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The 1996 Murder That Changed The Donbas

Known as Ukraine's first oligarch, Yevhen Shcherban and his wife were gunned down on the runway of Donetsk's airport on Nov. 3, 1996. Now his son accuses Rinat Akhmetov and Serhiy Taruta of swindling the family fortune. They deny the charges.



Valery Miloserdov/UNIAN

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Yevhen Shcherban, a lawmaker known as Ukraine's first oligarch, is photographed in parliament in 1994. Two years later, Shcherban was assassinated at Donetsk Airport. His son Yevhen claims that Shcherban's business partners, Rinat Akhmetov and Serhiy Taruta, seized his assets, accusations that both deny. The Kyiv Post interviews Yevhen Shcherban Jr. as a new documentary, "The Heir," is released by Hromadske.



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Venediktova sabotages rule of law in Ukraine



Sergii Leshchenko
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Viktor Pshonka was Viktor Yanukovich's beloved prosecutor general and one of the fugitive president's closest friends.

Pshonka became famous all over the world due to the extravagant interior design of his house near Kyiv, which was looted after the EuroMaidan Revolution that ended the Yanukovich presidency on Feb. 22, 2014.

But another embodiment of his imposing approach to work and life is still preserved — like a mausoleum where the dreams of Ukrainians for an honest and effective prosecutor general are buried. It is Pshonka's suite in the building of the Prosecutor General's Office, which was built during his time there.

Half a floor was set aside for Pshonka's suite, which consists of half a dozen rooms with the joint area of a basketball court. A separate elevator takes the prosecutor general directly to his office. Additionally, there is a special capsule for evacuation to the roof of the building in case of a fire, where the chief law enforcer would be picked up by a helicopter. There are a few other things: a relaxation room, a gym, a hairdressing salon, a kitchen and a meeting room.

Almost seven years have passed since Pshonka fled Ukraine, but this spirit of supremacy and political intrigue has not faded from the Prosecutor General's Office. None of his successors has ever fulfilled the demand for a truly courageous prosecutor who would start destroying corruption at any cost.

Black sheep

The prosecutor general in Ukraine is an even more influential person than in the U.S.

There, district attorneys are appointed by the president and have some independence from the attorney general. In Ukraine, the prosecutor general holds the entire hierarchy of law enforcement agencies under his or her control.

Last year, Ukraine finally fulfilled its international obligations and stripped the prosecutor's office of investigative functions, giving them to other agencies. However, the direction of each investigation is set by a prosecutor overseeing the case, who reports to the prosecutor

general.

This week was a good opportunity for Prosecutor General Iryna Venediktova to show her independence and dispel accusations of inefficiency and bias. Unfortunately, instead of seizing that opportunity, she further deepened society's distrust in her and the prosecutor general's office.

Recently, Venediktova stalled the case against Oleg Tatarov, deputy head of the President's Office.

Tatarov's appointment has been rather controversial. Previously, Tatarov served as deputy head of the Main Investigative Directorate of the Interior Ministry during Viktor Yanukovich's violent suppression of the EuroMaidan Revolution. In this capacity, he earned renown as a spin doctor for the Interior Ministry at the time of its brutal suppression of mass protests.

In August this year, Tatarov was appointed a deputy head of the President's Office, and, in November, dark clouds began to gather over his head.

Former member of parliament and bankrupt construction tycoon Maksym Mykytas, under investigation by the National Anti-Corruption Bureau (NABU), made a deal with the investigators and started talking. His testimony revealed that Tatarov, who used to serve as a lawyer for Mykytas' company UkrBud, bribed a forensic expert to get false evaluation results that helped the company.

Tatarov, who in recent months was in charge of overseeing Ukraine's law enforcement, was tipped off that NABU was preparing to officially charge him with a crime.

He decided to take a proactive approach and publicly attacked NABU, joining the chorus of pro-Russian politicians promoting the conspiracy theory that Ukraine was under foreign control. Tatarov lashed out the agency's chief, Artem Sytnyk.

"NABU is not Ukraine's story," he said on Nov. 29. "It is all coming, unfortunately, from outside of our country. The root of the problems with the state's anti-corruption policy is Artem Sytnyk."

His comments probably ruined the weekend for President Volodymyr Zelensky and his chief of staff, Andriy Yermak, whose phones



Prosecutor General Iryna Venediktova speaks during press briefing in her office in Kyiv on June 18, 2020.

Kostyantyn Chernichkin

were ringing off the hook with calls from international partners. After all, Tatarov's statement completely contradicted the agreements reached by the president earlier on the independence of NABU and its head as a precondition for assistance from the International Monetary Fund. The President's Office tried to distance itself from Tatarov's statement.

Crisis spreads

This crisis could have been avoided if Tatarov quietly resigned, but he didn't have the willpower to do it.

Instead, Venediktova tried to help him out. She blocked the case against him by taking it away from four prosecutors who were in charge of it. She appointed new ones, including herself, despite having zero experience as a procedural manager before being appointed prosecutor general this spring.

Now the Ukrainian leadership is experiencing political tumult. Tatarov's case created a unique opportunity to demonstrate that everyone is equal before the law. Instead, Venediktova failed. Pressure on her, if there was any, cannot justify her actions, as the Ukrainian prosecutor general has a special system of protection against external influence on the procedure of his or her dismissal.

The stain of the crisis is spreading like an oil spill at sea. At first, Tatarov himself was under the spotlight. Now, the stain has spread to Venediktova — her decision to change prosecutors in the case looks even worse than Tatarov's decision to publicly voice his opinions of the NABU. After all, Tatarov made a statement, while Venediktova used her legitimate power to save him.

This crisis will spread further, affecting people higher up. As per basic rules of crisis communications, it would have been better to solve this quickly. A few days ago it was possible to just quietly fire Tatarov. Now, to extinguish the crisis, the administration will have to publicly renounce him.

Obstructor-in-chief

The role of Venediktova in this crisis deserves such close analysis precisely because of how and why she was appointed.

No one expected a different pattern of behavior from Tatarov, given his background. But Venediktova came to office under promises to punish corrupt officials and correct the shortcomings of her predecessor, Ruslan Riaboshapka, who she said failed to imprison corrupt officials.

But what does Venediktova use her power for? She doesn't remove a prosecutor who refuses to investigate the Rotterdam+ corruption case, which involves the companies of oligarch Rinat Akhmetov. She blocks an extradition request for agrarian tycoon Oleh Bakhmatyuk, who is accused of the embezzlement of a \$49-million stabilization loan that was issued by the National Bank of Ukraine to his VAB Bank.

This creates problems for Zelensky — after all, a prosecutor general who is convenient for oligarchs will never lose power, even if the president wants to fire her. Because the dismissal of such a prosecutor will not be supported by the parliament, where oligarchic groups can block such a scenario.

Like any political crisis, it is difficult to come out of it without casualties, but the faster you can sacrifice somebody, the better the outcome might be.

An example from recent history: If Yanukovich had sacrificed Tatarov's boss, then-Interior Minister Vitaliy Zakharchenko, after the dispersal of the EuroMaidan protests in December 2013, there probably would have been no bloody confrontation in January-February 2014. Everything could have ended much less dramatically for Yanukovich and Ukraine.

But a crisis also creates a chance to replace those officials who did not live up to expectations. After all, no one will remember their names as soon as they lose their jobs. Hardly a Ukrainian can name a former prosecutor general or deputy chief of staff.

All the responsibility in the eyes of society lies with the president. He promised to end corruption. The people who stand in the way of fulfilling that promise must be sacrificed.

Sergii Leshchenko is a Kyiv Post columnist, investigative journalist, and former member of the Verkhovna Rada, Ukraine's parliament.

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Looking for love in Ukraine, foreigners become victims

By Anna Myroniuk
myroniuk@kyivpost.com

Editor's Note: The scam victims quoted in this article are identified by first names or middle names because they requested anonymity out of fear for their safety. In each case, the Kyiv Post reviewed communications between the victim and the alleged scammer and verified the victims' stories as much as possible.

At 54, Wayne isn't someone you would call soft. The American navy veteran sports an impressive beard and served in the Persian Gulf War in the early 1990s.

But he cannot hold back his tears as he tells the Kyiv Post that the woman of his dreams broke his heart. In late January, the Florida resident flew all the way to Kyiv to meet her, but she never showed up.

"I got there, expected to see her at the airport. Nobody was there," Wayne recalled. "Of course, I was very sad."

"Sorry," he said, sobbing. "This is hard for me."

Wayne had never before been to Kyiv. Now, he was alone at Kyiv Boryspil International Airport, messaging Anna Melnichuk, a 30-year-old model he had fallen in love with. She wasn't responding.

Frustrated, Wayne hailed a cab and asked the driver to take him to the nearest hotel. "I was in tears every day. I was really sad," Wayne said. "That was really hard. I don't speak the language. I was stuck."

Wayne is just one of many foreigners who have sought love in Ukraine, only to wind up brokenhearted and thousands of dollars poorer. The country is an infamous destination for pricey marriage tours and a hotbed of international dating sites that charge lonely men exorbitant prices to chat with Ukrainian women.

Ukraine's reputation for dating and



An elderly man in a mask walks past a heavily sexualized ad banner in downtown Kyiv on Aug. 2, 2020. Ukraine is an infamous destination for marriage tourism and the home of many international dating sites that charge foreigners exorbitant fees to chat with Ukrainian women. Looking for love here, foreigners often fall victim to various dating scams.

marriage scams is so great that these stories have become central plotlines of the popular American reality show *Go Day Fiancé*. It follows Americans attempting to bring foreign partners to the United States or to go meet them in their own countries.

But while marriage and dating scams may seem like a joke to many, they leave a trail of wreckage in their wake, ruining lives and destroying personal finances.

The number of complaints about such scams in Ukraine is so large that the U.S. Embassy in Kyiv put a warning on its website. So did the U.K. government.

\$9,000 to talk

Four months before he traveled

to Kyiv, Wayne met Melnichuk on a website called Love Swans. For the entirety of their "relationship," they communicated through it. They never spoke over the phone or by video chat. He hoped she was just too busy.

Now, Wayne was alone in Kyiv. When Melnichuk finally texted him back hours later, she said she was in Odesa for a modeling gig.

He knew she would be away — she had told him right after he booked his flight — but he came to Kyiv anyways, hoping she would change her plans.

Now, Wayne believes Melnichuk never planned to meet him. He suspects that she scammed him.

By the time he had arrived in

Kyiv, he had already spent \$4,000 talking to her over Love Swans, which, like many international dating sites, charges a fee per message. Despite that, Melnichuk declined to give him her phone number and never responded to messages he sent via Instagram.

Instead, she encouraged him to use Love Swans to communicate. The site is designed for men looking to meet Slavic women and is based in Cyprus.

Wayne would not be the first person to suffer at the hands of such a site. Their customers regularly complain that they believe the women they were talking to were actually fake.

In 2013, the Kyiv Post published

an opinion piece by a translator who had posed as other women simultaneously on various dating platforms for money.

Melnichuk told the Kyiv Post over the phone that she does not want to answer our questions.

"It is my private life and I do not want to talk about this with some journalists," she said.

But victims of these scams often find it hard to resist. Melnichuk called Wayne a "frantic angel," "prince" and "treasure." She told him he "evokes a wild cat" in her, adding "Meeow!" at the end of her messages.

It cost \$2 to open a message, Wayne said. As of today, he has spent \$9,000 on them.

"It's highway robbery and it's not right," he said. But he couldn't stop: "I fell in love with her the first time I saw her."

Now, Wayne believes she would talk with him all day long because it was actually about making money.

But after his experience at the airport, Wayne decided to try and track Melnichuk down. He scoured every modeling agency website he could identify in Ukraine. Finally, he found her. Melnichuk turned out to work with the Diamond Models Agency.

"I walked all the way to Diamond Models and I left the letter in their mailbox. And I told her I put a letter in there just to...I wanted to get a response," he said. "She was all 'I never got it, I never got the letter.'"

Diamond Models told the Kyiv Post they had never received any letter from anyone.

Wayne flew back to the United States alone. He characterizes his time in Kyiv as "a nightmare."

Still, he kept talking to Melnichuk. She told him she wanted to marry him and move to Florida, he said.

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Kyiv Post in its December 24 issue will focus on

YEAR IN REVIEW

2020

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EDITORIALS

Obstruction by design

Ukraine and its Western partners have reached the Viktor Shokin moment again with the General Prosecutor's Office.

Shokin was the obstructionist prosecutor general under President Petro Poroshenko, who thought of criminal justice reform as a public relations ploy to placate the West during his 2014–2019 rule. But Shokin actually served a useful role for the president of protecting the status quo, including the oligarchy, as well as harassing political enemies and shaking down businesses. When the heat got too high for Poroshenko, he ditched Shokin in 2016. But the ever-cynical Poroshenko installed the bumbling, incompetent, non-lawyer Yuriy Lutsenko in Shokin's place.

