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Oligarch's Return Raises Alarm in Ukraine

By Andrew E. Kramer

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MOSCOW — Before he was elected president of Ukraine last month, Volodymyr Zelensky played a president in a comedy show on television. The owner of that television station, Ihor Kolomoisky, returned on Thursday from self-imposed exile, raising fears that he may now ask the real president to return some favors.

Under the departing president, Petro O. Poroshenko, the Ukrainian government had nationalized a bank co-owned by Mr. Kolomoisky and accused him of siphoning off millions of dollars in fraudulent loans.

The Ukrainian government took over the bank, PrivatBank, in the course of a \$5.6 billion bailout at a time when lending by the International Monetary Fund, the European Union and the United States was propping up the government.

While the bailout was seen as necessary, the extraordinary cost of what the Ukrainian central bank called Mr. Kolomoisky's mismanagement became Exhibit A for Western governments in the risk of financially supporting Ukraine despite widespread corruption.

Mr. Zelensky's campaign was centered on the claim that, beholden to no one, he would be able to clean up Ukraine's chronic corruption. How Mr. Zelensky handles the Ukrainian authorities' protracted dispute with Mr. Kolomoisky is a key test of his election promises to break the grip of the oligarchs, who have held sway over the country's politics almost since independence in 1991.

It will also test relations with Western governments, which are not eager to see more aid money vanish into Mr. Kolomoisky's business empire.

While Mr. Kolomoisky has said he would “not be the shadow leader of the country and the gray cardinal,” he has spoken openly of his hopes that Mr. Zelensky would fire officials at the central bank who were behind the takeover of PrivatBank. And that was before he returned from exile.

Reflecting Western alarm over Mr. Kolomoisky's return, Carl Bildt, a former prime minister of Sweden, posted on Twitter: “If he's not careful this could be the undoing of Zelensky. Selective re-oligarchisation would be a disaster for Ukraine.”

Ukrainian central bank officials say that any attempt to reverse the nationalization of PrivatBank would risk a \$3.9 billion I.M.F. aid package.

The government nationalized PrivatBank in 2016, and accused Mr. Kolomoisky of diverting millions of dollars to companies he controls. Mr. Kolomoisky denies wrongdoing. A court in Kiev ruled in April that the privatization was illegal, raising the prospect that Mr. Kolomoisky could win the asset back. Mr. Kolomoisky has also said he will seek damages from the government. The central bank is appealing the decision.

During the election campaign, Mr. Zelensky scoffed at the notion that he was in any way beholden to Mr. Kolomoisky.

“We are all equal in front of the law, both an ordinary person and an oligarch,” Mr. Zelensky said in an interview with the BBC in February. “If someone has stolen something, and this is proven by law enforcement, he is obliged to return it. Nobody will close any investigations.” He said he was not “a toy in Kolomoisky's hands.”

Mr. Kolomoisky flew to Dnipro, his hometown, from Israel by private jet early Thursday, the Ukrainian news media reported. He had been living in Israel and Switzerland. Schemes, an investigative journalism program run by Radio Liberty and Ukraine's Channel 1 television, reported that a co-owner of Mr. Zelensky's production company was also on the plane, further underscoring the ties between the two men.

In an interview with the Schemes program last year, Mr. Kolomoisky said he was staying out of Ukraine out of concern that the central bank would impose new fines on him personally and then restrict his right to leave the country again.

His return came three days before Mr. Zelensky's inauguration, which is scheduled for Monday.

