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Financial crime risk high on “shady” Ukrainian ski resort project

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A view across the Svydovets mountain range in western Ukraine (Credit: Shutterstock / Yuriy Brykaylo)

Campaigners have warned that potential investors in a controversial ski resort project in western Ukraine could expose themselves to an avalanche of hazards including local corruption, international money laundering, sanctions breaches and environmental crimes.

Politicians, lawyers and non-governmental organisations gathered in London on 20 June, on the fringes of the recent Ukraine Recovery Conference, to urge Western financiers to steer clear of plans to build a vast ski resort in the Carpathian Mountains amid claims that the project is being covertly steered by oligarchs Igor Kolomoisky and Gennadiy Bogolyubov.

Viola von Cramon, a German member of the European Parliament, also called on the Ukrainian government to withdraw its support for the 2,800-hectare project to create one of Europe's largest ski resorts in the Svydovets mountain range in western Ukraine – around 20 miles from the Romanian border.

“When it comes to the reconstruction phase, they [Ukraine] want to be on the safe side... to do everything not to allocate the money into shady, non-transparent structures,” said Von Cramon, who is the vice-chair of the European Parliament's EU-Ukraine committee.

The politician spoke at a press conference alongside Ukrainian activist Iris Del Sol of the Free Svydovets group, Apolline Gagnat of French law firm Bourdon & Associés and Ukrainian MP Yaroslav Yurchyshyn – who appeared via video link.

Official information about the proposed Svydovets resort is limited but local authorities said in 2018 that the project was initiated by Skorzonera, a Ukrainian company beneficially owned, at the time, by Kolomoisky and Bogolyubov. The campaigners believe that the oligarchs are still secretly controlling the project despite their names disappearing from Skorzonera's corporate documents.

The campaigners fear that the people allegedly running the project on the oligarchs' behalf might use the proposed Svydovets resort to obtain financing from banks and companies eager to contribute to the reconstruction of Ukraine. Although funding the ski project won't directly address the estimated \$1 trillion of damage that Russian aggression has caused to Ukraine's

infrastructure, there are fears that Western financiers may see the venture as a safe and potentially lucrative investment far from the battlefields in eastern Ukraine.

If Kolomoisky and Bogolyubov remain involved in the project, campaigners said they have good reasons to keep a low profile. The men are the subject of [a \\$2 billion fraud lawsuit in London](#) where the Ukrainian government has accused them of using fraudulent loans to loot the country's biggest lender, PrivatBank, and hide the money in shell companies all over the world. The US Justice Department is also conducting [a criminal investigation](#) into claims that the oligarchs laundered stolen PrivatBank funds by purchasing office blocks in Louisville, Kentucky, and Dallas, Texas – and began [related asset forfeiture proceedings](#) in 2020.

Both oligarchs have denied wrongdoing in the London civil proceedings and the US investigation.

"Investors are going to run headlong into AML, sanctions and corruption issues," said former US prosecutor Bruce Searby, who has been [hired by a Swiss environmental group](#), the Bruno Manser Fund, to make US agencies and politicians aware of the financial crime risks on the Svydovets project. Searby outlined some of his findings in an interview with GIR.

The lawyer said that potential investors will need to be extremely careful about accepting funds from companies linked to Kolomoisky and Bogolyubov given that such money might be traceable to their alleged international money laundering scheme. The US State Department [designated Kolomoisky in 2021](#) "due to his involvement in significant corruption", making the oligarch ineligible to enter the country.

Searby said that Western financiers may also struggle to ensure that their investments aren't used to make payments that breach foreign bribery laws given the various bureaucratic hurdles the Svydovets ski resort project needs to clear. He said that the process of obtaining permits to repurpose public forestry, cut new roads and build infrastructure will require sign-off from various public officials and local agencies in Ukraine – all steps that will present bribery risks.

"The process of privatising land is going to be chaos," Searby said, adding that investors will also need to ensure they aren't profiting from any corrupt acts that may have taken place before their involvement in the project.

Another risk for investors is the potential involvement in environmental crime – offences that various prosecution agencies, [including the European Public Prosecutor's Office](#), are increasingly keen to address. Campaigners are pushing for the area to receive a protected environmental status due to the mountain region's rich biodiversity, and argue that removing swathes of ancient forestry could create serious flooding risks. Searby said investors could potentially find themselves liable for environmental harm caused by the project.

Spokespersons for Kolomoisky and Bogolyubov did not respond to requests for comment.

Documents

US v APPROXIMATELY \$9,105,221.62 IN FUNDS: Motion to stay civil proceedings (18 June 2023)



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