Lutsenko again served a useful purpose for the corrupt elite: His presence reassured bank owners whose fraud cost \$20 billion to taxpayers that they would face no criminal charges. He made sure that ex-President Viktor Yanukovich's gang, which stole \$40 billion and killed 100 demonstrators, had nothing to fear. He allowed pro-Kremlin politicians to regain power and influence.

That's history. But the misery that President Volodymyr Zelensky is inflicting on the nation today is inexcusable. It would be justified to call for the firing of Prosecutor General Iryna Venediktova. But she is just the latest in a long line of obstructionist-by-design prosecutors — useless to delivering justice, but useful to keeping the corrupt status quo in place.

The Kyiv Post has heard out Venediktova and has given her ample space in the Nov. 27 print edition to make her own case in an op-ed after she refused repeated requests for an on-the-record interview.

She's done nothing to move forward the big cases of the past — such as criminal responsibility for the \$5.6 billion PrivatBank fraud. She refused to authorize an extradition request for Oleg Bakhmatyuk, an exiled Ukrainian mogul wanted for embezzlement and money laundering. Her office has killed the investigation into the Rotterdam+ coal-pricing scheme, in which investigators allege that Ukraine paid \$1.4 billion more than needed. She seems either incapable or uninterested in stopping corruption at the Constitutional Court or Pavlo Vovk's powerful court.

And most recently, she stands accused of sabotaging the investigation into Zelensky's deputy chief of staff Oleg Tatarov, who was under investigation for alleged financial crimes by the National Anti-Corruption Bureau of Ukraine — an agency that he wants to abolish. Venediktova abruptly pulled off four prosecutors working on the case, reportedly scuttling a planned Dec. 2 arrest.

Zelensky is to blame. It just looks like he's covering up for his own — just the way he attacked credible allegations that the brother of his chief of staff Andriy Yermak was selling state positions to the highest bidders.

Bottom line: Venediktova is a law school professor out of her element in delivering criminal justice and overseeing 10,000 prosecutors. She's outmatched by Ukraine's criminal elite. With her, expect no successful criminal prosecutions of any consequence in Ukraine.

The best that can be hoped for is that Venediktova will not follow her predecessors by siccing prosecutors on politically motivated cases against enemies or on business shake-down cases.

If it is not already, it should be clearer than ever that the "new" anti-corruption agencies that came into existence after Yanukovich's overthrow — and now under attack — were a sop from a nation whose leaders have no intention of reforming the existing police, prosecutors or courts.

Ukraine's first oligarch

Yevhen Shcherban was Ukraine's first oligarch. In the lawless 1990s, he built a business empire in the Donbas that included metal, pipes, gas, factories, banks and an early mobile telecom. He was wealthy beyond imagination.

After the collapse of the Soviet Union, as industrial enterprises floundered, he saw how to make money. Shcherban also had political ambitions, serving as a lawmaker in the Verkhovna Rada. He hoped that a protege would become the next president of Ukraine.

But then, on Nov. 3, 1996, Shcherban was gunned down alongside his wife as he exited a private plane at Donetsk airport. Nearly 25 years later, it is clear that his killing changed the Donbas and Ukraine for the worse.

Shcherban's murder likely paved the way for President Leonid Kuchma to win reelection and, later, for Donbas-born Viktor Yanukovich to win the presidency. That led the country to bloodshed, with riot police firing on protesters during the 2014 EuroMaidan Revolution, which would eventually oust Yanukovich.

But while Shcherban's story may provoke us to wonder about alternate histories of Ukraine, the struggle for his business empire after his killing should force us to recognize Ukraine not as it could be, but as it actually is.

After Shcherban's death, oligarchs Rinat Akhmetov and Serhiy Taruta allegedly took over his businesses. Moreover, according to one of Shcherban's sons, they did it by tricking the businessman's children into giving up valuable assets as compensation for a \$5 million debt that Akhmetov claimed their father owed him. What Shcherban's sons gave up was worth far more than \$5 million. Today, Shcherban's son Yevhen Jr. estimates it to be worth \$1 billion — roughly 35% of Akhmetov's fortune today.

Is the younger Shcherban correct? It's difficult to say. If he is, it means that Ukraine's richest man wrongly made a fortune off the sons of his former business partner, an accusation of stealing that his press secretary denies. Today, Akhmetov has substantial holdings in coal, mining and thermoelectricity. He also owns multiple television channels, allowing him to shape public opinion.

If the allegations of Shcherban's son are right, then it's right to ask: How can a country change when people like that — men who benefitted from the murder of their colleague and duped grieving sons out of their inheritance — still play such a central role in the country?

A political culture that prioritizes and protects the ill-gotten wealth of a few while ignoring the grinding poverty of the many means the nation simply will not progress.

NEWS ITEM:
The Ukrainian government still hasn't decided what kind of restrictions to impose to stem the spread of COVID-19, but David Arakhamia, leader of President Volodymyr Zelensky's Servant of the People faction in parliament, said that it is likely to be an "intellectual" lockdown. His comment provoked laughter online. On Dec. 1, Arakhamia clarified that "intellectual" meant that different regions would exit the lockdown at different times, depending on their local epidemiological situations.



NEWS ITEM:
Weekend lockdown isn't working! Oh, wait, now it is



NEWS ITEM:
On Dec. 2, the Ukrainian government ruled to lift the so-called weekend lockdown, which was imposed for three weekends to curb the spread of COVID-19. Health Minister Maksym Stepanov said on Nov. 30 that these restrictions had not brought about the expected results because people and businesses ignored them. On Dec. 3, however, Stepanov said that the weekend lockdown had been effective and the number of new COVID-19 cases dropped slightly.

NEWS ITEM:
As small businesses struggle to weather the COVID-19 crisis, the government is promising to lend a hand. On Nov. 24, President Volodymyr Zelensky said he wants to give Hr 8,000 (\$283) to individual entrepreneurs whose businesses suffered or are on the verge of closure due to the pandemic. Both experts and entrepreneurs are skeptical of the president's promised one-time economic assistance. Businesses say \$283 is not enough. Furthermore, only certain kinds of businesses can apply for relief. Tourism, for example, is not excluded.



NEWS ITEM:
How's that Christmas atmosphere helping your COVID?



NEWS ITEM:
Lviv Mayor Andriy Sadovyi has argued against a full-fledged lockdown on Christmas because he doesn't want to spoil the holiday. On Dec. 1, Sadovyi said that Lviv has a "unique atmosphere" on Christmas and people want to experience it, so all restrictions are useless. This is not the first time that Sadovyi has opposed government measures to contain the virus. In November, he refused to impose a "weekend lockdown" and declared weekends to be working days so local businesses could continue operating legally.

See these features online at kyivpost.com

Ukraine's Friend & Foe Of The Week



Sailors of U.S. Navy's Naval Mobile Construction Battalion 133
American sailors of this already-famous formation have again brought us closer to a more secure Black Sea region — this time, by completing a brand new naval pier in Ukraine's port of Ochakiv.



Peter Sijjarto, Hungary's foreign minister
Hungary's top diplomat continues to challenge Ukraine's sovereignty in Zakarpattia Oblast, where many ethnic Hungarians live. He again threatened to derail Ukraine's partnership with NATO and the European Union.

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Yevhen Shcherban Jr.: Who profited from 1996 murder?

By Olga Rudenko
rudenko@kyivpost.com

For many in today's Ukraine, the name of Yevhen Shcherban is a distant memory.

But his life and, even more so, his death shaped the country as we know it.

In the 1990s, Shcherban was the almighty business mogul of eastern Ukraine — “the master of the Donbas” and Ukraine's first oligarch. Years before the “richest Ukrainians” rankings, he was most likely the richest man in the country.

It all came to an abrupt end. In 1996, Shcherban was brazenly murdered as he stepped off a private jet in Donetsk airport.

His killing led to a redistribution of power in the Donbas and the country.

It led to the rise of Rinat Akhmetov as the richest man in the Donbas. It improved President Leonid Kuchma's chances for a second term. It cleared the way for the ascension of Viktor Yanukovich, who would go on to become president and lead the country to bloodshed.

Several gunshots at the Donetsk airport in November 1996 largely shaped Ukraine as we know it now.

Even 24 years later, who ordered the murder of Shcherban remains an open question.

Now, new evidence suggests foul play determined how Shcherban's legacy is remembered and how his fortune was redistributed.

After the murder, his business empire vanished — but some say it ended up in the hands of today's oligarchs.

After years of investigating the fate of his father's business, his eldest son Yevhen Shcherban Jr. accuses oligarchs Rinat Akhmetov and Serhiy Taruta of seizing the Donbas tycoon's assets and cheating the family out of their inheritance.

“They cheated us,” he says. “They conspired and benefitted from the murder.”

Akhmetov and Taruta, who worked with Shcherban, deny they did any such thing.

The murder

It was Nov. 3, 1996. Shcherban stepped out of a private jet, followed by his wife and one of his three sons, Ruslan.

They had landed in Donetsk, the industrial center of eastern Ukraine, and of Shcherban's business empire. The family was returning from Moscow, where they went for the celebration of singer Iosif Kobzon's wedding anniversary. Kobzon later recalled that they seemed like they were having the time of their life at the party, spending the night taking photos with celebrities.

Shcherban was 50 years old, and his life was on the upswing. A former manager of a state-owned mine, he quickly climbed his way to the top of the young country's business world. He was a co-founder and main figure of the Industrial Union of Donbas (known in Ukraine as ISD), a joint venture of the most powerful businessmen of the region.



Yevhen Shcherban, eldest son of the murdered businessman, speaks with the Kyiv Post on Nov. 16, 2020 in the newspaper's office in Kyiv.

Kostyantyn Chernichkin

Politics attracted him, too. He was a lawmaker with his own party, and planned to make one of his allies the next president.

Finally, he had three sons and was happily married. He used to tell his sons: “You have no idea how rich we are.” He was only about to get richer.

He stepped from the plane and headed to his car, a bulletproof Chevrolet Caprice.

Two men were walking by the plane. Suddenly, they drew submachine guns.

The first shot hit Shcherban in the back of his head. Others killed his wife and two airport staffers.

The investigation into who organized the murder is still open, 24 years later.

Officially, the investigation's only suspect remains Pavlo Lazarenko, Ukraine's scandalous ex-prime minister, who embezzled at least \$200 million from the country and was convicted in the U.S. on money laundering charges. It is alleged that Lazarenko organized the murder of Shcherban to clear the way for his gas selling company to do business directly with the Donbas companies.

In 2013, Yulia Tymoshenko was accused of organizing the murder with Lazarenko. At the time, Tymoshenko was an opponent and political prisoner of Viktor Yanukovich, who was under pressure from the West over her conviction. She denied the accusations and, in turn, accused Yanukovich, saying that Shcherban's murder benefitted him and Akhmetov, his party's sponsor.

One of Shcherban's sons, Ruslan Shcherban, was a witness of the prosecution. He said that his father had a business conflict with Tymoshenko and Lazarenko and received threats from them. He repeated that in an open letter to then-U.S. Ambassador John Tefft.

His brother Yevhen Shcherban was also questioned, but knew nothing of Tymoshenko's role. Still, to his astonishment, he was offered to sign a pre-drafted testimony that said he knew of his father's hostilities with

Tymoshenko.

“When you don't know where to look, follow the money,” Shcherban says. “I'm thinking about who profited from the murder. Tymoshenko didn't profit from it.”

“But that interrogation was my wake-up moment,” he adds.

Not only did he realize the investigation was shady, but he heard for the first time that his father was a co-founder of ISD. It made him wonder what happened to his share of the company.

The empire

Reconstructing all the parts of Shcherban's business empire is nearly impossible today.

Shcherban traded metal, alcohol, steel pipes and gas. He owned factories, restaurants, a bank, and even one of Ukraine's first mobile carriers, DCC.

Like many at that time, Shcherban seized the opportunity to fill in the gaps left by the dissolution of the Soviet “planned economy.” The break-up of the Soviet Union disrupted the supply and distribution chains, often leaving huge enterprises helpless and cashless.

A metal plant would keep producing metal but not know where to sell it and have no cash to pay the bills and salaries. Quick-minded early businessmen like Shcherban would help them out: Pick up the metal, find a pipe-making plant that needs it, pick up some pipes as payment, find someone who needs the pipes, and so on.

The businessmen were making fortunes in the process, while the enterprises deteriorated. Then, they could privatize them cheaply.

“It is easy for people like me to make money today,” Shcherban said in one archive video. “The country after the Communists is like a clean sheet of paper. Anyone can get rich — and legally so.”

In the last year of his life,

Shcherban's focus was on ISD.

ISD was a business venture co-founded by several of the most powerful people in Donetsk Oblast.

One of its most important functions was to serve as an intermediary for all gas that was supplied to the region — and take their cut from it.

But ISD's interests clashed with those of another powerful group — United Energy Systems of Ukraine, or UESU. It was controlled by Yulia Tymoshenko and, unofficially, Prime Minister Pavlo Lazarenko.

UESU was Ukraine's main importer of natural gas from Russia and Central Asia. The company was eyeing Donetsk Oblast, the nest of heavy industry that consumed a lot of gas.

UESU wanted to sell gas to them directly. Shcherban and his partners wanted UESU to go through them.

