

PrivatBank  
Ukraine  
Sovereign Credit

## Office of Ukrainian President Zelensky Committed to 'Equal' Treatment Under Law for PrivatBank Kolomoisky Case Following US Sanctions; Possible Extradition to US Not Ruled Out

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Relevant Document:  
[U.S. State Department Statement](#)

The Office of Ukrainian President Volodymyr Zelensky has responded to questions relating to the U.S. [sanctioning of Ihor Kolomoisky](#) on March 5, in which the former owner of state-owned lender Privatbank was barred from entering the U.S. under anti-corruption regulations.

Iuliia Mendel, the spokesperson for President Zelensky, told Reorg that the president was committed to fair and equal justice and that all available means would be utilized to achieve this. Mendel also said that Zelensky was reining in Kolomoisky's domestic power and that Ukraine was assisting the U.S. in investigating the businessman for [alleged financial crimes](#), including money-laundering.

The U.S. Department of State issued a statement last Friday alleging that, during his tenure as governor of Ukraine's Dnipropetrovsk region from 2014 to 2015, Kolomoisky was involved in "corrupt acts that undermined rule of law" and the Ukrainian public's faith in the government.

The risk of Kolomoisky regaining control of PrivatBank following protracted litigation in Ukraine has been cited as a [key threat to IMF financial support](#) for the country.

Kolomoisky has not publicly responded to the new U.S. sanctions and could not be reached for comment. He and fellow former PrivatBank owner Gennadiy Boholiubov have denied all alleged wrongdoing at PrivatBank and argued that its 2016 takeover by the state was politically motivated. The Ukrainian Ministry of Justice declined to comment.

### **Sanctions, Restrictive Measures in Ukraine**

In response to questions relating to possible sanctions or new restrictive measures against Kolomoisky in Ukraine, Mendel did not rule the Ukrainian government out from joining the U.S. in such moves. Recently the purportedly pro-Russian oligarch Viktor Medvedchuk was hit with government [sanctions](#) that took his television channels off the air and restricted his assets in Ukraine. Mendel confirmed that Kolomoisky was already the focus of multiple investigations, but wouldn't comment on other possible measures.

"It would be strange to announce restrictive measures against such people in advance. They would love to know what exactly awaits them in order to prepare and try to defend themselves," Mendel told Reorg. "But they will not receive such a gift as a warning."

President Zelensky is prepared to do what it takes, but also sees it as a priority that all citizens of Ukraine are equal before the law and the courts. "Regardless of their surnames, wealth and opportunities. We will act in the framework of such policy, using all available instruments: sanctions, legislative, law enforcement, judicial and other measures," said Mendel.

### **Alleged PrivatBank Fraud**

Kolomoisky and his business partner Gennadiy Bogolyubov are the focus of multiple lawsuits in the

U.K., Ukraine, Israel and Cyprus in relation to an alleged \$5.5 billion fraudulent lending scheme that preceded the 2016 nationalization of PrivatBank. The pair have denied all wrongdoing and argued that the state takeover of the bank was politically motivated.

Mendel said the president is firmly sided with the bank: “Ukraine continues to fight for the return of funds stolen from PrivatBank,” she added. “We are talking about an amount of \$5.5 billion. To this end, the state supports the necessary [legal proceedings](#) and also procedurally works in [all jurisdictions](#) where necessary for justice in the case of PrivatBank.”

In Ukraine criminal investigations that implicate the senior management of PrivatBank are taking place, Zelensky’s spokesperson told Reorg, adding that case files stretch back to 2008. Kolomoisky is the top person of interest, and some of his alleged associates have recently been charged.

“In the first year and a half of Zelensky’s presidency, these investigations have advanced more than in all the years before. Charging documents have already been handed over to the former top managers of PrivatBank,” said Mendel. “One of them was stopped while [trying to leave Ukraine in a private jet](#) – the aircraft had to be turned back in the air just a few minutes before leaving the airspace of our country.”

### **Possible Kolomoisky Extradition to U.S.**

The U.S. Department of Justice and the Federal Bureau of Investigation are investigating the Ukrainian businessman for an alleged U.S. money–laundering scheme connected to the alleged bank fraud in Ukraine, a related–party lending scheme that nearly led to the bank’s collapse, according to the Ukrainian government and the country’s central bank.

The U.S. investigation is focusing on how associates of Kolomoisky and Bogolyubov allegedly established a network of entities, companies and real estate properties in the U.S. that facilitated the laundering of funds that were extracted from PrivatBank through fraudulent loans, issued to companies that were ultimately owned by the bank’s former owners or its former senior management.

There has been widespread [speculation](#) about the possible extradition of Kolomoisky to the U.S., and how such a process would be carried out.

“As of today, Ukraine has not received a relevant extradition request,” said Mendel, who would not rule out such an extradition taking place. “We will act in accordance with the law and court decisions.

“Ukraine has already demonstrated resolve in investigating the activities at PrivatBank when it was owned by Kolomoisky and his partners, and we will help the United States in the investigation that is ongoing in their jurisdiction.”

Ukraine’s \$3.24 billion of [GDP warrants](#) maturing in 2040 are currently quoted around 105.

In addition to the warrants, the country has issued a mix of [sovereign bonds](#) on the international capital markets with an estimated total volume of about \$17.3 billion. The notes are denominated in dollars and euros, most pay a coupon of 7.7% and are currently quoted above par between 105 and 112. The notes mature between 2021 and 2033.

--Jack Laurensen

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