

Oligarchs, the Partial Reform Equilibrium, and the Euromaidan Revolution

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What are oligarchs and who are the oligarchs in Ukraine? The term “oligarch” has been used since the 1990s when referring to big business tycoons and natural gas moguls in Ukraine and other post-Soviet states, frequently without citing an established definition. The key feature of oligarchs in the Ukrainian context is their penchant to become monopolists in every field where they operate: media, economy, and politics. They therefore have an intrinsically negative influence on Ukraine’s quadruple transitions of democratization, marketization, state-institution building, and national integration (Kuzio 2001). Oligarchs have benefited from maintaining the country in a “partial reform equilibrium” (Hellman 1998) at the crossroads of Eurasia and Europe. Ukraine’s oligarchs are in many ways nationalists, seeing closer ties with both Russia and the EU as leading to a decline in Ukraine’s sovereignty and therefore threats to their interests.

Oligarchs prevent the emergence of a level playing field in politics by blocking the entrance of genuine political parties into the political arena. Instead, for each election cycle, they like to support disposable election vehicles, which are dubbed political “projects” by Ukrainian observers. They co-opt opposition political parties and political leaders through political corruption and finance fake candidates and parties with the sole purpose of confusing voters. Oligarchs’ control over Ukraine’s major television networks distorts the information available to voters during elections while preventing governments from explaining their reforms and policies to the public. Oligarchs typically care more about making money than ideology, and the most successful oli-

garchic groups are able to work with every incumbent. With no interest in the rule of law, they corrupt the political and economic systems and seek to control law enforcement structures. Oligarch interests rarely coincide with those of the state: they send billions of dollars to tax havens to avoid paying taxes and prefer a weak state they can more readily control. Tax avoidance by Ukraine's wealthiest citizens encourages similar practices at the lower levels of society, generating a stable and large shadow economy. The failure to develop a robust small and medium enterprise sector stymies the growth of Ukraine's middle class, which typically provides the strongest basis for a liberal democracy and market economy.

Orange Revolutionary leaders who came to power in 2005 failed to move Ukraine from the crossroads into Europe. Euromaidan revolutionary leaders are operating in worse domestic and external environments thanks to Ukraine's deep economic and financial crises combined with Russian aggression and the EU's ongoing internal crisis. European integration will be impossible without breaking the power of Ukraine's oligarchs and significantly reducing the close relationship between big business and politics. Anders Aslund believes that "[t] here is too much continuity from the Soviet state. Ukraine needs a clear break from the old system, as Estonia and Georgia did resolutely." In current circumstances, the partial reform equilibrium has led to the "enrichment of a few" because "big businessmen have captured the state in Ukraine, more than any other post-communist country," Aslund writes. "At present, Ukraine stands out as the last post-communist outpost where tycoons wield substantial political power" (Aslund 2015, 29). Therefore, "[t]he power of the oligarchs has to be broken" (Aslund 2015, 12, 8, 18). The jury is still out on whether President Petro Poroshenko's "deoligarchization" will be successful; after all, Ukraine's oligarchs have much to lose if Ukraine were to reform its political and economic system and successfully integrate with Europe.

This chapter examines Ukraine's oligarchs by first laying out the economic context in which they operate. It then lists the four successful oligarchic groups that have emerged since Ukrainian independence. The next section examines the actions of the oligarchs and their relation to reform. Finally, the chapter looks at the impact of the state's deoligarchization campaign. Overall, the chapter argues that without reducing the powers of the oligarchs, Ukraine's reform efforts are doomed to another failure.

Partial Reform Equilibrium

Soviet Legacy of Corruption and Crime

When the Soviet Union disintegrated in December 1991, its fifteen constituent republics embarked on a quadruple transition. While state- and nation-building continued to be pursued in post-Soviet Eurasia, by the late 1990s democratization had been reversed in a majority of former Soviet republics, while marketization was never completed and most states, including Ukraine, gradually stabilized into partially reformed equilibriums. A nexus of corrupt state elites, officials, and oligarchs hijacked the emerging market economy and established cooperative relations with criminal elements that had grown extensively from the late 1980s and unreformed law enforcement structures.

Although there are no longer failed states among the twelve non-Baltic former Soviet republics, their state institutions were inevitably shaped by the political, legal, economic, and criminal environments within which they emerged. Research in Russia found that by the mid-1990s, 30 to 50 percent of entrepreneurs cooperated with criminals, criminal groups controlled four hundred banks and exchanges, and forty-one thousand enterprises and 80 percent of joint ventures possessed criminal links (Frisby 1998, 35). Ukraine, although with a population a third the size of Russia's, could not escape such developments, and the links between crime, state elites, officials, and the newly emerging private sector developed in a similar manner. As in Russia, certain regions had higher levels of crime and violence; in the Ukrainian case these were the Crimea, Donetsk, and Odessa, according to the number of murders.¹

Large underground shadow economies emerged throughout the USSR in the 1970s and 1980s and were particularly vibrant in the Crimea, with its large number of tourist resorts; Odessa, which had always been a major hub for illegal and untaxed trade; and Donetsk, with its major industrial and raw material resources. Business leaders in the shadow economy (called *akuly* [sharks] by criminals) cooperated with the criminal world in a conspiratorial and hierarchical double life. Louise Shelley points out that the Soviet shadow economy could only have existed with the participation of government and security force personnel (Shelley 2003, 203). Along with numerous Komsomol (Communist Youth League) leaders, former shadow economy entrepreneurs (*tsekhoviki*) were among the first to "anticipate the coming political changes and act accordingly" during the second half of the 1980s (Frisby 1998, 34).