In 1995, the two groups — known as the Donetsk clan and the Dnipropetrovsk clan — reached an agreement. ISD was to be an intermediary between UESU and gas consumers in the region.

Apart from gas, ISD traded pipes and metal.

According to Yevhen Shcherban, ISD's turnover in its first year of work was \$480 million, according to the documents he recovered. His father planned that the company would be making \$200 million a year in profit.

When Shcherban was killed, his heirs knew little, if anything, about this new venture. No one hurried to tell them.

Serhiy Taruta

When Shcherban was murdered, his three sons got a surprisingly modest inheritance. It included a shell of a bank, a mineral water factory and some real estate that could be sold or rented.

What happened to everything else, including the crown jewel, the

Industrial Union of Donbas?

Yevhen Shcherban Jr. is sure that it was taken over by Shcherban's partners, Taruta and Akhmetov.

ISD had several founders. Each founder was represented by a company in the union: Shcherban by Azovimpeks; Rinat Akhmetov by DonGorBank; Vitaly Gaiduk by Vizavi; and Aleksandr Momot by Danko. Meanwhile, Taruta was hired as the executive director of ISD.

Then, two of the founders, Momot and Shcherban, were killed.

This is where the ownership of ISD gets blurry, and Taruta emerges as the co-owner of the enterprise.

The explanations why differ. Yevhen Shcherban Jr. and his father's associates say that Taruta was a hired manager and are surprised that he emerged as a co-owner of ISD.

Taruta has offered two explanations. In several interviews and court testimonies, he said that he co-owned Azovimpeks (and, through it, ISD) with Shcherban. In others, he called himself the founder of Azovimpeks with no mention of Shcherban at all.

Such was the case with a 2020 hearing in a London court over a conflict with Gaiduk. Court testimonies suggested that, as of mid-1996, Taruta owned 35% of ISD, with the other partners being Gaiduk and, allegedly, Akhmetov. It's like Shcherban was never there.

Taruta's press service didn't reply to the Kyiv Post's requests to comment for this story.

“Taruta somehow became the successor of my father's share of ISD,” says Yevhen Shcherban Jr.

“But it wouldn't have been possible without what Akhmetov did,” he adds.

Rinat Akhmetov

According to Shcherban, three months after his father's murder, Akhmetov invited him and his younger brother Ruslan for a meeting.

The two men were 26 and 19 years old. Akhmetov was just 30, but already experienced in the intricacies of doing business in the 1990s Donbas. A year earlier, his senior partner Akhat Bragin was killed during a football game — blown up in a bomb blast — and Akhmetov took charge.

“We were close in age, but incomparable in terms of experience,” says Shcherban.

At the meeting, Akhmetov told the two men that they owed him money. Some \$5 million, according to Shcherban.

“He said that the money was missing from the accounts of a company that he co-owned with our father,” Shcherban recalls. “He said that our father had it transferred somewhere, and it was gone. He put up these documents in front of us, which I didn't understand that well.”

According to him, Akhmetov wanted the two heirs to recognize the debt. Then the meeting was over.

“In the doorway, he turned back, looked at us and tapped on his

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Ukraine's surviving banks are facing challenges not only from COVID-19

By Natalia Datskevych
datskevych@kyivpost.com

A severe economic crisis caused by the COVID-19 pandemic could have brought Ukraine's banking system to its knees.

But that didn't happen. It remained stable, proving that the country's five-year cleanup of the banking sector, which eliminated nearly two-thirds of Ukraine's banks for illicit schemes, was not in vain.

Despite a 23% drop in net profits by the end of October, 62 out of 74 operating banks in Ukraine remain profitable, according to Olena Korobkova, executive director at the Independent Association of Banks of Ukraine.

Altogether they earned \$1.45 billion, demonstrating a slow recovery this fall.

"This is the first time for our country that an economic crisis does not go hand in hand with a financial one," said Kateryna Rozhkova, first deputy governor of the National Bank of Ukraine, during the Banking Forum on Oct. 15.

During the financial crisis following the EuroMaidan Revolution and Russia's invasion of Ukraine in 2014, the country's banking sector experienced a serious shock, provoking dozens of bankruptcies.

It was far worse than what European and U.S. banks are experiencing at the moment, according to Yulia Kyrpa, head of banking and finance at Aequo law firm.

15 largest banks in Ukraine by assets (as of Oct. 1, 2020)

Name of bank	Total assets, \$ billion	Growth since beginning of 2019, \$ billion	Form of ownership
PrivatBank	22.2	+1.78	State-owned (100% owned by Ukraine's government)
Oschadbank	9.86	-1.8	State-owned (100% owned by Ukraine's government)
Ukreximbank	8.4	+0.8	State-owned (100% owned by Ukraine's government)
UkrGasbank	6.1	+1.4	State-owned (Ukraine's Ministry of Finance – 94.94%; 20 individuals own the rest)
Raiffeisen Bank Aval	4.05	+0.5	Private (Raiffeisen Group – 68.28%; EBRR – 30%)
Alfa-Bank	3.76	+0.5	Private (7 shareholders – the largest share, 32.8%, belongs to Mikhail Fridman and 20.9% to German Khan)
PUMB (The First Ukrainian International Bank)	2.98	+0.6	Private (SCM Finance – 92.24% of shares)
UkrSibBank	2.57	+0.49	Private (BNP Paribas – 60%, European Bank for Reconstruction & Development – 40%)
Sberbank of Russia	2.46	+0.28	Russia-owned (Central Bank of Russia – 50%+1 voting share)
OTP Bank	2.25	+0.42	Private (OTP Bank Plc, Hungary – 100%)
Credit Agricole	1.83	+0.45	Private (Credit Agricole Group, France – 100%)
Pivdennyi	1.3	+0.15	Private (Ukrainian Yuri Rodin – 28.7%; enterprises under Rodin's control – 34.8%; Mark Bekker – 18.5%, Alla Vanetsiants – 10.1%)
Citibank (Ukraine)	1.15	-0.01	Private (Citibank Overseas Investment Corporation – 67%; Citicorp Leasing International LLC – 33%)
Universal Bank	1.07	+0.3	Private (Cyprus Bailican Limited /TAS Group of Sergiy Tigipko – 100%)
ProCredit Bank	1.03	+0.12	Private (100% owned by ProCredit Holding AG & Co. KGaA, Germany)

Source: National Bank of Ukraine

As a result, "there was no mass hysteria and depositors did not rush to withdraw their funds," said Gabriel Aslanian, a banking legal adviser at the Asters law firm.

Moreover, the quarantine forced many Ukrainian banks to invest in online technologies to be able to serve customers online.

"In the first months of quarantine, banks were forced to go through the path of digital modernization, which was previously planned for several years in the future," said Korobkova.

According to financial analyst Ruslan Cherniy, it will help them to be competitive on the financial market – for example, when, in a few years, companies like Amazon with their own payment systems enter Ukraine and partially replace banking services.

"This quarantine will help Ukrainian banks to survive in the future," he said.

So what risks are there for the banks? Experts say that, should the government impose another lengthy quarantine, stripping Ukraine of 15–20% of gross domestic product, the banking sector will be heavily harmed.

Key trends

As the National Bank of Ukraine decreased its prime rate to a historic low of 6% this summer, banks also decreased their interest rates to the record 9%.

"The era of high interest rates has ended, and we need to look for other tools to work further and maintain efficiency, including optimizing processes in the banking sector," said Rozhkova.

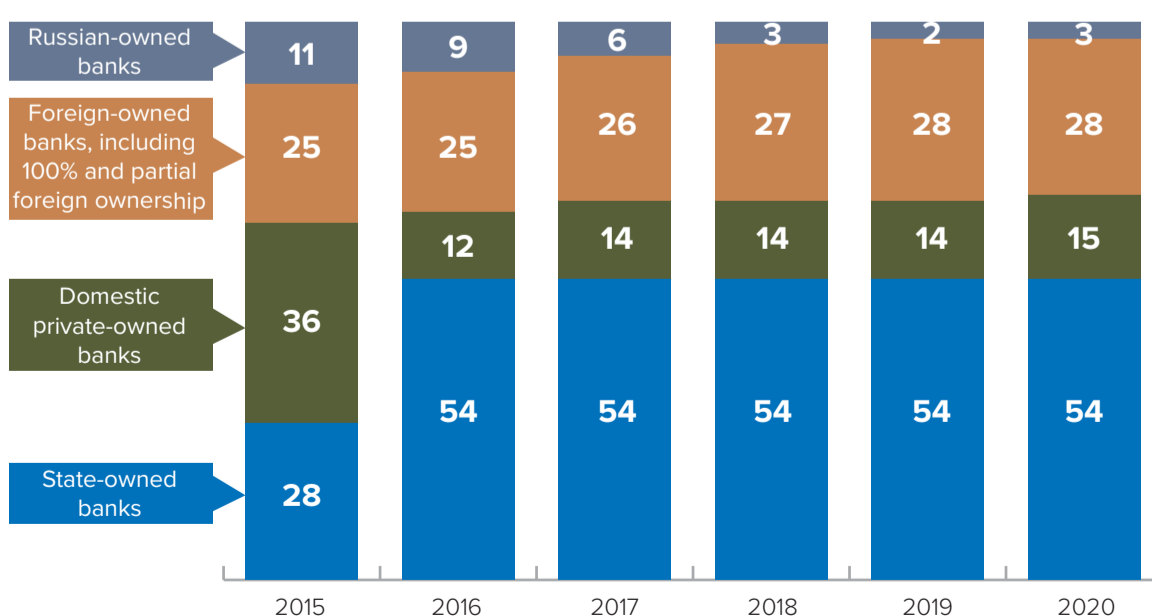
Surprisingly, the rate change did

After so many banks were removed from the Ukrainian market, strict requirements for financial monitoring were introduced. That proved extremely helpful during the pandemic.

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Dynamics of market share by ownership of banks in Ukraine, 2015-2020

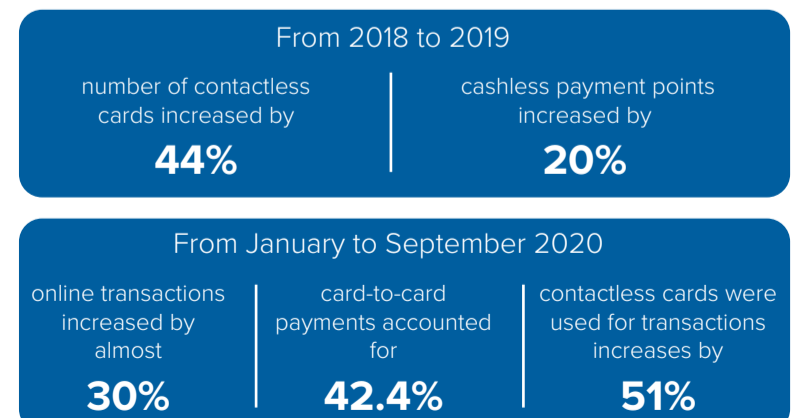
% of total bank assets



Since 2016, when Ukraine's largest bank Privatbank was nationalized, the share of the state in the banking sector remained extremely high – 55%. At the same time, in the European Union countries the share of the state does not exceed 15%.

Source: Berlin Economics consultancy

Contactless payments on the rise



At the end of 2018, 42 million personal payment cards were in circulation, in a country where 38 million Ukrainian were over 15, the legal age to possess a card. However, Ukrainians are using more and more cashless payments, as well as online payments, due to the pandemic and quarantine restrictions: 86% of card transactions were made in a cashless form between January and September 2020.

Source: National Bank of Ukraine

Risks of lending remain too high for many banks to extend credit

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not provoke any outflow of deposits from banks.

Moreover, the inflow of deposits grew by 27% in the national currency and by 5% in foreign currencies for the first nine months of the year, central bank governor Kyrylo Shevchenko reported during a briefing on Oct. 23.

Due to quarantine measures and significantly reduced incomes among Ukrainian citizens, the growth of consumer loans decreased threefold to 9% as of October. But experts see the lack of corporate lending as a much bigger problem.

"For many banks, the risks for lending to businesses are still very high compared to the profits that

they can bring in," said Ihor Olekhov, head of the banking and finance practice at the CMS law firm.

"In order to lend to a business, there should be a project and a borrower with a good reputation. It is difficult to find new ones," said Kyrpa.

There are also historical reasons for Ukrainian banks' weak desire to lend. Until last year, the government had never adopted a law on creditors' rights.

"Lawmakers and their inner circle had giant loan portfolios in banks for their corporations," said Cherniy. "This situation just killed any desire of banks to work in the real sector."

Nevertheless, during the pandemic some banks slowly started lending to small and medium businesses.

