

# The Washington Post

*Democracy Dies in Darkness*



## The gas tycoon and the vice president's son: The story of Hunter Biden's foray into Ukraine

By **Paul Sonne**, **Michael Kranish** and **Matt Viser**

September 28, 2019 at 8:08 p.m. EDT

When then-Vice President Joe Biden's son joined the board of an obscure Ukrainian gas company half a decade ago, it was a stunning coup for its owner, a former Ukrainian minister working to remake the company's image as he faced a money-laundering investigation.

For Hunter Biden, the job came with risks: Ukraine was in the throes of political upheaval, and there was building scrutiny of former government officials profiting in the lucrative gas industry. His father was the face of the Obama administration's effort to get Ukraine to crack down on corruption.

[Post Reports](#) | [Podcast](#)

The story of Hunter Biden's dealings in Ukraine



Subscribe

0:00



25:46

The region was so unsettled that one of Hunter Biden's investment firm partners at the time — former secretary of state John F. Kerry's stepson — believed that joining the board of Burisma Holdings was a bad idea and ended his business relationship with Biden and another partner, his spokesman told The Washington Post.

AD

Now, more than five years later, with Joe Biden running for president, Hunter Biden's decision to get involved with the Ukrainian firm is the backdrop of an extraordinary whistleblower complaint against President Trump that is reshaping the 2020 political landscape.

Revelations that Trump, along with his personal attorney, Rudolph W. Giuliani, pressed the Ukrainians to pursue investigations into Burisma and examine the role of the Bidens have triggered an impeachment inquiry in the House, with allegations that Trump withheld U.S. support for Ukraine to ensure Kiev investigated his potential rival in the presidential election.

No evidence of criminal wrongdoing by the Bidens has surfaced. Giuliani's primary allegation — that Joe Biden pushed for the firing of Ukraine's top prosecutor to quash a probe into the former minister and Burisma owner Mykola Zlochevsky — is not substantiated and has been widely disputed by former U.S. officials and Ukrainian anti-corruption activists.

AD

Still, Hunter Biden's decision to associate himself with the company has raised an uncomfortable question the Biden campaign is struggling to explain: Why didn't the vice president take steps to head off a perceived conflict of interest between his efforts to crack down on corruption in Ukraine and his son's work for a gas tycoon investigated for abusing his position as a government official?

“Why didn’t Joe Biden tell Hunter, ‘Come off it. What the hell do you think you’re doing?’ ” said Oliver Bullough, a British journalist on the advisory board of the Anti-Corruption Action Center, or AntAC, a nonprofit in Ukraine.

For some Ukrainians, Hunter Biden’s association with Burisma undermined his father’s calls to end corruption in Ukraine. It also raised concerns that prosecutors would avoid pursuing alleged wrongdoing by Zlochevsky out of fear that the former minister had high-level connections in the United States — the critical backer of the Ukrainian government at the time.

Inside the vice president’s office, there was discussion about whether Hunter’s position on the board would be perceived as a conflict of interest, according to several former aides who spoke on the condition of anonymity to discuss private conversations.

AD

One former adviser was concerned enough to mention it to the vice president, according to an adviser, but the conversation was brief, and other aides said they didn’t want — or see a need — to raise the issue.

Former U.S. officials who worked with Biden maintain that his son's activities in no way influenced his actions regarding Ukraine as vice president.

"Is there an appearance issue?" a former adviser said. "Of course there's an appearance issue. But did it actually create wrongdoing? No."

At the time, the White House said that Hunter Biden was a private citizen and that the vice president didn't endorse any company in Ukraine. While vice president, Joe Biden did not comment publicly on his son's role at Burisma.

AD

What specific duties Hunter Biden carried out for Burisma are not fully known. A lawyer for Hunter Biden, George R. Mesires, declined to say how much his client earned, or whether the vice president's son knew the company's owner was in the crosshairs of authorities when he joined.

Questions about Hunter Biden's activities in Ukraine "distract focus from the President's and Mr. Giuliani's own wrongdoing by re-asking questions that have been answered to the full satisfaction of everyone who initially scrutinized Hunter's conduct," Mesires said in a statement.

“Simply, there have been no, and could not have been any, findings of wrong-doing by Hunter. Period,” Mesires added.

AD

The Biden campaign declined to say why Joe Biden didn't ask his son to leave Burisma's board to avoid any perceived conflict of interest.