Impact on Ukraine's Post-Soviet Transition

Since independence, the Ukrainian state has been financially weak and unable to provide social services, education, pensions, decent salaries for state officials, and effective law enforcement and military structures. At critical crisis points, such as 1998, 2008, 2010, and 2014, Ukraine has been forced to turn to international financial institutions for assistance. Although Ukrainian governments have had little choice but to pursue stabilization policies, the second stage of structural reforms demanded by international financial institutions never took place until the Euromaidan, leaving Ukraine in a partial reform equilibrium. Ukraine's state budget has been weak because different socioeconomic groups of Ukrainians have pursued a policy of extensive tax evasion by operating in the shadow economy and/or sending their profits and rents offshore to tax havens. Tax evasion was popular because there were limited criminal consequences and because Ukrainians—like Greeks and Italians—do not trust their state institutions and law enforcement. Weak political will to tackle corruption created a permanent shadow economy, leading to high and numerous taxes on the small official economy.

The shadow economy is roughly equal in size to half of Ukraine's GDP and higher than in all post-Soviet states, except Georgia until the Rose Revolution, where it had accounted for 62 percent of GDP.² Ukraine's shadow economy is larger than in energy-rich Russia and Kazakhstan, war-torn and impoverished Tajikistan, Armenia, and two EU members Bulgaria and Romania, where high levels of corruption continue to fester. The share of the shadow economy in Ukraine's GDP has remained constant throughout the transition to a market economy in the 1990s and following the return to economic growth in 2000 under presidents Yushchenko and Yanukovich.

Oligarchic capture of the Ukrainian state has blocked economic development by preventing the growth of the economy overall while blocking new entrants and discouraging foreign investment and making it difficult to expand small and medium business. Ukraine's economic recession following 1989 was one of the deepest in the former USSR and its recovery began only in 2000, the last of the CIS states. Nearly a quarter of a century after the USSR disintegrated, only Ukraine of the fifteen former Soviet republics has not recovered to the level of its Soviet era GDP and the Ukrainian economy remains only three-quarters of the size it had reached in the Soviet era.

Ukraine's Oligarchs: Komsomol and Gangsters

The imprecise definition of oligarchs in Ukraine is compounded by the lack of clarity as to who they are and where they are based. The term “clans” when used in the context of Ukraine and other post-Soviet states does not convey the traditional sense of kinship and descent, such as, for example, the Scottish Highlanders. Clans, in a nonethnic context, refers to groups of people from regions (such as Donetsk and Dnipropetrovsk) that have a history of social, business, and family ties stretching back into the Soviet era; the term is consequently more akin to “old boy networks.” In the Ukrainian case, clans (often said to provide *krysha* [criminal slang for protection, the literal translation being “a roof”]) have been created to lobby big business interests through political parties and, when their leaders are in power, through the president, government, and parliament.

There have been four successful oligarchic clans in Ukraine. First, the only region to successfully unite into one clan was Donetsk, which formed the Party of Regions, now largely defunct but previously constituting what was arguably Ukraine's only true party-based political machine (Kudelia and Kuzio 2015; Kuzio 2015a). The Party of Regions monopolized politics, economy, and the media in the Donbas and spread its branches to eastern and southern Ukraine. The party's attempt to fraudulently elect Yanukovich in 2004 and impose a monopoly of power on the remainder of Ukraine during Yanukovich's presidency provoked the Orange Revolution and Euromaidan respectively.

Second, the gas lobby has no relationship to a region, although many of its leading members are from western Ukraine.³ It has been the most successful of all clans in surviving Ukraine's political changes and maintaining cordial and close relations with all of Ukraine's presidents, including Poroshenko. While the United States has pursued criminal charges against Dmytro Firtash, seeking to extradite him from Austria, his business allies (Serhiy Lyovochkin and Yuriy Boyko) remain above the law as leaders of parliament's Opposition Bloc, which gives them parliamentary immunity. Other oligarchs have also been heavily involved in the lucrative energy sector. Pavlo Lazarenko and Yulia Tymoshenko cooperated in the mid-1990s through United Energy Systems of Ukraine, but their involvement was destroyed by 1998 when they went into opposition to Kuchma. Dnipropetrovsk Pryvat group oligarchs Ihor Kolomoiskiy and Hennadiy Bogolyubov, who controlled the state companies UkrNafta and

UkrTransNafta, developed a more successful long-term involvement in the oil sector that was partially curtailed only in 2015.

A third set of oligarchs remains powerful even though they have never sought to build personally loyal clans or have failed in their attempts; indeed, many more embryo clans and oligarchic virtual political projects have failed than have been successful. Viktor Pinchuk (owner of the Interpipe business group) and Serhiy Tihipko utterly failed to build loyal clans through the political party projects Labor Ukraine, Strong Ukraine, KOP (Winter Crop Generation), and Viche. Kharkiv and Odessa, cities with large student and middle-class populations (rather than working-class, as in Donetsk), did not produce oligarchic clans of nationwide import.

Finally, the Kyiv clan never actually achieved popularity in the capital city, and its political manifestation, the Social Democratic United Party (SDPUo), established temporary bases of support in Trans-Carpathia and more tenuously in western and central Ukraine. SDPUo leader Viktor Medvedchuk's political and business ambitions reached their peak when he was chief of staff to President Kuchma in 2002–4 and went into irreversible decline following his departure from office. Dnipropetrovsk-Kharkiv political party projects, the People's Democratic Party (NDP), and the Inter-Regional Bloc of Reforms (MBR) also proved to be failures—perhaps the reason that they united in 2000 and then disappeared after Kuchma left office.

How Do the Oligarchs Relate to Reform?

Ukraine's oligarchs naturally benefit from the "partial reform equilibrium" status quo and do not support overall structural reforms. However, the removal of Yanukovich from the presidency by Euromaidan revolutionaries led to oligarchs with long-standing ties to the opposition, Kolomoiskiy and Serhiy Taruta (cohead of the Industrial Union of the Donbas), being appointed regional governors. Their assignment was to shore up Ukraine's defenses against a Russian invasion of eastern Ukraine. However, their tenure in office was short. Although successful in blocking a possible Russian advance into Dnipropetrovsk, Kolomoiskiy lost his job after he sent armed guards to block Poroshenko from removing his control over state oil companies as part of the president's deoligarchization campaign. Taruta's task of governing Donetsk, a territory whose separatist insurgents were receiving military supplies from neighboring Russia,

proved to be impossible, leading to his removal. His two immediate successors have proven no more effective in the job.