In parallel, the government

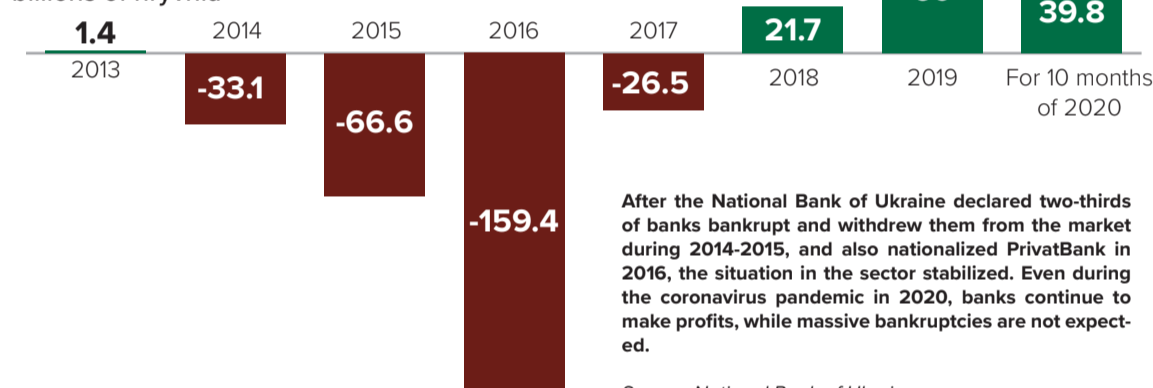


Volodymyr Petrov

A man passes the entrance of the National Bank of Ukraine in Kyiv on Dec. 2, 2020. When the central bank lowered its prime rate to a historic low of 6% this summer, it marked the end of the "era of high interest rates," according to the first deputy governor of the National Bank of Ukraine Kateryna Rozhko.

Dynamics of profitability of Ukrainian banking system, 2013–2020

billions of hryvnia



After the National Bank of Ukraine declared two-thirds of banks bankrupt and withdrew them from the market during 2014-2015, and also nationalized PrivatBank in 2016, the situation in the sector stabilized. Even during the coronavirus pandemic in 2020, banks continue to make profits, while massive bankruptcies are not expected.

Source: National Bank of Ukraine

Ukrainian financial technology sector, in figures

Despite unequal access to the internet and smartphones, Ukraine ranks 4th in the world in terms of contactless payments.

- No.4 in the world by contactless payments
- Population: estimated 42 million at the beginning of 2019
- Regular internet users: 63% of the population
- 79.4% of terminals include contactless payments
- IT industry's share of GDP in 2019: 4%
- Over 100 fintech companies on the market
- 63% entirely self-financed companies
- 82% of fintech companies have headquarters in Kyiv
- 58% of fintech companies founded after 2017
- 43% operate internationally

Sources: NBU, the State Statistics Service of Ukraine, the Ministry of Economic Development and Trade of Ukraine, the Ukrainian Internet Association (UIA), LEAD9 / KIIS, the World Bank.

launched its program of affordable loans for these businesses. It was intended to compensate for the interest on already-issued loans, but could not amount to more than 200,000 euros for three years.

According to Ruslan Hashev, former executive director at the Business Development Fund, more than 20 banks in Ukraine partici-

pated in this program and issued loans totaling \$185 million for nearly 5,000 entrepreneurs.

"With this program, we significantly reduced risks for the banking sector from the growth of nonperforming loans in their portfolio," said Hashev.

Digitalization became another tendency on the market. It led many

banks in Ukraine to start closing branches and firing workers.

Overall, almost 2,000 employees were dismissed and 500 branches were closed across the country, according to the Ministry of Finance of Ukraine.

"Closing branches is a normal

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SUSTAINABLE BANKING CAN HELP BEAT COVID-19

Advertisement



Laurent Dupuch
UKRSIBBANK CEO & Country Director

UKRSIBBANK BNP Paribas Group takes the principles of sustainable banking very seriously. As the Ukrainian subsidiary of the international banking group BNP Paribas, UKRSIBBANK has tailored the bank's Corporate Social Responsibility (CSR) strategy for the Ukrainian environment. And this approach to contemporary banking is all the more relevant now, during the coronavirus crisis, as UKRSIBBANK has been applying key CSR commitments to helping alleviate the Covid-19 pressures on the economy, healthcare system and society, and preparing to rebuild the post-pandemic world.

"The swift reaction of our team to the Covid-19 crisis was remarkable," UKRSIBBANK CEO & Country

Director Laurent Dupuch says. "We were able to keep the bank open from the start while mobilizing to protect our customers and our staff. This was absolutely critical."

"It's a mindset"

During his nearly thirty-year career at BNP Paribas, Laurent Dupuch has worked around the world, but he only took up his Ukraine post at the onset of the pandemic in March. "It was a sort of baptism by fire, but what struck me right away was just how important banks were in the day to day life of people," he says. "And so not only did we have to keep the banking system running, but also continue our modernization plans and keep to our sustainable banking goals."

For Laurent Dupuch, sustainable banking is a mindset to ensure that daily decisions are made with CSR goals in mind, not only within the bank, but also among clients. "To put it simply, we need to be totally responsible. We need to be sure that each and every business we deal with is sustainable," he explains. "Our strategy is to have CSR goals, and we translate that into sustainable banking, to have a positive impact in our day to day actions. This is something I ask myself every morning." Laurent Dupuch admits that he has had to turn down deals because he was not convinced that they were sustainable.

Laurent Dupuch sees three components as integral to successful CSR development. One is to develop "positive impact deals" with customers. A second

is to ensure that the company will have a "positive local footprint", such as reducing CO2 emissions via more environmentally friendly technology or lower consumption. The third is to "increase awareness", to explain and ensure that CSR heads everyone's agenda. "When we agree to do something, we must be sure that CSR is addressed in a relevant way and in the long term has a positive impact," the CEO says.

Fostering potential

In addition to ensuring that staff and customers focus on CSR principles, UKRSIBBANK has launched several initiatives to address some of the challenges Ukrainian society faces. The Women in Business program has been particularly successful, with five online seminars planned for this year alone. "I am very proud of this project, which UKRSIBBANK developed," Laurent Dupuch says. "This is very important because we see in Ukraine that the more active women are in the economy, the better it will be. They're a source for accelerating sustainable growth. This program is a concrete way to help women-entrepreneurs and women-managers to play an increasing role in the economy."

And while the proportion of Women in business and the economy stands at around 25% in Ukraine, UKRSIBBANK can boast that roughly three-quarters of its staff are women, including 60% in management positions.

Another one of UKRSIBBANK's long-term CSR projects is a charity for Downs Syndrome. "We believe

it's vital to help those people take their rightful place in society, as well as to change unfounded perceptions of them," Laurent Dupuch says, noting that the coronavirus pandemic will not affect this project going forward.

Ready for the recovery

A prime example of UKRSIBBANK's ability to quickly adapt its CSR strategy to local conditions and make a positive impact is its response to the Covid-19 crisis. When the pandemic reached Ukraine, the bank leapt into action by forging relationships with various associations to aid the over-burdened healthcare system. "We were able to help more than 70 hospitals around the country by providing them with the equipment necessary to fight this crisis," Laurent Dupuch explains. "We wanted to focus on those on the front line of defence, medical personnel, so that they can do their very important job with more gear and less stress."

Laurent Dupuch is confident that the country can swiftly return to steady growth once the pandemic subsides, and so he has ensured that UKRSIBBANK is fully prepared for when that happens. "After the first lockdown, the economy recovered quickly, so we need to be ready to service our clients once this is all over, because our role, our sustainable role – and this is really CSR – is to be fit and ready, to be the financing partner of our clients for them to develop their business. And we will be ready."

Banks slog to reduce mountain of bad loans

By Igor Kossov
kossov@kyivpost.com

This year, state banks have started to chip away at their massive volume of non-performing loans, known as NPLs.

Previously, they risked legal trouble for “mismanaging state funds” if they were to sell NPLs at a discount. But new guidelines approved by the Cabinet of Ministers in April finally gave state banks a pathway toward healthier credit portfolios.

Reducing NPLs is also one of the International Monetary Fund’s major demands of Ukraine. The country’s Financial Stability Council in July approved a plan for government banks to reduce their NPL portfolios by Hr 305 billion (\$10.8 billion) in three years.

They need it. Government banks, which dominate Ukraine’s banking sector, also account for almost three quarters of total NPLs in the country. According to NBU statistics, private banks have done a much better job of reducing their NPLs over the past several years.

“Banks with private capital are more flexible in managing bad debts, from prosecuting insolvent borrowers, to writing off bad debts,” said Olena Korobkova, head of the Association of Independent Banks of Ukraine.

But even state banks have made some progress. The share of problem loans in state-owned banks, excluding PrivatBank, decreased from 47.6% in September to 43.5% in October.

At the same time, the share of non-performing loans in the banking sector has decreased from 48% to 45.6% as of October 1, mainly through write-offs. They now total half a trillion hryvnias – or over \$17 billion.

But conditions in the country still make it hard to reduce NPLs either by selling them or by reducing their total percentage by issuing new loans.

“The main problem with NPLs is the judicial system,” said Serhiy Fursa, head of fixed income at Dragon Capital. “Until there are improvements in the judicial sys-



Pedestrians walk past a poster advertising commercial loans on Aug. 6, 2019 in Kyiv. Ukrainian banks have been working to clean up their credit portfolios to reduce the volume of non-performing loans.

tem up to the creation of new courts that handle problems in the financial system... the problem with NPLs will be very hard to solve.”

Artem Shevlev, a former deputy finance minister of Ukraine, agreed that actions to reduce NPLs are highly dependent on the Ukrainian courts.

“All of the former debtors are abusing our courts,” he said. “They’re making the work of recovery very problematic.”

The same courts also interfere with sales of assets from the bank’s balance. Whenever a serious buyer shows up, courts tend to block the sale, following lawsuits by former owners or their proxies.

Korobkova said that moratoriums are also a major problem that block debt recovery, even when the courts are on your side.

For example, this year saw an extension of the moratorium on foreclosure on foreign currency loans, as well as several new mor-

atoriums introduced in connection with COVID-19: opening bankruptcy cases at the lenders’ initiative, penalties for late payments and others.

“An analysis of the payment discipline of borrowers... showed that since the entry into force of legislation on the release of all borrowers from liability for breach of contract, the level of overdue loans increased by 30%... despite the fact that the total volume of the portfolio remained unchanged,” according to the banking association.

Korobkova said that Ukraine has a profitable NPL market in spite of the risks associated with these assets. Shevlev agreed, but said that interest is limited to loans with interesting assets attached, such as hotels, resorts or gas stations.

To expand this market, Ukraine needs foreign buyers who specialize in distressed debts, he added. But the courts’ depredations keep these buyers at bay.

easy credit to businesses as a form of relief, which can ultimately layer new NPLs on top of old ones. Ukraine is no different, having expanded its small business lending program.

However, this is not the end of the world, said Shevlev. Over the past several years since Ukraine was forced to declare roughly 100 local banks insolvent and nationalize them in 2014–2015, risk control systems in the country have improved significantly.

But better risk control means banks are also unwilling to lend, reducing many businesses’ and individuals’ access to credit. While liquidity remains high and banks are ready to lend to high-quality borrowers, such borrowers are few on the ground.

“The point is that there aren’t solvent borrowers,” said Eugene Dubogryz, a former financial stability deputy at the National Bank of Ukraine. “Because there’s a crisis and because it’s hard for remaining borrowers to work ‘in the white,’” meaning on the books.

And if they’re working in the shadows to avoid taxes, banks can’t lend to them because that’s an unacceptable level of risk.

Dubogryz said that banks understand to whom they’re lending money and whether the borrower will pay it back. And government banks haven’t been working with their problem loans very well, he added, especially given that they have such a huge volume of loans, including to very well known companies.

“They pay back private banks and don’t pay back state banks,” he said.

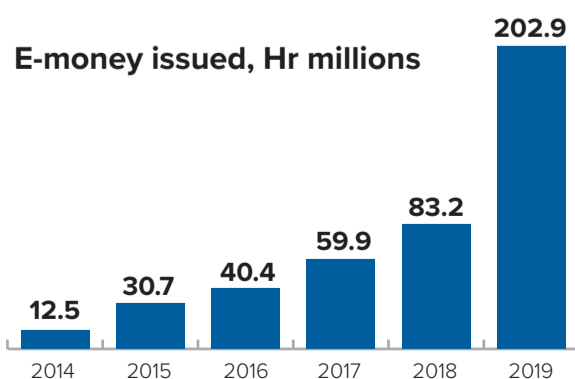
Even solvent borrowers who are willing and able to pay their debts suffer as a result, Fursa said. ❁

The e-money market has grown rapidly in Ukraine since 2014.

