (from Amazon and barnesandnoble.com). You also can order Robert Parry's trilogy on the Bush Family and its connections to various right-wing operatives for only \$34. The trilogy includes *America's Stolen Narrative*. For details on this offer, click here.