Oligarchs Kolomoisky and Taruta have both supported pro-Western political forces; Kolomoisky helped finance Viktor Yushchenko's Our Ukraine, Vitaliy Klitchko's Ukrainian Democratic Alliance for Reforms (UDAR), the *Svoboda* (Freedom) nationalist party, and, more recently, Prime Minister Arsen Yatsenyuk's Popular Front and (together with the gas lobby) Oleh Liashko's populist Radical Party. Taruta supported Tymoshenko. However, their funding of pro-Western political forces should be not misunderstood as backing reforms, fighting corruption, or promoting European integration, but instead understood as opportunism and survival tactics. Jewish-Ukrainian oligarch Kolomoisky backed the nationalist *Svoboda* party not for ideological reasons but because he wished to protect his energy interests in Galicia, where *Svoboda* was popular.

Ukraine's oligarchs, like British foreign policy, do not have perennial friends and enemies but only permanent interests, and they (particularly the gas lobby) have transferred the corrupt franchise to every new president. Ukraine's oligarchs do not commit to deeply held ideological preferences, and personalities matter more than political party programs. Western Ukrainians have dominated the pro-Russian gas lobby even though the region was always anti-Russian in its national identity.

The gas lobby and SDPUo, although with roots in the west and center of the country, nevertheless were the most pro-Russian oligarchs in Ukraine. Ukraine's gas lobby made huge rents from arbitrage on gas deliveries from Russia and therefore had no interest in Ukraine's achieving even a modicum of energy independence. Supporting close ties to Russia goes against the grain of western Ukrainian foreign preferences, but for the gas lobby business trumps politics. The gas lobby had excellent relations with the anti-Russian president Yushchenko, while simultaneously penetrating the commanding heights of the pro-Russian Party of Regions and holding high-level positions such as chief of staff during the Yanukovych presidency. The pro-Western Yushchenko's financial relationship with Firtash ignored the fact that he was, like Medvedchuk, Moscow's man in Ukraine. Russian President Vladimir Putin is the godfather of Medvedchuk's daughter Darina. While Ukraine was charged the highest gas price in Europe, Ostchem,⁴ a company owned by Firtash and investigated by the Ukrainian government, was able to import Russian gas at a fraction of the

official government price. The large profits derived from exploiting the price difference gave Firtash capital to purchase strategic areas of the economy on behalf of his Russian backers.⁵ After his arrest in Vienna, he “received another loan in order to pay his bail: \$155 million from Vasily Anisimov, the billionaire who heads the Russian Judo Federation, the governing body in Russia of Putin’s beloved sport.”⁶ While the US has sought Firtash’s deportation to stand trial on corruption charges, Poroshenko, who is commander of Ukrainian armed forces fighting Russia, has protected the interests of the pro-Russian gas lobby in Ukraine. During his presidency, no criminal charges have been brought against the key representatives of this lobby, and they have not been placed on the list of Ukrainians sought by Interpol.

In the 2010 presidential elections, the gas lobby backed Yatsenyuk as a counterweight to Tymoshenko, the only Ukrainian politician with whom they had a poor relationship. In 2012–14, the gas lobby supported President Yanukovich while simultaneously financing Klitchko’s UDAR. After the Euromaidan the gas lobby brokered an immunity deal with Klitchko and Poroshenko and backed the latter, whose main opponent in the May 2014 presidential elections was Tymoshenko. Within a span of three months the gas lobby distanced itself from Yanukovich, after Lyovochkin resigned as chief of staff in January 2014, and recaptured the initiative from Euromaidan revolutionaries by successfully promoting Poroshenko for the presidency and Klitchko for mayor of Kyiv. “We got what we wanted—Poroshenko as president and Klitchko as mayor,” Firtash bragged to the Viennese court.⁷

After Kuchma left office in 2004, the SDPUo became increasingly pro-Russian as Medvedchuk developed a close personal and family relationship with Putin. Medvedchuk’s Ukrainian Way NGO and the free *Vesti* newspaper were part of what Russia viewed as its “soft power” answer to what it claimed were the West’s conspiracies behind the Orange and Euromaidan revolutions.

Although it is important to bear in mind that use of labels such as “pro-Western” and “pro-Russian” are nebulous categories when applied to oligarchs, it is nevertheless the case that Russophone eastern Ukraine has produced two distinct types of centrist parties. From 1994 until the 2000–1 Kuchmagate crisis, when secretly recorded conversations with President Leonid Kuchma seemed to implicate him in the murder of journalist Georgi Gongadze, Ukraine was ruled by leaders representing Dnipropetrovsk and Kharkiv, led by former Komсомol leaders (for example, presidential chief of staff and Kharkiv mayor Yevhen Kushnaryov, NDP leader Anatolii Matviyenko, and MBR leader Volodymyr

Hrynyov) and technocratic nomenklatura (such as President Kuchma and Prime Minister Valeriy Pustovoytenko). The importance of the Komsomol to post-Soviet Ukraine was evident in the 2004 elections when former Komsomol leaders Serhiy Tihipko ran the Yanukovych campaign and Oleksandr Zinchenko headed Yushchenko's campaign. During Kuchma's presidency, therefore, Ukraine's rulers resembled those in the Soviet period, when Dnipropetrovsk and Kharkiv had also dominated Ukraine's ruling elites.

The Kuchmagate crisis changed Ukraine's politics by radicalizing eastern and western Ukraine and breaking the partnership between centrists and national democrats, damaging prospects for national integration and reforms. Centrist liberals became marginalized after Kuchma left office in 2004 and were replaced by the rise of the Donetsk clan's Party of Regions, which, although forced to enter a bloc with four pro-presidential centrists in 2002, became an independent political actor from 2005. The Donbas had never played an influential political role in Soviet Ukraine.