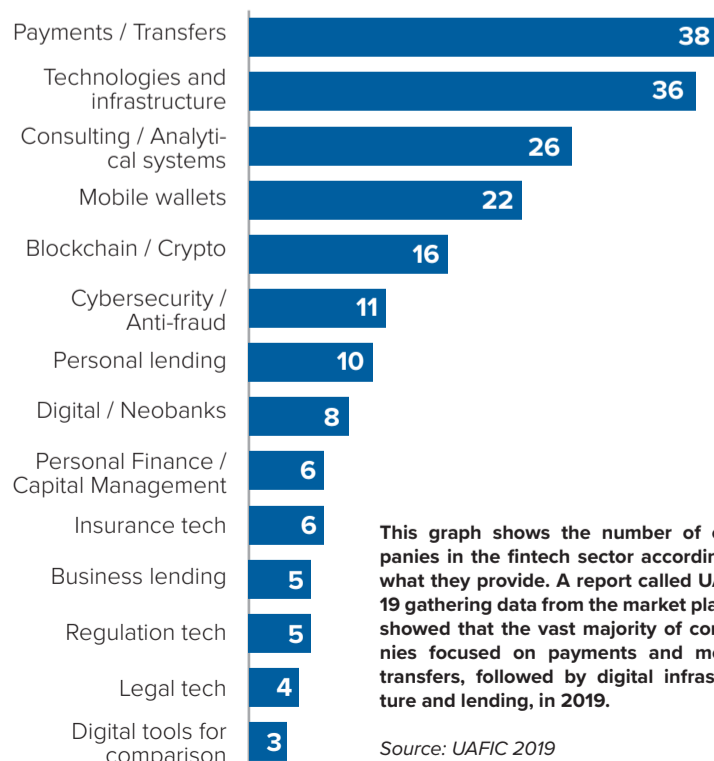
Banks increased:

- e-money issued by almost **2.5 times** (by Hr 119.7 million) from Hr 83.2 million in 2018 to Hr 202.9 million in 2019
- e-money transactions by **2.3 times** (by Hr 9.49 million) from Hr 7.23 million to Hr 16.71 million
- number of e-wallets by **17%** (by 11.2 million) from 62.7 million to 73.9 million.

Source : NBU annual report 2019



Payments and digital infrastructure lead the way



This graph shows the number of companies in the fintech sector according to what they provide. A report called UAFIC 19 gathering data from the market players showed that the vast majority of companies focused on payments and money transfers, followed by digital infrastructure and lending, in 2019.

Source: UAFIC 2019

Kostyantyn Chernichkin



First Deputy Governor of the National Bank of Ukraine Kateryna Rozhkova speaks with the Kyiv Post on Sept. 21, 2020. Rozhkova and Dmytro Sologub, the other central bank veteran who served under governors Yakiv Smolii and Valeria Gontareva, were reprimanded in late October for talking to the media, including to the Kyiv Post, under new governor Kyrilo Shevchenko. The incident was a troubling indicator to some in the West and in the business community that political pressures are eroding the central bank's independence.

State owns most of banking sector, a big contrast to situation in European Union

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trend and there is nothing wrong with that," said Kyrpa. "Banks do not need so many."

During the lockdown, it became clear that so-called neo-banks and fin-tech companies, which do not have physical branches and operate have much lower tariffs for their services, may become real alternatives on the financial market.

"It's a global tendency," said Kyrpa.

New bankruptcies?

Since the beginning of the year, only one Ukrainian bank – Arkada – was declared insolvent by the National Bank of Ukraine.

But all experts agreed that this was not due to the pandemic, but due to its business model focused exclusively on construction.

Kyrpa does not expect any other bankruptcies in the near future. But other experts are not so sure.

Cherniy forecasts that some will leave the market next year if their shareholders don't know how to run their business in the current conditions or don't want to invest in the banks' capital.

"I think it may be seven to 10 banks for sure," he said.

According to Korobkova, the economic crisis may push shareholders in several Ukrainian banks to just leave the market.

Moreover, after the NBU did its stress test this summer, it turned out that the government needed to pour money into the nine weakest banks. Two of them are state owned – Oschadbank and Ukreximbank.

The latter bank had the largest losses, \$80 million, in the Ukrainian

banking system by the end of July 2020. Most likely, the government will support the state banks. Private banks are still an open question.

"If they won't receive additional capitalization, then the consequences may be sad (for them)," said Aslanian.

State banks vs. market

In the European Union, the state's share in the banking sector does not exceed 10–15%. But in Ukraine, four state owned banks – PrivatBank, Oschadbank, Ukrzazbank and Eximbank – make up over 55% of the sector.

That came about due to the nationalization of the country's largest bank, PrivatBank, in 2016, which "saved the country's financial system from an immense shock," Korobkova said.

But that huge state presence negatively affects competition on the market.

Due to the Covid-19 pandemic the process of banks' privatization planned by the government has slowed down.

According to Shevchenko, partial privatization of Ukraine's state-owned banks will begin no later than in the next four years.

Only Eximbank, which focuses on international trade and payments, should remain in the state's ownership, the experts agreed unanimously.

"Everything else – it's private business," said Olekhov. "If the NBU will work properly and will regulate private banks in the right way, we won't need state-owned banks."

Hashev agreed, calling such a large share of state banks "not normal." It is one reason foreign banks don't want to enter the country, he added.

"Why would they enter if we don't have enough competition and the state can influence the whole market?" said Hashev.

Too risky to enter Ukraine

Almost 30% of banks operating in Ukraine are foreign, but, for the past five years, not a single new one has entered the country's market.

"It's a sign that we have a problem in this sector," said Olekhov.

Those foreign banks that already operate in Ukraine entered the country many years ago, and "still believe in some prospects for the Ukrainian market."

But while other countries, like Turkey, can boast plenty of European, American and Asian players in the banking sector, "Ukraine is not on the map for those banks," Olekhov said.

Among key issues obstacles are problems with the Ukrainian judicial and law enforcement systems, and a toxic business climate.

"The cost of doing such business in Ukraine is too high for them," he said.

Recent rulings by the Constitutional Court, which undermined the country's anti-corruption institutions, adds more risks for foreign investors in the banking sector, experts said.

"The decisions adopted there may have a very serious impact on what will happen in the country," said Aslanian.

Should the court declare PrivatBank's nationalization unconstitutional, which it has threatened, that will be even worse.

"We cannot imagine the scale of the crisis it could provoke. This is a huge key risk," said Aslanian. ☹

BUSINESS ADVISER

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Ukrainian banks vs unfair corporate debtors: the recent context



Iryna Kalnytska,
Partner, Head of Tax practice,
Restructuring, Claims and
Recoveries practice, Attorney at law

Non-performing loans (NPL) are one of the most popular types of credit contract breaches that substantially distort the economy of any country and damage the health of the banking system as a whole. In Ukraine, the issue is especially acute: nearly half the credit portfolio of Ukrainian banks is non-performing.

Most of the problematic debtors are corporate clients, and the reasons for that vary from solvency problems to fraud and a range of other unfair actions on part of the businesses' owners.

The National Bank of Ukraine is permanently encouraging banks to reduce the level of NPL using different means available. However, this task is rather challenging, mostly due to obstacles artificially created by unfair debtors.

Takeaway points from famous cases

Within the last two years, several high-profile problematic debt cases were widely discussed in the media.

In this regard, the **T.M.M. Firm vs Alfa-Bank case** is worth considering. T.M.M. Firm is a large Ukrainian developer. The value of the Firm's debt before Ukrzazbank (which was later purchased by Alfa-Bank) was EUR 15 million. The bank exhausted all the possible pretrial remedies to recover the debt, yet unsuccessfully. Neither the restructuring, nor the proposal to the Firm to purchase its own debt with a large discount enabled the bank to receive any repayment. The bank was forced to apply to the court, which originally took the side of the bank and after that the Firm's property was set up for auction.

However, as it turned out, that was not the end of the play. The Firm challenged the legality of the auctions in court. After losing in these proceedings, the Firm attempted to cancel the decision of the arbitration court regarding debt recovery, which was decided in favour of the bank. Surprisingly, the courts took the side of the Firm, despite the previous opposite findings of the Supreme Court (including the Grand Chamber) in similar cases.

This case demonstrates how contradictory court practices can negatively impact creditors' rights even when the existing legislative mechanisms are used properly. Also it shows how it is important to elaborate a very detailed legal strategy in the debt restructuring case and to consider all risks from the very beginning.

The second complicated case is the one related to **T.B. Fruit Group**, the largest producer of juices and fruit concentrates in Ukraine. The companies of the group owed a significant amount to Delta Bank, which went bankrupt. One of the possible causes of the bank's bankruptcy is the preceding set-off between Delta bank and third companies investors that have deposits in the bank, after which Delta Bank's investors became the Group's companies' creditors. As a result of such allegedly illegal actions, the Deposit Guarantee Fund suffered losses. The claims against the Group's companies were purchased from the Fund by the Investohills Vesta financial company, which is currently engaged in court proceedings regarding debt recovery.

However, the most interesting thing is that one of the group's companies has insolvency proceedings opened at the request of an associated enterprise. This means that insolvency might be artificial with the aim of avoiding debt repayment.

In such cases it is very important for the creditor to act promptly and to challenge the illegal or artificial bankruptcy of the borrower until the court sets out the moratorium for the out-of-court foreclosure on the collateral or finds the debtor insolvent.

The case of Desko Ukraine is another well-known recent NPL case. The enterprise manufactured sun feed oil in Kherson Oblast. The credit has been granted to the company West Finance and Credit Bank, and one of the company's founders acted as a guarantor. The debt then became problematic and the restructuring did not resolve the issue. Thus, the Bank initiated court proceedings. The guarantor lodged a counterclaim, requesting the court to declare the guarantee agreement invalid. The court took the side of the bank. However, the Bank's officials informed the media that they discovered the loss of the property subject to foreclosure after arriving at its location.

This case shows how it is important to monitor regularly the condition of the collateral and require the borrower to provide evidence proving that the collateral still exists and is maintained properly.

One more example of an allegedly unfair debtor's behavior can be found in a case of Kyiv-Odyah. The circumstances are suspicious: the debtor submitted that the claims under the credit agreement were assigned by Ukrzazbank to company Jupiter Service Ltd, registered in the United States, while the bank denied that such an agreement was signed.

Although the court of first instance ruled in favour of the bank, this judgment was cancelled by the upper courts and the claim assignment agreement was declared properly concluded. According to the final judgment, the debtor has fully complied with the obligations before the new creditor and thus, any obligations before the bank are terminated. Numerous criminal cases were initiated on the fact that officials of Ukrzazbank did not sign the contested assignment agreement. However, all of them are still pending.

NPL: the major reasons

The above mentioned cases demonstrate one of the reasons for a high level of NPL in the Ukrainian banking system: the unwillingness to repay the debts and related unfair actions of the debtors.

This is obviously not the only reason for the problem. Corporate debtors often raise arguments related to financial problems in court proceedings. Bankruptcy is also frequently at stake, yet it must be taken into account that bankruptcy may be an artificial strategy to avoid debt repayment.

The reports of the National Bank of Ukraine state that the COVID-19 related crisis can have a significant negative impact on the solvency of corporate debtors. The most affected branches are metallurgy, machinery, commercial real estate and non-food retail. However, the crisis, according to the estimations of the National Bank of Ukraine, will dramatically influence only the banks, which have problematic portfolios for years due to credits granted to associated enterprises and insufficient risk management.

Enforcement of creditors' rights: the ways out of the trap

It is no big secret that court disputes for debt recovery can last for years and not reach any result acceptable for the creditor.

As for out-of-court proceedings, their effectiveness and duration vary significantly depending on the goal of the creditor and the peculiarities of the situation, especially the behavior of the debtor. The foreclosure can become challenging because of artificial arrests of immovable property, numerous court claims lodged by a debtor to prevent the recovery, fake insolvency proceedings, etc.

The bank, for its part, can aim to bankrupt the debtor or to support it. In view of the aim, different means of restructuring or other measures can be used.

Therefore, the action plan in each case should be drawn up individually, with due account of all the circumstances. In any event, the mission to recover problematic debts at least in part is possible.

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Naive men lose money & more to scamming Ukrainian women

page 3 →

The only obstacle for her was the COVID-19 pandemic.

"You have no idea how I am waiting for the end of quarantine and the opportunity to be with you. (To) fly on the wings of the night and find yourself in your fabulous embrace," Melnichuk wrote in a message that Wayne showed the Kyiv Post.

"When you meet me at the airport, we'll run around with balls and drink champagne from the throat lol, what will happen next? Something so passionate and crazy?" the letter continues in poor English.

Now, Melnichuk is waiting for restrictions on international travel imposed to stem the spread of COVID-19 to be lifted, Wayne said.

"And I am kind of sitting here waiting for flights to resume and to see (whether she comes)," he added hesitantly. "Part of me wishes she was true. She seems like a sweet, loving, innocent woman, but another part of me says there is somebody else behind this."

Life ruined

If Wayne was unhappy that Melnichuk did not meet him at the airport, Gregory from Texas wishes that the Ukrainian woman he met had never shown up.

He says that his experience dating in Odesa ruined his life. "It took so much from me," Gregory told the Kyiv Post.

It happened in 2013, but was so brutal that Gregory has never fully recovered from it. At the time, he was 35 and was actively seeking a pretty girlfriend. Ukraine was the right place to look, a family friend who had married a Ukrainian told him.

So Gregory went on Anastasia Date, an international matchmaking website. He set up dates with a few women in Ukraine. One of them was 21-year-old Kristina.

During his first trip to Ukraine, they met in Odesa shortly before he flew home. After that, they stayed in touch. A few months later, Gregory returned to Ukraine.

