

Svydovets Corruption Summary Prepared for London Donors Conference (June 20, 2023)

Overview. For several years, companies tied to a Ukrainian oligarch sanctioned on the basis of corruption by the United States have targeted an area around the Svydovets Massif in the Carpathian Mountains of Western Ukraine for a huge ski resort expansion. As international donors gather in London this June to map out reconstruction aid and investments in Ukraine, decision-makers need to know about the forces behind this planned public-private development that would permanently and catastrophically damage the pristine forest and river environment.

An Infamous Oligarch, Sanctioned On the Basis of Corruption, Behind Plotting To Develop Svydovets. The cluster of projects for the Svydovets, Bystrystsya, and Turbat ski resorts trace back to the existing Bukovel ski resort located on the eastern edge of an area straddling Ivano-Frankivsk and Transcarpathia provinces. Companies behind the Bukovel ski resort were for many years owned openly by billionaire Ihor Kolomoisky, together with fellow oligarch Gennady Bogolyubov. A disgraced former politician, Kolomoisky has been the subject of widely-covered corruption and fraud scandals, as in the U.S. State Department's recent finding that Kolomoisky was involved as Governor "in corrupt acts that undermined rule of law and the Ukrainian public's faith" in their government. A U.S. Department of Justice criminal investigation of Kolomoisky's alleged fraud and money laundering involving billions of dollars in losses is ongoing right now. People, businesses, and properties from the Bukovel resort are connected to this massive fraud case. Kolomoisky himself is under investigation in Ukraine's current anti-corruption campaign, and national police recently searched his home.

A New Ownership Façade for the Bukovel Group of Companies. As ski resort extension plans for the Svydovets area now advance, the ownership structure of Bukovel has changed on paper. The new owners are tightly and suspiciously linked to Kolomoisky, who the U.S. government alleges has a *modus operandi* of concealing his interests in a labyrinthine network of companies behind different front-persons. As of today, record ownership in the Bukovel group has passed to Oksana and Zakhar Palytsia, who are respectively the ex-wife and young adult son of parliamentary deputy Ihor Palytsia – one of Kolomoisky's closest business associates, political allies, and instruments of corruption. Upon close analysis of property, shareholding, and financial declaration records, Ihor Palytsia's ex-wife Oksana and son Zakhar appear to be his fronts, especially in more recent dealings with Kolomoisky. Recently, Oksana and Zakhar have shared beneficial ownership in weapons and oil companies with Kolomoisky and Gennady Bogolyubov (again, record owners of Bukovel entities until recently), as well as with two persons alleged by the U.S. government to be Kolomoisky's and Bogolyubov's money launderers.

Other Indicia of Corruption Risk In the Ski Resort Extension Projects. There are ample reasons besides the involvement of Kolomoisky, Bogolyubov, and Palytsia to fear that corruption is driving the Svydovets ski resort projects. The recent changes of record ownership at the Bukovel companies complement longstanding (albeit inconsistent) efforts by local officials to conceal the identity of the investor or investors in the ski resort extension projects. Despite highly-choreographed government planning set forth in Bukovel LLC's correspondence to the villages obtained by activists, officials have occasionally tried to deny that such an investor even exists. This secrecy is not the only danger sign of what is going on behind the scenes. Most of the land needed to convert for the use of the ski resorts would come from a state forestry sector already rife with corruption, some of which has already been linked directly to the Svydovets extension plans. Furthermore, correspondence from Bukovel LLC to village councils lays out how extensive new infrastructure systems approved and funded by state authorities would be implemented in close coordination to establish new water intake, electrical, waste management, and other public services. This is where the generous international support to Ukraine could vanish down a sewer of graft. It is obvious how unfeasible and unsustainable plans for all of these ski resort extensions are as global warming affects the mountains' climate, snowfall, and water supply – let alone during a state of conflict with Russia. Nevertheless, with corrupt officials helping the developer to bulldoze its plan through anyway, a developer and its circle could still reap profits from construction and other short-term outlays. The international commitment to Ukraine's environment and corruption-free reconstruction, to mean anything, must mean an end to this plot.

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