The former Komsomol centrists, who led political party projects they viewed as "liberal" in ideological orientation, cooperated with the national democratic Rukh (Popular Movement for Restructuring) Party led by Vyacheslav Chornovil and other national democratic parties. Komsomol-led centrist and national democratic parties both viewed the Communist Party of Ukraine (KPU) and Crimean Russian nationalist-separatists as their common enemy. This distancing from the communists and Crimean's made them crucially different from the Donetsk clan and the more leftist-populist Party of Regions, who closely cooperated with the KPU and Crimean Russian nationalists and, like Putin's Russia, disparaged national democrats as "fascists" in the pay of the West.

The Party of Regions received overwhelming support from its home base regions of Donetsk and Luhansk oblasts (which together form the Donbas) and the Crimea. The Donbas has a far stronger regional than Ukrainian identity, embedded Soviet working-class culture, a long tradition of violence stretching back to the late nineteenth century, and, together with the Crimea, a Soviet cultural identity. A political party can become a machine only if it successfully mobilizes a large enough number of voters, both real supporters and voters attracted through patronage, in order for it win elections. The Party of Regions successfully combined populist and neopatrimonial client relations with big business and the working classes, who had earlier voted for the KPU. This strategy was successful because of greater discipline, support for unity of the Donetsk clan from regional governor Yanukovych, the concentration of large

numbers of voters in factory towns, and access to huge financial resources provided by oligarchs.

By 2000, then Donetsk governor Yanukovich and his oligarch allies, many of whom had emerged from organized crime and had emerged victorious from the violent civil war that had gripped the Donbas in the late 1980s and 1990s, had successfully established a total monopoly of power in the Donbas years ahead of Putin in Russia and just behind President Alyaksandr Lukashenka in Belarus. Big business was united into a single clan that viewed the Party of Regions as its political *krysha*. Other parties, such as the KPU and smaller leftist and Pan-Slavic groups, were either submerged into the Party of Regions or became satellites. The media environment was totally monopolized. Building on the low election turnouts in the 1990s, the Party of Regions ensured massive majorities, including more than 100 percent participation in select precincts during the 2004 presidential elections for Yanukovich. Law enforcement (Ministry of Interior, Security Service, Prosecutor's Office) was infiltrated and co-opted, which became a strategic factor in spring 2014 when they adopted a neutral stance or defected to the separatists (Kuzio 2014). This local influence was coupled with the Donetsk clan's capture of the prosecutor-general's office of Ukraine from 2002 to 2014 and control over financial flows through the State Tax Administration (1996–2002) and Ministry of Finance, National Bank, and Customs (2010–14). During his presidency, Yanukovich's newly emerging "Family" clan privatized law enforcement (Security Service chairman Oleksandr Yakymenko,⁸ Minister of Interior Vitaliy Zakharchenko) and financial revenues (head of the State Tax Administration Oleksandr Klymenko, First Deputy Prime Minister Serhiy Arbuzov).⁹

Regional monopolization, first in the Donbas (1997–2000), then in the Crimea (2006), and from then attempted in the remainder of eastern and southern Ukraine, was aided by exceptional discipline and organizational skills. In addition to a desire for Russian-style total monopolization of power, the Donetsk clan and Party of Regions differed from former Komsomol-led centrist parties in their attitudes toward democratization and violence. The Party of Regions was an antidemocratic party that established an authoritarian regime in the Donbas that it sought to expand to the remainder of Ukraine. When led by Nikolai Azarov, the State Tax Administration harassed the opposition while President Yanukovich imprisoned his opponents. Journalist and Poroshenko Bloc deputy Serhiy Leshchenko pointed out that Donetsk clan oligarch Rinat Akhmetov controlled fifty deputies in the Party of Regions faction who

remained loyal to Yanukovych to the day he fled from Kyiv. None of the deputies loyal to Akhmetov voted for the December 3, 2013, no-confidence motion in the Azarov government, which “proves that Akhmetov, through his deputies as on previous occasions, supports the policies of Yanukovych by remaining silent when the security forces spill blood against demonstrators.” Akhmetov’s solidarity with Yanukovych was understandable because he, together with Firtash and Oleksandr Yanukovych, the president’s eldest son and a dentist by profession, gained the most financially during the Yanukovych presidency. In Akhmetov’s case the money flowed from “taking control over whole sectors (of the economy) and also by obtaining shares (in companies) during dubious tenders.” For anybody who understands how business is undertaken in Ukraine, Leshchenko pointed out that “it is obvious that to be able to receive such bonuses, Akhmetov could only do so by being Yanukovych’s partner, not only in politics, but also in business.”¹⁰

Accusations of corruption and lack of transparency in funding have been leveled against all political parties in Ukraine because their income is provided by big business through the shadow economy and capital held in offshore tax havens. The gas lobby, Party of Regions, and Crimean Russian nationalists have integrated individuals with criminal connections who facilitated grand corruption and encouraged gangland-style violence of the type witnessed during the Euromaidan. The Donetsk clan had extensively drawn upon vigilante sportsmen (Kuzio 2015c) for corporate raiding, election fraud,¹¹ and the undertaking of violence against journalists, civil society activists, and political opponents.¹² A culture of widespread use of violence and control over law enforcement contributed to the unprecedented use of vigilantes to kidnap, torture, and murder protest leaders and the use of live rounds against unarmed protesters during the Euromaidan. During the Orange Revolution, when Kuchma and former Komsomol-led centrists were in charge, not a single incident of violence, let alone murder, took place. After the Euromaidan, unexplained “suicides” and “accidents” have befallen nine individuals with ties to the Party of Regions,¹³ and Kharkiv mayor Hennadiy Kernes survived an April 2014 assassination attempt. High-profile “suicides” and murders were orchestrated by Party of Regions oligarchs and their organized crime allies to remove witnesses, as they also had done in the late 1990s.¹⁴ A smaller number of “suicides” occurred after the Orange Revolution, the most prominent of which was former interior minister Yuriy Kravchenko on the eve of the time when he was due to give testimony to the prosecutor-general’s office about the murder of journalist Gongadze.