“Joe Biden proudly fought for reform in Ukraine and his achievement of a goal the U.S., EU, IMF, and entire Ukrainian anti-corruption community all strongly supported was a profound victory for good government there,” Andrew Bates, a spokesman for the Biden campaign, said in a statement.

“The Obama-Biden Administration created and upheld the strongest ethics policy of any presidency in American history, and the desperate smear campaign that Donald Trump was just caught trying to ensnare Ukraine into has been comprehensively discredited,” Bates added.

## **Changing political tide**

Hunter Biden became involved in Ukraine at a chaotic political moment for the former Soviet republic. In early 2014, an uprising on Kiev's Independence Square, known as the maidan, ousted the Russia-leaning government of President Viktor Yanukovich and swept into power a group of Ukrainian politicians seeking closer relations with Europe and the United States.

AD

Yanukovich and members of his inner circle — sometimes called the Family — left for Russia, fearing prosecution by the new authorities in Kiev. International notices went out asking foreign nations to freeze the assets of Yanukovich's closest allies. His tax minister and prosecutor general were in such a frenzy to leave Ukraine that they knocked over an airport metal detector as they fled.

The upheaval posed a problem for Zlochevsky. A longtime player in Russia-leaning political circles, he was neither one of Yanukovich's closest allies nor one of the pro-Western politicians taking power in Kiev.

On two occasions, Zlochevsky had served in top Ukrainian government positions in the country's energy sector — once during the tenure of former president Leonid Kuchma and again during the Yanukovich years as ecology minister. During his tenure in those offices, oil and gas companies that would later become part of Burisma secured a windfall of critical licenses, according to Ukrainian license records for the firm's subsidiaries, Esco-Pivnich and Pari.

AD

Eventually, Zlochevsky built what would ultimately become Ukraine's largest gas producer and transformed himself into one of the country's richest men.

Burisma has said all its permits were issued lawfully. The company told the Wall Street Journal in 2015 that Zlochevsky followed “the letter and spirit of the law in his role as a civil servant. He has, at all times, held himself to the highest moral and ethical standards of fairness and decision making.”

By 2014, Zlochevsky had been swept to the outer limits of Yanukovich's circle, downgraded from minister to a deputy secretary.



That March, a few weeks after Yanukovich fled to Russia and amid a zeal in Kiev to go after former officials suspected of graft, authorities in the U.K. opened a money-laundering probe into Zlochevsky and froze millions of dollars in his companies' British accounts, according to British court documents. The action followed a suspicious activity report by the bank BNP Paribas.

AD

According to the court documents, among the assets in the accounts was \$20 million provided by a company owned by Sergey Kurchenko, a tycoon close to Yanukovich who had been sanctioned by the European Union weeks earlier. Zlochevsky's representatives said the money was transferred for a legitimate sale.

The freeze was the beginning of years of legal troubles for Zlochevsky, which would later extend to criminal probes into his activities by Ukraine's prosecutor general and anti-corruption bureau. In the U.K., he was never charged with any crimes, and the freeze on his assets was eventually lifted.

Neither Zlochevsky nor Burisma responded to repeated requests for comment for this story.

In 2017, Burisma announced that all legal proceedings against the company and Zlochevsky had been closed. That February, John Buretta, an American attorney for the company, said that Zlochevsky fully cooperated with all the inquiries and that Ukrainian prosecutors presented “no evidence” to support any claim that he had abused his position.

However, Ukraine's National Anti-Corruption Bureau said Friday that it was still probing licenses granted to Burisma during the years Zlochevsky was ecology minister, which predate Hunter Biden's relationship with the firm.

## **A Western makeover**

Hunter Biden joined Burisma less than two months after U.K. authorities opened the money-laundering investigation. It is unclear whether the vice president's son knew at the time about the probe in Britain. At the time, Zlochevsky's ownership of the company was not widely known.

Bringing aboard a son of the U.S. vice president was part of a broad effort by Burisma to burnish its credentials that had started before the 2014 uprising. The company tapped Alan Apter, an investment banker who has worked in the United States and Europe, as its board chairman, and the former president of Poland as a board member. Burisma had brought in a new executive team and hired established international firms to audit its reserves and financial results.

The addition of prominent Americans and Europeans to the company's board in the weeks after Kiev's dramatic change in government sent a message internally in Ukraine that Zlochevsky had access to powerful people in the West, according to Bullough, who wrote about Zlochevsky in “Moneyland,” his book on tax havens and shell companies.