"She was the first person I wanted to see. I was very excited to spend time with her," he said.

At dinner, Gregory told Kristina about his jewelry business and showed off some inexpensive stones he had brought with him.

"I wanted to impress the girl," he said. "This was the worst decision."

The next day, Kristina started asking for favors. She wanted him to pay her rent and buy her groceries. Knowing about the economic situation in the country, Gregory agreed.

She filled seven bags with food and other goods, which Gregory paid for. Then she asked if she could go to his place and wait for her sister to pick her up. He agreed.

But once they were back at his place, it wasn't a sister who arrived. When Gregory opened the door, he was immediately hit with a hammer.

"The next thing I remember is I wake up on the floor and I am sitting against the wall. And I am destroyed," he said. "They have destroyed me."

He made it to the mirror, but what he saw there was shocking.

"I looked like a monster," he said.

His head looked twice as big as normal and his eyes were nearly swollen shut from bruising. He later learned that he had several broken ribs, a punctured eardrum and a skull fracture.

"They actually broke my skull, they cracked my head," Gregory told the Kyiv Post. "And all of the walls, everywhere in the entire apartment was blood."

The apartment was also stripped of anything remotely valuable, he said. The police later estimated his losses at Hr 85,000 (\$10,600).

After the robbery, Gregory felt weak and dizzy, and the only thing he was capable of doing was falling asleep.

"I thought: Well, maybe I'll die here," he said. "I was bleeding in the back of my head into the pillow. So, the bed was wet with blood for days."

"I saw the sun go up and down maybe four times, and then on the third or fourth night I get people at my door," he recalled.

His acquaintances found him and saved him. He spent almost 10 days in the hospital and then was forbidden to travel for another month.

When he finally got back home to the U.S., he had to undergo six sessions of plastic surgery to finally start resembling himself again.

"My (right) eye never really opened up the same as the left. Before it was equal," he said.

He lost thousands of dollars and also something priceless, his health. Since the attack, he has struggled with memory loss.

Gregory approached Anastasia Date, where he met Kristina, to complain about what she did to him, but they were not of much help. Anastasia Date did not respond to the Kyiv Post's request for comment.

Eventually, a Ukrainian court sentenced one of his attackers to nine years in prison. The court ruled that Kristina should spend five behind bars. However, because she was a mother, the judge canceled his ruling and let her go.

Swimsuit scam

Gregory's story represents an exception to the rule. Most victims of Ukrainian dating scams do not face physical violence and the police seldom go after the scammers.

That is particularly the case when the victim only lost \$1,000 as he did, Almir believes. After he was scammed, he waited for the Kyiv police to arrive for three hours. But no one came.

In July, the 35-year-old data analyst came from Switzerland to Ukraine during the coronavirus pandemic to visit his girlfriend. Then, they had a fight and eventually broke up.

So Almir opened Tinder, a dating app, to meet a new woman.

"I was sad. I was pissed off. And then this girl came like an angel," he said.

Maria was "amazing" and in her 30s, Almir said. They immediately arranged a meeting in a restaurant of her choice.

"I thought something was strange because she was looking really nice in pictures, like a top model," he said.

But when they met, Maria turned out to be someone else. "She was a much nicer girl (than in the photos)," he said. When he confronted her, she denied being a different person. But, truthfully, Almir didn't care much.

After the date, Almir planned to go to the swimming pool and invited Maria to join him. She agreed. But, first, she wanted to buy a swimsuit.

The store, called Secret Shop, was just across the street. Almir picked out a few swimsuits for a total of \$1,000, but had trouble paying her bill.

"She was (saying), 'Please, can you pay for this for me and I will give you

the money?' And I said okay. I was blind, I was stupid," Almir said.

"She showed me her whole body (in the fitting room) in swimsuits, you know. Nothing helped anymore," he continued.

When they left the shop, a taxi was already waiting. According to Almir, Maria said it would take them to her place so she could pay him back.

"I did not see any taximeter. She said, 'It is a private organization.' Ugh, really private," Almir said mockingly. The driver said he worked for the Business Class Limousine Service, a company that does not exist.

They drove for around three minutes and stopped. Then, Maria asked Almir to wait for her in the taxi and got out. She never came back.

"I tried to write to her — nothing. She did not reply," he said. Soon the driver started demanding that Almir pay for the trip. He did not agree and left the car.

He walked back to the Secret Shop and asked for help. Failing to get it, he called the police.

While he was waiting for the officers to arrive, Maria finally texted back, saying she had a stomach ache and suggested they meet at the pool. Almir asked her to come to the shop instead. She declined.

After a few hours of waiting, he went to the police station. Maria wasn't particularly concerned, judging by messages that Almir showed the Kyiv Post.

"In Ukraine, the police do not decide anything," Maria said in one message, adding that her father is a police colonel.

Kyiv police did not respond to the Kyiv Post's request for comment.

"I believe they are all in the same shit. They were together," he said of Maria, the taxi driver and the shop assistants.

Google reviews show Almir is not the only one to accuse Secret Shop of fraud. A number of furious foreigners complain that they were also tricked.

Some say the shop assistant altered the price, adding an extra zero to the bill. Others, like Benjamin Chang from Taiwan, claim they were scammed in a manner similar to Almir.

In Chang's case, his Tinder date brought him to Secret Shop to buy her some clothes for the spa she invited him to. He ended up paying Hr 10,000 (\$385) for a bag.

"I said: 'everything's price is unbelievably high.' They said: 'the import tax is very very high in Ukraine,'" he wrote in a Google review.

The taxi then took them to his hotel so he could collect his clothing for the spa. He then paid Hr 700 (\$26) for the taxi, an exceedingly high rate for Ukraine, and went inside the building. When he returned, the driver and the girl were gone.

Secret Shop did not respond to the Kyiv Post's request for comment.

The scam was smart, Almir said. Even his skills as a data analyst did not help him to find Maria. The Kyiv Post called her but her phone was out of range.

"She is like a ghost," Almir said. ☹

TOP 10 KYIV POST exclusives online this week

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1. Meet Top 30 Under 30 winners of 2020
2. Belarus opposition leader seeks partnership with Russia, wants to meet Putin
3. Ukraine considers imposing full lockdown during winter holidays
4. Security council chief: Ukraine will have a lockdown, but dates unclear
5. Prosecutor's Office refuses to authorize extradition of exiled billionaire Bakhmatyuk
6. With infections rising, Ukraine considers tougher measures
7. Zelensky lays out his 3-step plan to end constitutional crisis
8. Danylo Shypov: Pediatric cardiologist treats children with severe heart defects
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Kyiv Post names winners of 5th Top 30 Under 30 Awards

1 The Kyiv Post's annual Top 30 Under 30 Awards was established in 2016 to honor young Ukrainians who contribute greatly to Ukraine's progress in various fields. This year's contest was sponsored by the International Renaissance Foundation, which has spent 30 years investing more than \$300 million in 10,000 projects to build Ukraine's democracy. The awards were presented in an online ceremony at Kyiv Post headquarters in the KADORR building in Kyiv on Nov. 27, 2020.

2 Yuliya Levchenko, a high jump athlete, speaks during the awards ceremony.

3 Zlata Symonenko, counsel at Sayenko Kharenko law firm, receives her Top 30 Under 30 award from Kyiv Post commercial director Alyona Nevmerzhytska (L).

4 The winners of the Kyiv Post's Top 30 Under 30 Awards pose for a photograph after the ceremony at the newspaper's headquarters on Nov. 27, 2020. Due to the coronavirus pandemic, the ceremony took place with no audience.

5 Olena Herasymyuk, a writer and poet, accepts her award from Kyiv Post chief editor Brian Bonner.

6 Khrystyna Soloviy, a popular singer, receives her award.

7 Ukrainian film director Antonio Lukich poses with his award.

8 From left, Anna Chernyavska, Olena Herasymyuk, Andrii Prykhodchenko and Valeria Guzema celebrate their Top 30 Under 30 awards in the Kyiv Post headquarters on Nov. 27, 2020. (Photos by Oleg Petراسiuk, Kostyantyn Chernichkin and Pavlo Podufalov)

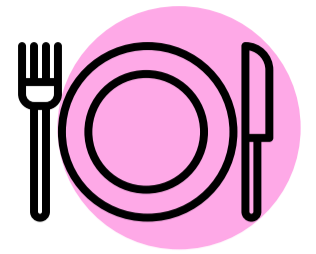
Read about the winners online with the hot topic "Ukraine's Top 30 Under 30" or order the book profiling the winners at news@kyivpost.com, by calling 591-7788 or coming to the Kyiv Post office at 68 Zhylyanska St.



Lifestyle

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Have dinner at your favorite restaurant this Saturday or Sunday now that the weekend lockdown has expired.



New restaurants open in Kyiv amid COVID-19 pandemic



With Artur Kornienko
kornienko@kyivpost.com

War is elemental in award-winning 'This Rain Will Never Stop'

Just days after its Nov. 19 world premiere, "This Rain Will Never Stop" by Ukrainian director Alina Gorlova has won awards at two documentary film festivals, including the largest one.

The story it tells is full of trigger themes: Russia's war against Ukraine, civil war in Syria and self-determination of Kurds. But instead of delving into the conflicts' politics, the film offers a striking artistic perspective on what it means to live in a perpetual state between wars.

"A political documentary tries to persuade," Gorlova told the Kyiv Post. "But I try not to judge anyone and explore the psychological attitudes of our society towards war."

"This Rain Will Never Stop" first took the best feature documentary award in the international competition of the Festival dei Popoli in Florence, Italy on Nov. 23. Three days later, it won the best first appearance award at the largest International Documentary Film Festival Amsterdam in the Netherlands. Both events took place mostly online due to the COVID-19 pandemic.

Gorlova hopes that the film will premiere in Ukraine offline in a movie theater at Kyiv's Docudays UA International Documentary Human Rights Film Festival in spring 2021.

The movie follows Andriy Suleiman, a young Kurdish-Ukrainian man who fled with his parents from the war in his native city of Al-Hasakah, Syria to his mother's hometown of Lysychansk, Ukraine — only to find themselves in another war in the Donbas region. Although we never see the actual fighting, its echoes are ever-present.

First of all, the Suleiman family is divided by war. Andriy's uncles are scattered around Eurasia: one is in Germany, another is in Iraqi Kurdistan and the last one remains in Syria. Andriy's parents also want to come back, but the Syrian part of the family tells them not to make that mistake.

"A week ago, everything was very good. But for the past four days, there's been gunfire again," Andriy's uncle in Syria tells them over Skype as if he's talking about something as mundane as rain.

Having lived through two conflicts, Andriy himself chooses to become a Red Cross volunteer deliv-



A chef at Simona Ristorante in Kyiv prepares pizza on Dec. 3, 2020. Simona is a new restaurant that serves Italian cuisine in Kyiv.

By Daria Shulzhenko
shulzhenko@kyivpost.com

Editor's Note: Ukraine is under nationwide restrictions as the number of COVID-19 cases surges. Restaurants are obliged to work under the government's measures, which include social distancing, a mask-on policy and a limited number of diners. They are also supposed to close by 10 p.m.

Kyiv's dining scene has seen some dramatic changes due to the coronavirus pandemic: Many eateries had to change their concepts and invest in delivery to survive the nearly two-month long lockdown that started in March. Dozens closed for good.

But the crisis couldn't stop creative Kyiv restaurateurs from launching new venues. In the last month, over 20 new restaurants, cafes and bars have opened in the capital, livening up its dining scene.

Some of them had been scheduled to launch long before the pandemic. Others expanded their chains or opened entirely new restaurants, using the crisis as an opportunity. But all of them are united by the desire to surprise their guests with a variety of delicious dishes, amazing atmosphere and standout concepts.

And while a total lockdown may be imposed during the winter holidays, now is the perfect time for Kyiv residents who plan to dine out to support these new, local businesses.

The Kyiv Post has picked out five of the recent additions to the restaurant scene in Kyiv that are worth visiting this December.

Food Couture

This new restaurant can amaze its visitors with both an impressive menu and beautiful interior design.

Food Couture is located on the busy Velyka Vasylkivska Street. The recently-opened venue is currently operating in a "test mode" when all tables should be booked in advance.

As the name of the restaurant hints, everything here is about food, fashion and beauty. The place resembles a greenhouse inside, with lots of greenery, a fountain, wall-sized mirrors, chandeliers and a glass ceiling.

Food Couture does not stick to one particular cuisine. However, the menu of the restaurant is as sophisticated as its interior design and has something for everyone. Food Couture serves eight types of appetizers for all tastes and budgets, such as smoked burrata cheese with figs, sweet potato cheesecake, popcorn

chicken in sweet and sour sauce and more.

It also serves three types of soups and various main courses, including fish ravioli with beurre blanc sauce, beef cheeks in hoisin sauce, ribeye steak with mashed parsnips, tomato salsa and mushrooms, a lobster roll and more.

To sweeten the pot, one can choose between four desserts on the restaurant's menu: It offers "caramel popcorn made of citrus eclairs," Pavlova cake, bird's milk cake and tiramisu. Apart from the food, Food Couture also offers a great selection of wines and alcoholic cocktails.