At a two-and-a-half-hour December 2008 meeting with U.S. ambassador William Taylor, called at Firtash's request, the oligarch revealed his ties to Russian organized crime boss Semyon Mogilevych. Such criminals were permitted by Russian and Ukrainian leaders to take a leading role in energy transportation—the best example of which was Mogilevych. These figures organized gas intermediaries Respublika, Interhaz, Itera, Eural-Trans Gas, RosUkrEnergo (RUE), and Ostchem, which made money by selling subsidized gas at full-market price. Mogilevych's Russian Solntsevo organized crime gang provided the “muscle” for Gazprom's Itera in the 1990s. In October 2007, in the middle of preterm Ukrainian elections, a contract was signed by Vanco International (registered in the Bermuda Islands) with the outgoing Yanukovich government to explore the 13,000-square-kilometer Prykerchenska region of Ukraine's Black Sea shelf, which reportedly held large reserves of oil and gas.¹⁵ The four owners of the Ukrainian arm of Vanco's operation, Vanco Prykerchenska, included DTEK (Donbas Fuel-Energy holding,¹⁶ owned by oligarch Akhmetov),¹⁷ Austrian company Integrum Technologies, linked to Party of Regions parliamentary deputy Vasyl Khmelnytsky, and Shadowlight Investments, owned by Russian oligarch Yevgeniy Novitsky, who controlled the Solntsevo criminal gang.

The FBI placed Mogilevych and his associate Igor Fisherman on their Ten Most Wanted list in the 1990s,¹⁸ and in December 1999 U.S. ambassador to Ukraine Steven Pifer presented a thirty-one-page dossier to the Ukrainian authorities on the FBI's charges against Mogilevych. Military Intelligence chairperson Smeshko, who was unhappy at Kuchma's (and Russia's) willingness to cooperate with Mogilevych, told President Kuchma that the “FBI considers Mogilevych's organization to be under the complete protection of the SBU (Security Service of Ukraine).” SBU chairperson Leonid Derkach did not find this to be a problem, telling Kuchma that “[h]e (Mogilevych) is ours. He is an informer.”¹⁹

Firtash “acknowledged that he needed, and received, permission from Mogilevych when he established various businesses, but he denied any close relationship to him.” This account was pure deception, as Mogilevych's involvement in the energy trade continued through to 2008 on the eve of the removal of RUE from the Ukrainian-Russian gas trade.

Firtash also said that he “knows several businessmen who are linked to organized crime, including members of the Solntsevo Brotherhood.”²⁰ Nevertheless, “Firtash's bottom line was that he did not deny having links to those associated with organized crime. Instead, he argued that he was forced into dealing

with organized crime members including Mogilevych or he would never have been able to build a business.”²¹ Firtash was arguing that the chaos and lawlessness widely prevalent in the 1990s meant that new business ventures inevitably rubbed shoulders with criminal figures during that period of time. Nevertheless, after this and other U.S. diplomatic cables became public in Wikileaks, Firtash denied that he had told the U.S. ambassador he had ties to Mogilevych; ultimately Firtash had never expected his candor to the U.S. ambassador to be leaked into the public domain. He also denied having ties to the opaque gas intermediary RUE, which contradicted interviews he had given in 2006 to Western newspapers²² and information available on the website of the DF Group, his business empire.²³

Criminality in the Donbas had been high since World War II,²⁴ and this underworld emerged into the open during the late 1980s and 1990s. In terms of numbers of murders, Donetsk came second to the Crimea in the 1990s, but what is more striking is the degree to which the oblast was so different from neighboring Kharkiv and Dnipropetrovsk, where former Komsomol-led centrist parties dominated and violence was on a far smaller scale. The rampant violence calmed only after Yanukovich became governor in May 1997, after which organized crime allies were integrated into the political system while criminal opponents were destroyed. Yevhen Kushnir, who led an organized crime gang that was behind twenty-seven murders and seventeen attempted murders, saw his group destroyed in 1997–99, when twenty-three members were murdered and eight were criminally sentenced.²⁵ Governor Yanukovich oversaw the integration of “Red Directors,” new younger oligarchs, trade unionists, former criminal authoritative figures, and Russian nationalist and pan-Slavic leaders such as Vadym Kolesnichenko into the Party of Regions. This process was no different from that which took place in other countries, such as Italy: “No matter how he had begun his career, the leader of a mafia group was no longer a bandit, an outlaw. Indeed, he portrayed himself as man of law and order and paid formal respect to state authority” (Paoli 2003, 33).

Some local leaders such as Akhmetov understood the need to evolve from ties with criminal figures (known as a *vor v zakone* [thief in law]), such as Akhat Bragin, into legitimate business players, but this never ended their willingness to accept insider deals that increased their business empires. Their rapacious greed was never satisfied. Hans van Zon writes: “Yanukovich, Akhmetov and Kolesnikov (Akhmetov’s associate and close friend) put an end to uncontrolled criminal activities and restored order. Restoring order, however, did not mean

restoring rule of law; in Donetsk the law of the strongest reigned” (von Zon 2007, 383). Through to the Euromaidan, eighteen parliamentary deputies within the Party of Regions continued to have ties to organized crime.²⁶

Allegations about Akhmetov’s involvement with criminal groups are to be found in a 1999 Interior Ministry document on organized crime groups in the Donetsk region.²⁷ Zon writes that in the first half of the 1990s, Bragin, who was a well-known Donetsk businessperson and a criminal “authority,” allegedly became Akhmetov’s “mentor.”²⁸ Photographic and video footage of Akhmetov and Bragin at the funeral of Oleksandr Krantz, a major Donetsk organized crime boss who was murdered in 1992, and at other events, was published after the Interior Ministry leaked them.²⁹ In October 1995, Bragin and six of his bodyguards were murdered in Donetsk Shakhtar football stadium by a bomb explosion, and, although Akhmetov usually accompanied Bragin everywhere, on that occasion he arrived suspiciously late, after the explosion, and subsequently inherited all of Bragin’s assets.³⁰ Akhmetov also inherited the business assets of oligarch Yevhen Shcherban, who was assassinated a year later. Over the next two decades following Bragin’s murder, Akhmetov became fabulously wealthy when Yanukovych provided political protection as Donetsk governor, prime minister, Party of Regions leader, and president. In Bloomberg’s two hundred wealthiest people in the world, on the eve of the Euromaidan Akhmetov was ranked ninety-fifth, with a \$11.4 billion net worth.³¹