“Adding these people with these fancy names to the board made Burisma, [which] got licenses to extract gas in Ukraine through very suspicious means, look like a Western, legitimate company,” said Daria Kaleniuk, executive director of the Anti-Corruption Action Center. She described such “whitewashing” as a common tactic for tycoons and officials who are looking to legitimize assets of questionable origin.

Apter, who remains the board chairman, did not respond to requests for comment. Burisma has said its licenses were obtained lawfully.

Burisma also began emphasizing that its gas production would reduce Ukraine’s reliance on Russian energy, an argument that appealed to Washington, where the company began donating to the think tank the Atlantic Council.

A month before Hunter Biden joined Burisma’s board, his father traveled to Ukraine as vice president and announced an aid package designed to enable Ukraine to boost its energy production.

“Imagine where you’d be today if you were able to tell Russia: ‘Keep your gas,’” Biden said. “It would be a very different world.”

Even as he overhauled Burisma, Zlochevsky remained in the crosshairs of authorities in Ukraine. By 2015, prosecutors had opened two probes into the former ecology minister — one into claims of unlawful enrichment and the other into alleged abuse of power, forgery and embezzlement, according to documents from the prosecutor general’s office reviewed by the Wall Street Journal at the time. Zlochevsky denied wrongdoing in those cases.

## **Fathers and sons**

For years, Hunter Biden’s business dealings — including a stint as a K Street lobbyist while his father was a U.S. senator — have been difficult topics for staffers to discuss with the former vice president, according to those who have worked with him.

Their family has been tested by tragedy. Hunter Biden survived a 1972 car accident that killed his mother and sister. His brother Beau, who also survived, died of cancer in 2015. And Hunter Biden has struggled with addiction and financial difficulties in recent years, according to filings from his 2017 divorce.

During Ukraine's political upheaval in 2014, the Yale Law graduate was the unpaid chairman of the board of World Food Program USA, a partner in an investment firm called Rosemont Seneca and a counsel for the New York law firm Boies Schiller Flexner.

One of his investment company partners, Devon Archer, had just joined the board of Burisma. Soon, Hunter Biden received his own invitation.

But another partner in their investment firm raised serious concerns.

Chris Heinz, Kerry's stepson, told Archer that joining Burisma was a bad idea, according to a spokesman for Heinz. Heinz was concerned about reports of corruption in Ukraine, geopolitical risks and general questions about appearance.

"Mr. Heinz strongly warned Mr. Archer that working with Burisma was unacceptable. Mr. Archer stated that he and Hunter Biden intended to pursue the opportunity as individuals, not as part of the firm," Heinz spokesman Chris Bastardi told The Post.

The decision fractured the firm.

"The lack of judgment in this matter was a major catalyst for Mr. Heinz ending his business relationships with Mr. Archer and Mr. Biden," Bastardi said, adding that Heinz and his investment firm were never involved with Burisma.

Archer could not be reached for comment. His lawyer did not respond to requests for comment.

Mesires, Hunter Biden's attorney, did not respond to a question about whether Hunter Biden knew of Heinz's warning.

Hunter Biden told The Post earlier this year that he joined the company at the urging of another board member, the former president of Poland, Aleksander Kwasniewski. In a statement, Biden said they shared a belief that Ukrainian energy independence was critical to rebuffing Russian President Vladimir Putin.

Hunter Biden brought knowledge of international politics to the board, which met twice a year, the former Polish president said in an interview, recalling how he told the vice president's son, "I am sure this company is very important for the independence of Ukraine."

Apter, the investment banker who chairs the board, said at the time that the selection of the vice president's son "was totally based on merit."

Biden campaign officials said Joe Biden learned of Hunter's appointment to Burisma's board of directors only from media reports.

In a statement to The Post earlier this year, Hunter Biden said, "At no time have I discussed with my father the company's business or my board service." Joe Biden echoed the sentiment recently, speaking in Iowa. He said, "I have never spoken to my son about his overseas business dealings."

Hunter Biden told the New Yorker that his father alluded to his Burisma job just once.

"Dad said, 'I hope you know what you are doing,' and I said, 'I do,' " Hunter recounted.

When he joined, Burisma officials said Biden would oversee its legal affairs. But he did not end up in that role. He said in a statement to The Post that he joined the board “to help reform Burisma’s practices of transparency, corporate governance and responsibility” but did not provide examples of his work.