Prices: Smoked burrata cheese with figs — Hr 310, Mexican pepper soup with cocoa and stracciatella cheese — Hr 190, fish ravioli with beurre blanc sauce — Hr 295

98 Velyka Vasylkivska St. Mon-Fri — 6–10 p.m. +38067008 2888

Angar

Angar is an unusual venue. Located in Kyiv's downtown, on Reytarska Street, Angar combines a coffee shop with a wine bar and an art gallery.

The venue's interior design is minimalist, yet cozy. There is a lot of greenery as well as a nice and comfortable sofa, a big table and several

smaller ones accompanied by bright red and yellow chairs. When the sun goes down, the place turns into a romantic spot with candles and dim lighting.

Angar's dark blue and white brick walls are adorned with bright photographs — a photo exhibition of contemporary Ukrainian photographer Oleksiy Kuchma.

The exhibition features a selection of Kuchma's photographs, including portraits and some nude photography. It will be held until Dec. 17; entrance is free.

The venue's menu is as minimalistic as its interior design. Angar serves several types of coffee drinks such as black coffee, latte, cappuccino and Flat white, all for Hr 40–60. Apart from coffee, Angar also offers six types of wines including New Zealand's Marlborough Sun, Croatian Zinfandel and more. The venue also plans to offer new wines every week.

To accompany the wine, Angar offers a selection of cheese, couscous with vegetables or Spanish spicy, smoked sausage Chorizo, various toasts with dried tomatoes, tuna,

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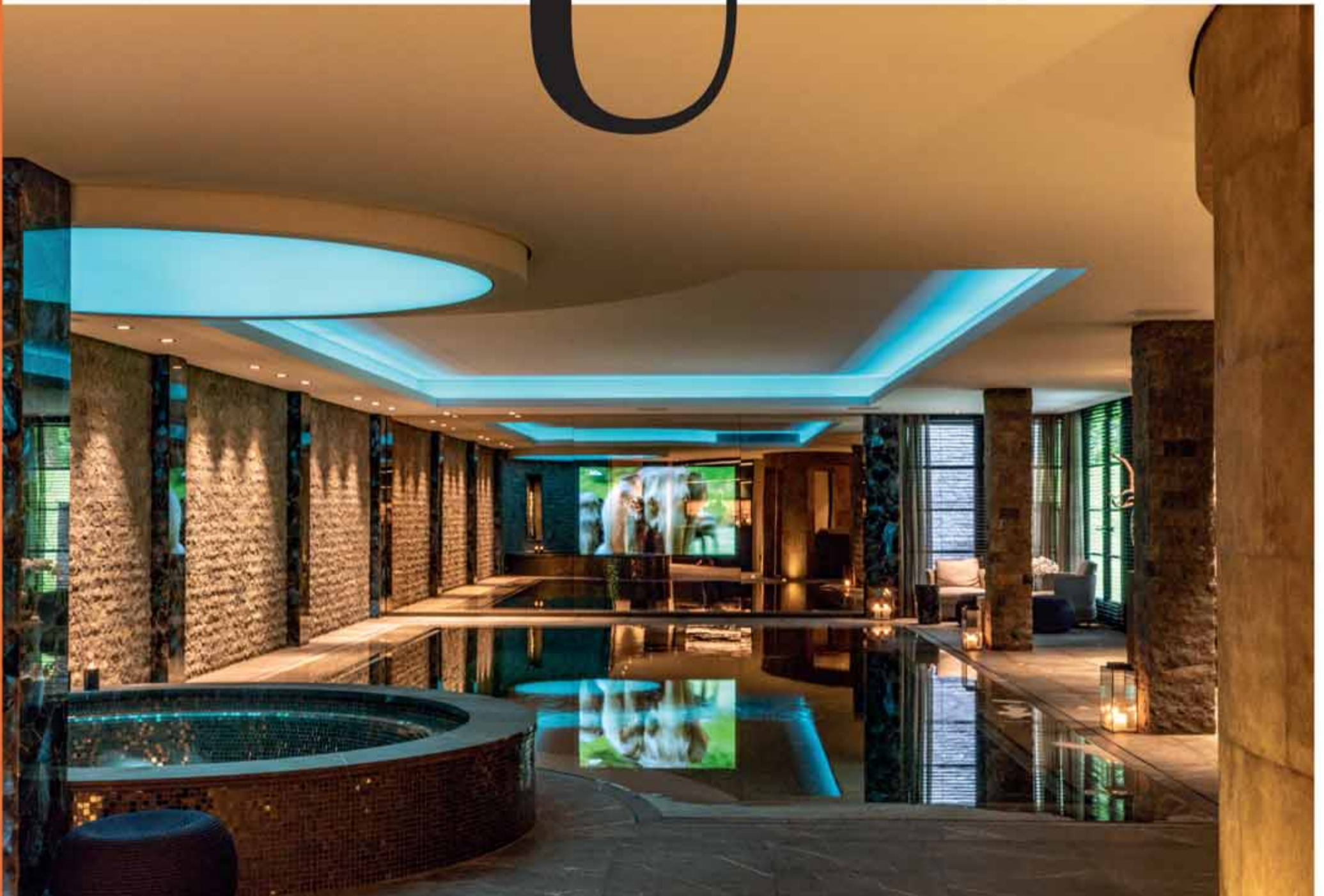
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Film Critic

Documentary follows Syrian-Ukrainian man's journey through two war zones

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ering humanitarian aid to Donbas residents. That's how we first meet him: the camera picks him out of thousands affected by war who cross the Stanytsia Luhanska checkpoint.

"I wanted to see why he does that," Gorlova says. "The impact of the war on a young man — this theme intrigued me."

Nevertheless, Gorlova doesn't uncover what motivates her protagonist. While he has the most expressive face, Andriy doesn't talk much and doesn't open up on camera.

Instead, he seems like a sailless boat carried by the alternating tides of war and peace. The film simply follows where they take him: from Ukraine's frontlines to his brother's wedding in Germany, then to Iraq for an emotional reunion with his uncle's family. Twice he tries to get to Syria, but the war doesn't let him, even to get to a loved one's funeral.

Gorlova expands this theme of losing control with the many expressionistic methods in her black-and-white



A still from "The Rain Will Never Stop," a documentary by Ukrainian director Alina Gorlova that won two awards at European film festivals the week after its world premiere on Nov. 19, 2020.

film. Through the refrain of aerial shots of barren masses of land — slag heaps of Donbas and sandy hills of Syria — she creates connections between the war-torn places. The stark electronic music and sound design intensify this atmosphere.

More allusions follow when Gorlova intersperses the film with the footage of mass celebrations — at a military parade in Ukraine and gay pride in Germany. Intended to contrast the personal tragedies of Andriy's family, these scenes seem rather glib and out of place.

"I wanted to show that although we hate the consequences of war, people can feel elated when it begins," Gorlova says.

As a result, through its attempt to show how the war changes one man, "This Rain Will Never Stop" demonstrates how it has affected his whole family and outlines its wider repercussions on humanity.

"I found that the war is a big part of our society and a thing around which everything revolves," Gorlova says. 🍷

Despite pandemic, new eateries serve up delicious dishes to diners

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Italian sausage mortadella or mozzarella cheese, all for Hr 100–120. On the dessert menu, Angar serves grated pies and fudge.

Prices: Flat white — Hr 50, tuna toast — Hr 120, mozzarella cheese toast — Hr 100, grated pie — Hr 50
30 Reytarska St. Mon-Sun 9 a.m.–9 p.m. [instagram.com/angar.kyiv/](https://www.instagram.com/angar.kyiv/)

Samna

Samna is a recent addition to the Kyiv restaurant scene that serves Middle Eastern cuisine.

It is located in the capital's downtown, on Ivana Mazepa street, inside the historically significant 18th century Ypsilanti mansion. Here, ancient meets modern in both food and design.

The restaurant's interior design fascinates with the combination of ancient and modern elements: Samna's wooden tables and bar counters are adorned with white clay jugs. The restaurant features two big halls, united by the so-called bridge between them, as well as a bar. Its dark red and white walls along with dimmed lights add to the restaurant's special romantic atmosphere.

Samna serves a modern twist of Middle Eastern cuisine. The menu here is developed by the world-renowned Israeli chef Meir Adoni, who has also launched restaurants in Tel Aviv, New York, Berlin and Barcelona.

On the menu, Samna offers a variety of dishes for all tastes with vegetables, meat, fish or seafood. It serves Adoni's special eggplant carpaccio, couscous with lamb, baked pumpkin, eggplant, paprika and garlic, Middle Eastern risotto with beef, squid and stewed spinach and more. Apart from that, Samna serves over 200 types of wines and also welcomes visitors with their pets.

Prices: Veal tartare — Hr 290, baked seabass fillet with eggplant cream — Hr 710, Yemeni brioche with tomato salsa — Hr 201

6 Ivana Mazepa St. Mon-Fri — 6–10 p.m. 38067391 0881

Naushi

Naushi is a new noodle shop located in Kyiv's Podil neighborhood. The venue's specialty is Japanese ramen — one of Japan's most popular and culturally significant foods.

The venue attracts passersby from Hryhoriia Skovorody Street with bright neon signs and huge windows. Inside, Naushi resembles a loud food market somewhere in Asia, with colorful Chinese lanterns and bright drawings on the venue's walls.

Its convenient location and reasonable prices make Naushi a perfect choice for a lunch break or dinner with friends.

On the menu, Naushi serves five types of ramen flavors: traditional shio or shoyu ramen, as well as vegetarian ramen with mushrooms and vegetables. There are also extra



Visitors to the Naushi restaurant in Kyiv enjoy their meals on Dec. 3, 2020. Naushi is a recent addition to the restaurant scene in Kyiv that serves Japanese ramen.

toppings such as corn, mushrooms and tofu.

Shio is the most basic and the lightest type of ramen. Naushi serves two types of it — shio chintan and shio paitan, with chicken or pork, a hardboiled egg, nori seaweed, noodles and narutomaki, which is a Japanese crab stick. For shoyu ramen, the restaurant adds soy sauce and prepares the broth for 12–16 hours. Naushi also makes its own wheat noodles for their ramen soups.

Apart from ramen, this eatery also serves Chinese dumpling jiaozi with pork and vegetables. One can choose between deep-fried and boiled jiaozi. Also, Naushi offers traditional Japanese karaage chicken, which is

bite-size chicken dusted with rice flour and deep-fried in hot oil.

Naushi is pet-friendly. It also offers delivery across the Podil neighborhood.

Prices: Ramen — Hr 99–150, jiaozi — Hr 79–99, deep fried chicken karaage — Hr 79–99,

7 Hryhoriia Skovorody St. Mon-Fri — 11 a.m.–10 p.m. Sat-Sun — 12–8 p.m. +38099701 7966

Simona Ristorante

Simona Ristorante is a recently-opened restaurant that serves Italian cuisine in Kyiv. It is located in the capital's historic center on Sichovykh Striltsiv Street. Simona Ristorante is a new project of Klara

Group, a company that has established some of the capital's well-known eateries, such as Titka Klara and Mira Cafe.

The two-story restaurant features a chic and stylish interior design with antique furniture, huge chandeliers, fireplaces and bright pictures, as well as mirrors adorned with golden frames.

Pizza is the restaurant's specialty. It offers a wide choice of pizza for all tastes, including traditional Italian Margherita pizza or four-cheese pizza along with some salmon, spinach pizza and more. Guests to the restaurants can also add some ingredients to their pizza for an additional price.

Moreover, Simona Ristorante also offers various kinds of pasta, soups, salads and bruschettas, along with main courses such as mussels served with creamy sauce and parmesan cheese, chicken with spicy sauce, baked salmon, or shrimp in creamy white wine sauce.

Apart from pizza and pasta, Simona Ristorante also serves breakfast all day. It offers syrnyky, Ukrainian pancakes made of cottage cheese, served with caramel or strawberry sauce; oatmeal; omelets with salmon or bacon; avocado toast and croissants, all for Hr 85–155.

Prices: Shrimps, avocado and tomato salad — Hr 195, pumpkin cream-soup — Hr 75, baked salmon with wild rice — Hr 195, pizza — Hr 139–220

11 Sichovykh Striltsiv St. Mon-Tue — 9 a.m.–11 p.m. Wed-Sun — 10 a.m.–11 a.m. +38067557 0270 🍷

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Kyiv Post

UKRAINE'S GLOBAL VOICE

The Kyiv Post is looking for a **Video Editor**. We are seeking a talented professional to lead our video unit and create videos for the Kyiv Post's website and social media. The ideal candidate is an experienced videographer with excellent English, strong news judgment, an understanding of video trends and broad competencies across all aspects of the video production process.