There were two attempts to destroy ties between organized crime and politics. Crimea Autonomous Republic minister of interior Hennadiy Moskal from 1996 to 2000 undertook the first attempt. In 2005 and 2007–10, when Yuriy Lutsenko led Ukraine’s Interior Ministry, similar attempts were made to break up the national nexus between politics and organized crime. When the Party of Regions was in power in 2006–7 and during Yanukovych’s presidency, the criminal world felt greater freedom to emerge from the shadows and flex its muscles. In 2006–7, the U.S. embassy reported from Kyiv that “organized crime feels that there will be no follow up from the government.”³² In 2010, soon after Yanukovych came to power, Givi Nemsadze, head of the bloodiest organized crime gang in Ukraine, which was active in the Donetsk region in the 1990s and responsible for fifty-seven murders (including destroying the Kushnir criminal gang), was rehabilitated by the prosecutor-general’s office.³³

In 2006, the new alliance forged between the Party of Regions and Crimean Russian nationalists facilitated the ability of organized crime leaders to emerge from the shadows and their decade-long marginalization and to re-enter local

and national politics.³⁴ In spring 2014, organized crime leaders such as Sergei Aksyonov (criminal name “Goblin”) were installed as Russia’s puppet leaders in the annexed Crimea. Mark Galeotti noted that “Aksyonov, head of the Russian Unity party, seemed an ideal choice as a Kremlin figurehead. Even though he had been elected to the regional parliament in 2010 with just 4 percent of the vote, he was ambitious, ruthless, and closely connected with Crimean parliament speaker Vladimir Konstantinov, perhaps the pivotal powerbroker on the peninsula then and now.”³⁵ The “unidentified thugs in mismatched fatigues and red armbands” of the so-called Crimean self-defense forces were in fact “the foot soldiers of the peninsula’s crime gangs, including Bashmaki and the descendants of Salem, who had temporarily put their rivalries aside to pull Crimea out of Ukraine.”³⁶

Does Deoligarchization Mean the End for Oligarchs?

Skepticism about deoligarchization rests on past weak presidential and government performance, where rhetoric trumped action and Poroshenko’s status as an oligarch himself. His campaign promises to sell his own business has not been fulfilled. Poroshenko has flip-flopped between the Party of Regions, as one of its founding leaders in 2000, and national democratic parties. However, he is clearly more at home with the moderate centrist parties of the 1990s than the authoritarian, kleptocratic, and violent Party of Regions. He has always feared and strongly opposed Tymoshenko. Since September 2003, Poroshenko’s Channel 5 has traditionally provided balanced coverage of Ukrainian politics. Nevertheless, the obstacles to deoligarchization are formidable in of themselves and the chances of its success are made worse by Poroshenko’s long-standing ties to oligarchs. The arrest of oligarchs might not be welcomed in the West, as seen in criticism of the imprisonment of Russian oligarch Mikhail Khodorokovsky. The nationalization of oligarch assets, which Prime Minister Tymoshenko backed in 2005, was heavily criticized as “populism” by Yushchenko and Poroshenko, then secretary of the National Security and Defence Council, and in the West. What parameters should therefore deoligarchization consist of if criminal charges against oligarchs and renationalization of their assets are taken off the agenda?

Deoligarchization will be meaningless without challenging the biggest monopolist in Ukraine, Akhmetov. His future following the fall of his long-time business and political ally Yanukovich is unclear, as he entered parliament only

when he felt threatened—as in 2006 and 2007—to receive immunity from prosecution and therefore did not stand for parliament in 2012 when his patron, Yanukovich, was president. Political protection by Yanukovich came at a price, and Leshchenko’s investigations found that the former president owned approximately half of the enormous assets accumulated by Akhmetov.³⁷

The Party of Regions will never be revived in its former form, and the recently formed Opposition Bloc pales in comparison. The end of the Party of Regions and CPU’s monopolization of eastern and southern Ukraine has opened up a political vacuum that will, over time, return to the centrist pluralism of the 1990s. In the short term, as illustrated in the October 2015 local elections, the Opposition Bloc will capitalize on local populist discontent over economic dislocation blamed on the government and the Donbas conflict.

With Ukrainian criminal charges against Yanukovich and his entourage and international sanctions against their assets, “The Family” is in retreat, but it also remains unclear how their assets will be recovered. These assets were estimated to be \$130 million, ranking them sixty-fourth among Ukraine’s one hundred wealthiest Ukrainians and business groups.³⁸ In 2011, after purchasing the All-Ukrainian Bank for Development, Oleksandr Yanukovich entered the list of the top one hundred wealthiest Ukrainians. In 2012 he doubled his wealth from \$99 to \$187 million (his company’s shares increased from 505.5 million to 970 million hryvnya) and occupied fifty-ninth place in Ukraine’s top one hundred wealthiest.³⁹ Serhiy Kurchenko, who emerged from nowhere in 2011, also began to expand his business empires as a front for “The Family.” Criminal charges were instituted against Oleksandr Yanukovich and Kurchenko by the post-Euromaidan government.

Escaping the Partial Reform Equilibrium and the Crossroads

The 2014 parliamentary elections produced for the first time a pro-European constitutional majority that cooperates with President Poroshenko, who was elected on a pro-European platform. Presidential and government policies that will encourage reforms can now operate under the country’s natural “pluralism by default” (a product of regional diversity) that existed under Ukraine’s first three presidents and clashed with the monopolistic tendencies of the Yanukovich administration and Party of Regions (Levitsky and Way 2002). The key to Ukraine breaking free of the partial reform equilibrium and entering the path of European integration is the political will to demonopolize Ukraine’s econo-

my, politics, and media by reducing the power of the oligarchs and separating business and politics. How to reduce the power of the oligarchs remains elusive if imprisonment and renationalization are taken off the table and as long as banks, real estate, think tanks, and political consultants and foundations in Europe and the United States continue to accept funds from oligarchic groups.