Hunter’s decision entangled him in a country that Transparency International had ranked among the world’s most corrupt, a place where business executives have co-opted prosecutors and manipulated the courts to enhance their financial interests.

## **A fired prosecutor**

By 2015, frustration was mounting in Kiev over the slow efforts by the Western-leaning president, Petro Poroshenko, to stamp out corruption.

Journalists in Ukraine were documenting the enormous wealth enjoyed by former government officials such as Zlochevsky, at one point flying drones to film two side-by-side mansions outside Kiev registered to his family and associates. His daughter promoted a new luxury store in Kiev named Zloci — a play on his surname — that was offering crocodile, alligator and ostrich shoes as Ukrainians faced a biting recession.

Much of the ire about corruption focused on Prosecutor General Viktor Shokin, who U.S. and European officials believed was not sufficiently aggressive.

In a September 2015 speech, Geoffrey Pyatt, then the U.S. ambassador to Ukraine, publicly criticized Shokin’s office, known as the PGO, for failing to go after high-level corruption cases.

“We have learned that there have been times that the PGO not only did not support investigations into corruption, but rather undermined prosecutors working on legitimate corruption cases,” he said.

In particular, Pyatt singled out the office for its failure to provide sufficient information to British authorities to justify their freeze of Zlochevsky's funds, one reason the U.K. court ultimately released them.

Instead, the Ukrainians "sent letters to Zlochevsky's attorneys attesting that there was no case against him," Pyatt said.

Pyatt called for officials who wrote the letters to be investigated and for those responsible for "subverting the case" against Zlochevsky to be fired.

Such criticisms were part of a broader consensus among U.S. and European officials that progress on the anti-corruption agenda had stalled under Shokin. Western aid was largely contingent on such reform.

U.S. officials selected Biden — the primary messenger for the administration's Ukraine policy at the time — to underscore the discontent.

During a 2015 speech before the Ukrainian parliament, Biden called for the country to root out corruption and said, "The Office of the General Prosecutor desperately needs reform."

Biden later recounted telling Poroshenko more bluntly that the United States would withhold a billion-dollar loan guarantee if action was not taken against Shokin.

"I looked at them and said: 'I'm leaving in six hours. If the prosecutor is not fired, you're not getting the money,'" Biden said during a 2018 speech before the Council on Foreign Relations. "Well, son of a bitch. He got fired. And they put in place someone who was solid at the time."

Shokin — who has provided information about Biden to Giuliani — told The Post earlier this year that he believes he was ousted in March 2016 because he was investigating Burisma. If he had been allowed to remain in the job, he would have questioned Hunter Biden's qualifications to be a board member, he said, noting that “this person had no work experience in Ukraine or in the energy sector.”

But at the time, the Zlochevsky case was dormant, according to former Ukrainian and U.S. officials.

Kaleniuk recalled how she and other anti-corruption activists in Ukraine criticized Shokin heavily for not pursuing the investigation and hoped his dismissal would re-energize the case.

Bullough said that the central allegation Giuliani has made against Biden, “this idea that he had Shokin sacked to protect Zlochevsky and Burisma, is just nonsense.” Under Shokin, he noted, the prosecutor's office endured a scandal in which top officials were allegedly caught with stashes of diamonds and hundreds of thousands of dollars in cash.

“But the separate truth is: Should Joe Biden have prevented his son from essentially trading off the Biden name?” Bullough asked. “Maybe he should have.”

Shokin's successor, Yuri Lutsenko, whose comments at one point helped boost Giuliani's efforts to raise questions about the Biden investigation, said in an interview with The Post that he believed Hunter Biden didn't run afoul of any laws in Ukraine.

“From the perspective of Ukrainian legislation, he did not violate anything,” Lutsenko said.

It wasn't until this May, just after Joe Biden launched his presidential bid, that Hunter Biden decided not to serve another term on Burisma's board.



“I would never have been able to predict that Donald Trump would have picked me out as the tip of the spear against the one person they believe can beat them,” Hunter Biden told the *New Yorker* for a lengthy story in July that detailed his personal difficulties and history of substance abuse.

Hunter said in the story that he had apologized to his father for the turmoil he has placed upon him.

“He says, ‘I’m the one who’s sorry,’ and we have an ongoing debate about who should be more sorry,” Hunter said. “And we both realize that the only true antidote to any of this is winning. He says, ‘Look, it’s going to go away.’ There is truly a higher purpose here, and this will go away.”

*Michael Birnbaum and David L. Stern in Kiev contributed to this report.*