Responsibilities:

- creating a content plan for the video unit, defining the visual style of the unit's videos
- creating various types of videos — that often includes looking for stories, shooting, and editing videos
- tracking the progress of the team
- fact-checking videos, editing scripts
- hiring videographers/motion designers if necessary
- collaborating on promotion strategies for the video unit with our marketing specialists and social media manager
- managing communication between the video unit, the newsroom and the Kyiv Post's commercial department
- overseeing the Kyiv Post's video equipment

Requirements:

- A proven track record of successfully creating videos and managing the video production process
- Broad knowledge of every aspect of video journalism: reporting, filming, cutting and editing, publication.
- Excellent English — both spoken and written

Would be a plus:

- Advanced Russian, Ukrainian or both
- Knowledge about Ukraine, its politics and its cultural life

For consideration, please send CV and letter of interest
at bonner@kyivpost.com



Global Communities implementing USAID DOBRE program is looking for **Monitoring, Evaluation and Learning Officers**.

Both positions are located in Kyiv.

The Monitoring Evaluation and Learning (MEL) Officer and Senior Monitoring Evaluation and Learning (MEL) Officer will work closely with the MEL Specialist on the design and implementation of the Monitoring & Evaluation system of DOBRE Program activities, support development of the system and quality control at the oblast level, help in data collection and analysis and proving input into monthly and quarterly reports, work closely with regional M&E team and will provide/control information and data for the M&E system.

Full job description is located at:

Monitoring Evaluation and Learning (MEL) Officer: <https://www.kyivpost.com/classifieds/jobs/monitoring-evaluation-and-learning-mel-officer>

Sr. Monitoring Evaluation and Learning (MEL) Officer: <https://www.kyivpost.com/classifieds/jobs/senior-monitoring-evaluation-and-learning-officer-2>

Deadline for applications is December 15, 2020.



Agriteam Canada is one of Canada's leading international development firms, providing management and technical expertise to developing and transitional country partners on projects that promote sustainable growth and meaningful opportunities for people to improve their lives.

In October 2019, Agriteam Canada launched a new five-year project in Ukraine: Support to Ukraine's Reforms for Governance (SURGe). SURGe is a technical assistance project in Ukraine, funded by Global Affairs Canada and implemented by Agriteam Canada Consulting Ltd.

Within the Corrections Reform implemented by the Ministry of Justice in cooperation with SURGe Project, we are looking for:

- **Data Analyst.**

Please, send your applications till December 18, 2020

to: valeriias@alineainternational.com.

For more detailed information about preferred qualifications and skills, indicative duties and responsibilities, as well as applying procedure, please visit web-site: <https://edge.in.ua/vacancies/>

Kyiv Post

UKRAINE'S GLOBAL VOICE

Lifestyle reporter

The Lifestyle team of the Kyiv Post is looking for a reporter.

We seek a journalist who:

- 1) is fluent in English and Ukrainian or Russian
- 2) knows and loves Kyiv
- 3) has a strong desire to write about places, tastes, events and people of the capital
- 4) is excited to cover culture, art, human rights, entertainment and fashion
- 5) is good at communication and teamwork.
- 6) preferably has a degree in journalism or experience of working in media

For more details, email Lifestyle editor **Toma Istomina** at istomina@kyivpost.com and send a CV, motivational letter, three story ideas and writing samples if available.

Kyiv Post

UKRAINE'S GLOBAL VOICE

The Kyiv Post is looking for a **political reporter** to complement its team of journalists covering Ukraine's political life, government and reforms; the coronavirus pandemic; and Russia's war in the Donbas. It's a full-time job in the newspaper's office in Kyiv.

Responsibilities:

Pitching and writing stories for the Kyiv Post newspaper and website.

Breaking exclusive stories. Discovering the underlying trends driving Ukraine's political life and reporting on them.

Developing and maintaining a network of contacts in Ukraine's parliament, government and expert community.

Requirements:

Excellent command of written and spoken English. Fluency in Ukrainian and/or Russian languages.

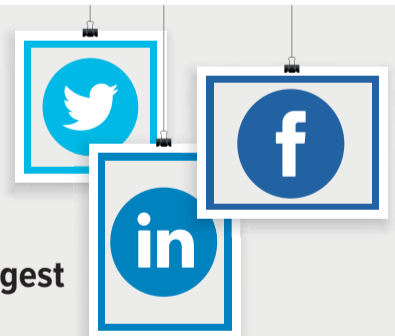
Deep understanding of Ukraine's political life; background knowledge in Ukrainian politics.

Ability to write journalistic stories in English. Commitment to Western journalism standards and democratic values.

Experience in media or English-language writing is preferable.

For consideration, send a CV, three story ideas and a cover letter to deputy chief editor Olga Rudenko at rudenko@kyivpost.com.

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TEXT FOR 195 UAH

What is meaning of Yevhen Shcherban's murder today?

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watch," Shcherban says, repeating the impatient gesture. "He said that the debt must be repaid promptly."

What happened next, according to him, was deception.

The sons didn't have enough cash, and Akhmetov agreed to instead accept two companies they inherited: DCC, a mobile carrier, and Gefest, which had gas stations.

But they didn't know, according to Shcherban, that Gefest was a parent company of Azovimpex, which co-owned the Industrial Union of the Donbas.

"To repay a debt of several million (dollars), we gave away a company worth many times more, and we had no idea," says Shcherban.

Akhmetov's spokeswoman said that Akhmetov acquired his business assets "without violating the rights of any third parties."

Shcherban doubts that the debt was real. He thinks it could have been a hoax to make them give away the company.

"Our father would often say that we have no debts," he recalls. "So the debt surprised me. But I was very naive at the time."

Taruta and Akhmetov continued to be partners in ISD for several years, during which the group privatized the best of the Donbas' heavy industry. They split around 2002. Akhmetov, the senior partner, took most of the assets — virtually everything that the group owned in Donetsk Oblast — to his new company, System Capital Management, or SCM.

Taruta and ISD were left with steel plants in Alchevsk and Dnipro. That was still a lot. In 2009, a controlling stake at ISD was sold to a Russian company for \$2.7 billion. Taruta was paid \$1 billion and continues to own a minority stake in the company.

Akhmetov, meanwhile, holds an estimated wealth of \$2.8 billion, according to Forbes Ukraine magazine.

Shcherban says that what was stolen from the family is worth \$1 billion today. He says that his father's work is at the heart of Akhmetov's and Taruta's business empire.

Taruta denies it, as do Akhmetov's representatives.

"SCM was created by Rinat Akhmetov and the SCM management team thanks to their hard work, efforts and professionalism," Akhmetov's spokeswoman Anna Terekhova told the Kyiv Post in an emailed statement. "All assets owned by Rinat Akhmetov and SCM Group were acquired and created lawfully, in good faith and without violating the rights of any third parties. We categorically deny all claims and accusations that you refer to."

The statement also said that "the sons of Yevhen Shcherban previously and repeatedly stated publicly that there were no claims against Rinat Akhmetov regarding their father's business and assets." In a 2013 interview, Ruslan Shcherban said that the brothers "are friends with Akhmetov and don't have any claims against him."



Businessman and lawmaker Yevhen Shcherban (C) with his sons Ruslan (L) and Yevhen.

Ruslan Shcherban and Yevhen Shcherban Jr. disagree on the issue of their father's inheritance.

In a statement published on Nov. 23, Ruslan Shcherban accused his brother of "making up stories" in order to "sell the memory of our father."

"I don't understand why Ruslan is doing that," says Yevhen Shcherban Jr., adding that they are not currently on speaking terms.

Transformative murder

The murder of Shcherban had far-reaching consequences for more than his family and business partners. It affected the political landscape in the Donbas and Ukraine, as well.

By the time of his murder, Shcherban was a big player in the country's politics. He used to say he wanted the next president of Ukraine to be from Donbas, and named a concrete candidate: his associate, Governor of Donetsk Oblast Volodymyr Shcherban. They weren't related.

Those plans died with Yevhen Shcherban. The next presidential election was won by Leonid Kuchma, again.

"His murder was the turning point for the Donbas," says Serhiy Garmash, a prominent Donbas journalist who covered the region for decades. "It was the decisive blow to the Donetsk clan. They took a long time to recover."

The Donetsk clan that came to power in 2010, when Yanukovich became president, was a rather different group of people.

Family and biographers of Shcherban recall him as a liberal, true to the name of his party. He was an admirer of the United States,

which he often visited, and held it up as an ideal that Ukraine should aspire to reach. A book written about him soon after the murder also mentions that he, a Russian speaker, was studying Ukrainian. He believed that, as a Ukrainian lawmaker, he should be able to speak it in parliament.

"If Shcherban were alive, I don't think that these people (Yanukovich) would have come to power," says Garmash.

He believes that the murder of Shcherban benefitted Russia because it aggravated confrontations inside Ukraine and cast suspicion on Kuchma.

"It weakened the president and weakened Ukraine, which was good for Russia," says Garmash.

Now, the story of Shcherban is about to get attention, again. On Dec. 3, Ukrainian news site Hromadske released a documentary about Yevhen Shcherban Jr.'s search for his father's legacy.

"In Ukraine's history there are several important questions without answers," says Maksym Kamenev, a political reporter who co-authored the documentary. "The story of the Donbas in the 1990s is one of them. It was the start of the Donetsk clan that played a big role in the history of Ukraine. There are many things we don't know about how it started."

The murder of Shcherban is a key part of that story.

"It doesn't matter how long ago it happened," says Kamenev. "There is no expiration date on stories like this."

Editor's Note: This report is part of the Investigative Hub project, within which the Kyiv Post monitors investigative reports in the Ukrainian media and brings them to the English-speaking audience, as well as produces original investigative stories. The project is supported by the National Endowment for Democracy.

Who's who in the story



Yevhen Shcherban

A businessman and lawmaker, known as Ukraine's first oligarch. He was killed at Donetsk airport on Nov. 3, 1996. A co-founder of the Industrial Union of Donbas (ISD) and other companies.



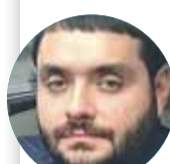
Nadiya Shcherban (Nikitina)

Shcherban's wife and confidant. She was gunned down with him.



Yevhen Shcherban Jr.

The eldest of Yevhen Shcherban's three sons. He has been investigating what happened to his father's business after the murder and concluded that oligarchs Rinat Akhmetov and Serhiy Taruta seized the assets, cheating Shcherban's heirs. They deny it.



Ruslan Shcherban

The second son of Yevhen Shcherban. He doesn't approve of his elder brother's quest and accusations, and condemns him for going public with it. In 2013, his testimony helped charge Yulia Tymoshenko with Shcherban's murder.



Serhiy Taruta

A businessman and lawmaker with Tymoshenko's party. He joined ISD in 1995 as its executive director, but later emerged as its co-owner. Shcherban's son Yevhen says Taruta seized his father's stake after his murder. Taruta denies any wrongdoing and claims that ISD was worth nothing at the time of Shcherban's murder. Taruta still owns a minority stake in today's ISD after selling the majority of the company in 2009.



Rinat Akhmetov

Ukraine's richest oligarch, the owner of System Capital Management. Akhmetov was a co-founder of ISD through his DonGorBank. After Shcherban's killing, Akhmetov allegedly told his sons that their father owed him money, then took their companies as repayment — accusations Akhmetov's press secretary denies. Shcherban's son says that they didn't realize they were giving away ISD.



Akhat Bragin

A businessman and senior partner of Rinat Akhmetov. According to a documentary about Shcherban's murder produced by TV station Hromadske, Shcherban gave a share of his business to Bragin and Akhmetov and they provided protection in exchange. In 1995, Bragin was killed in a bomb blast at a football game, along with six others. After that, Akhmetov took charge.



Aleksandr Momot

A businessman and co-founder of ISD. His former partners called him the main strategist of the enterprise. He was murdered in 1995.



Vitaly Gaiduk

A local official and co-founder of ISD with Shcherban, Akhmetov and Momot. He co-owned the company until 2009, when he sold his stake in it for \$750 million. He later unsuccessfully sued ISD co-owners Taruta and Oleg Mkrtschan in London, claiming that he was underpaid for his stake.



Volodymyr Shcherban

The governor of Donetsk Oblast in 1995–1996. He initiated the creation of ISD. Yevhen Shcherban has said that he wanted Volodymyr Shcherban to become the next president, sending a threatening signal to then-President Leonid Kuchma and his prime minister, Pavlo Lazarenko. Volodymyr and Yevhen Shcherban weren't related.



Pavlo Lazarenko

Prime minister in 1996–1997. Lazarenko is estimated to have embezzled over \$200 million from Ukraine. He was convicted of money laundering in the U.S. and spent eight years in prison. With Tymoshenko, he controlled gas trading company United Energy Systems of Ukraine (UESU) which sold gas to Donbas through Shcherban's ISD. Lazarenko was suspected of organizing Shcherban's murder to change the balance of power in the gas market.



Yulia Tymoshenko

A lawmaker and former prime minister. In the 1990s, she ran UESU and traded gas with Shcherban's ISD. In 2013, she was accused of organizing Shcherban's murder, which she denied. The charges were later dropped.

"The Heir" ("Spadkoyemets"), a documentary about Yevhen Shcherban's search for his father's legacy, premiered on Nov. 3. Watch it on www.hromadske.ua or on the Youtube channel of Hromadske. The film is in Ukrainian with English subtitles.