Much of the work to take on Ukraine's oligarchs rests at the national level and should be undertaken by President Poroshenko and Prime Minister Yatsenyuk. But an important focus has to be also on reaching out to the population in Ukraine's east and south, where there are two Russian-speaking Ukraines after the Euromaidan and Russia's aggression. The first is a civil society extension of the Euromaidan that has produced volunteer patriots fighting on the front line and volunteer groups providing support to them and internally displaced persons. The majority of the volunteer groups collecting assistance for the military and National Guard are women activists. The growth of civic and military volunteerism is reflected in the eastward spread of the anti-Soviet identity of the Euromaidan; six hundred monuments to Soviet leader Vladimir Lenin have been removed. A process of de-Sovietization that began with the removal of Lenin monuments in Lviv on the cusp of the disintegration of the USSR has spread to Russophone Ukraine a quarter of a century later.

Supporters of the Party of Regions and KPU who have traditionally prioritized standards of living and "stability" over democratization and Europe also represent a large constituency in Russophone Ukraine. Economic and financial crises will turn many of them away from the government's reforms. These voters represent the constituency of the Opposition Bloc that continues to pursue paternalistic neopatrimonial policies and antireform populism enabling the party to win votes in 2014 and 2015. In big factory towns like Mariupol, large groups of workers can be cajoled into voting for oligarch-controlled counter-revolutionary forces threatened by reforms and Europeanization. Poroshenko's reliance in eastern and southern Ukraine on local political and economic vestiges of the Yanukovich regime will not lead to the changes and reforms demanded on the Euromaidan; the president should be instead supporting reformers and new political leaders who will not continue to pursue established criminalized and corrupt business ways. The importance of change has to mean President Poroshenko demonstratively showing to oligarchs and old cronies from the Yanukovich era that it is no longer "business as usual." If he fails to do this, the policy of "deoligarchization" will be simply empty rhetoric.

A more difficult external environment than that following the Orange Rev-

olution compounds domestic obstacles to reform. Russia, through the use of military, economic, and trade pressure, seeks the failure of Ukraine's European integration. But Russia is not the only obstacle on Ukraine's path to Europe. Unlike postcommunist central Europe, the EU is requiring Ukraine to undertake deep structural reforms within the Association Agreement and DCFTA (Deep and Comprehensive Free Trade Agreement) without the inducement of a membership perspective and with far less financial support.⁴⁰ In the short term, Ukraine will have to spend a huge amount of resources to adapt to European standards while losing trade with Russia following that country's annexation of the Crimea and aggression in the Donbas, which accounted for 16 percent of GDP, 25 percent of industrial production, and a quarter of Ukraine's exports in 2013 on the eve of the Ukraine-Russia crisis. In central Europe, populist backlash against reforms led to the election of leftist governments that nevertheless remained in support of NATO and EU membership. Populist backlash in Ukraine would come from anti-European, counter-revolutionary forces ensconced in the east and south who would look to Russia as a savior.

President Poroshenko's deoligarchization campaign will fail if it does not destroy the power of Ukraine's most powerful oligarchs, particularly the two groups (Akhmetov and the gas lobby) that finance the pro-Russian Opposition Bloc. The Yatsenyuk government is moving against Firtash's Ostchem, but this is too little and has received tepid support from Poroshenko. President Poroshenko has two choices that would impact the success of Ukraine's reforms. The first would be to honor the agreement that he and Klitchko reached with Firtash in Vienna, thereby permitting revenge down the road by pro-Russian counter-revolutionary forces. This option would become a replay of Yushchenko's cooperation with the gas lobby in which he sought grand coalitions with the Party of Regions that facilitated Yanukovych's comeback in 2010 and counter-revolution during his presidency. Alternatively, Poroshenko can target Akhmetov and the gas lobby in his deoligarchization campaign and in so doing reduce the power and influence of the most powerful pro-Russian groups in Ukraine. This second scenario would have the added benefit of assisting the United States, Ukraine's most important strategic partner, in its attempt to have Firtash deported from Austria.

Putin was surprised at the toughness and patriotism of Ukraine's soldiers and volunteers who defeated his "Novorossiya" (New Russia) project for eastern and southern Ukraine. It is incumbent upon Poroshenko to show the same determination as his Ukrainian citizens have shown in the Euromaidan and on

the front line by defeating the threat posed to Ukraine's European integration by the country's oligarchs. Without the de-monopolization of oligarchic political, media, and economic influence Ukraine will be unable to move from its partial reformed equilibrium and enter the path of European integration.

Economic growth can only be unlocked through reforms designed to demopolize economic life and lessen the stranglehold on the economy by big business through expanding the small and medium business sector and reducing the size of the shadow economy to levels found in southern Europe. At a time of economic and financial near-bankruptcy, the Euromaidan leadership introduced stabilization policies that cannot be avoided, and these will be followed by unpopular structural reforms in pensions, utility prices, and the downsizing of overmanned state institutions that will generate unemployment. Other reforms in human rights, law enforcement, and fighting high-level corruption will be popular. Structural reforms, which have eluded all Ukrainian governments, should move Ukraine beyond the current partial reform equilibrium and toward a consolidated democracy, efficient state institutions with greater public trust, and a market economy not captured by big business tycoons.

If Ukraine fails to break through a second time, the country will remain politically unstable and weak, leaving it at the mercy of an imperialistic Russia. Large segments of the population, particularly active and energized representatives of civil society, the middle class, Ukrainian patriots, and nationalists, carried out two revolutions against oligarchic capture of the state in 2004 and 2013-4. The Orange Revolution failed to change Ukraine, facilitating the rise of a counter-revolution and a second revolution. Only a successful breakout from the partial reform equilibrium that removes oligarchic capture of the state and places Ukraine on the path toward European integration will prevent a third cycle of public disillusionment, stagnation, counter-revolution, and revolution from taking place.

The Association Agreement and DCFTA will promote all-round reforms in Ukraine, but they will be difficult to implement without a membership perspective and large financial resources. A failure to launch breakthrough reforms and deoligarchization would not merely consign Ukraine to remaining stuck at the crossroads, as under Yushchenko, but with Russia seeking the failure of the Euromaidan, would represent an existential threat to the very sovereignty of the Ukrainian state. The stakes are high for Ukraine, and downsizing the ambitions and rapacious greed of Ukraine's oligarchs is central to the success of reforms, European integration, and ending cycles of revolution and counter-revolution.

Notes

1. Interview with Yuriy Lutsenko, Kyiv, November 1, 2013.
2. See the size of the shadow economies in OECD countries at http://www.progetoitaliafederale.it/docs/ForthcomingPFPC_final_version_08_07.pdf.
3. On Ukraine's gas lobby, see Kuzio 2015b, 394–408.
4. Taras Kuzio, "Dmytro Firtash Launches New Opaque Gas Intermediary," *Eurasia Daily Monitor* 10 (55), March 25, 2013. See http://www.jamestown.org/single/?tx_ttnews%5Btt_news%5D=40641#.VZrc-xNViko.
5. Stephen Grey, Tom Bergin, Sevgil Musaieva, and Roman Anin, "SPECIAL REPORT—Putin's Allies Channeled Billions to Ukraine Oligarch," *Reuters*, November 26, 2014. See <http://www.reuters.com/article/2014/11/26/russia-capitalism-gas-special-report-pix-idUSL3NoTF4QD20141126>.
6. "SPECIAL REPORT—Putin's Allies Channeled Billions to Ukraine Oligarch."
7. Johannes Wamberg Andersen, "Firtash Claim Kingmaker Role in Ukrainian Politics," *Kyiv Post*, May 7, 2015. See <http://www.kyivpost.com/content/ukraine/firtash-claims-kingmaker-role-in-ukrainian-politics-388070.html>.
8. "Oleksandr G. Yakimenko." See <http://politrada.com/dossier/person/id/4242>.
9. Anders Aslund, "All Power to 'The Family,'" *Kyiv Post*, March 27, 2012. See <http://www.kyivpost.com/opinion/op-ed/all-power-to-the-family-124996.html>; and Wojciech Konończuk and Arkadiusz Sarna, "The Presidential 'Family' in Ukraine Is Developing Its Business Base," Centre for Eastern Studies, June 26, 2013. See <http://www.osw.waw.pl/en/publikacje/eastweek/2013-06-26/presidential-family-ukraine-developing-its-business-base>.
10. S. Leshchenko, "Yakshcho Akhmetov ne zupynynt Yanukovycha, to rozdilyt vidpovidalnist iz nym," *Ukrayinska Pravda blog*, December 3, 2013. See <http://blogs.pravda.com.ua/authors/leschenko/529e2f5be32c1/>.
11. A detailed review of election fraud methods can be found in the special issue on parliamentary democracy and the 2012 parliamentary elections of *Natsionalna Bezpeka i Oborona*, nos. 7–8, 2012, pp. 76–77. See <http://www.razumkov.org.ua/ukr/journal.php?y=2012&cat=177>.
12. On corporate raiding, see Valeria Burlakova, "No Holds Barred," *Ukrainian Week*, July 19, 2013. See <http://ukrainianweek.com/Society/85012>. On earlier uses of violence, see Kuzio 2010, 383–95.
13. The "suicides" and murders were of Oleh Kalashnikov, Oleksandr Bordyukh, Serhiy Melnychuk, Stanislav Melnyk, Oleksandr Peklushenko, Mykhaylo Chechetov, Oleksiy Kolesnik, Mykola Serhiyenko, and Serhiy Valter.
14. Maxim Tucker, "Ukraine's Old Guard and the Mystery of a Series of Unlikely Suicides," *Newsweek*, April 8, 2015. See <http://www.newsweek.com/2015/04/17/ukraine-plagued-succession-unlikely-suicides-former-ruling-party-320584.html>.

15. "Ukraine: Cabinet of Ministers Approves PSA—Signing to Follow Oct 8," U.S. Embassy Kyiv, October 2, 2007. See <http://wikileaks.org/cable/2007/10/07KYIV2505.html#>.
16. See <http://dtek.com/en/home>.
17. "Ukraine: Vanco Case Sent to Constitutional Court, Neither Side Backing Down," U.S. Embassy Kyiv, June 23, 2008. See <http://wikileaks.org/cable/2008/06/08KY-IV1219.html#>.
18. The FBI accused Mogilevych and his associates of laundering \$10 billion through the Bank of New York, stealing \$1.2 billion in World Bank loans, and being behind a \$150 million scam on the Toronto Stock Exchange. See <http://www.fbi.gov/wanted/topten/semion-mogilevich/view/>; <http://www.fbi.gov/wanted/cei/igor-lvovich-fisherman>.
19. These quotations are available on the tapes produced by presidential guard Mykola Melnychenko and cited by Koshiw 2013, 62–65.
20. Firtash also recounted how Itera head Igor Makarov invited him to dinner in Kyiv in January 2002, after he established Eural Trans Gas to replace Itera. Makarov attended with his head of security, Mogilevych, Sergei Mikhas from the "Solnstevo Brotherhood," and a "Mr. Overin." Cited from "Ukraine: Firtash Makes His Case to the USG," U.S. Embassy Kyiv, December 10, 2008. See <http://wikileaks.org/cable/2008/12/08KY-IV2414.html>.
21. "Ukraine: Firtash Makes His Case to the USG."
22. Steven Wagstyl and Tom Warner, "Firtash Considers LSE Listing for Rosukren-ergo," *Financial Times*, April 28, 2006. See <http://www.ft.com/intl/cms/s/0/7fcde8bo-d652-11da-8b3a-0000779e2340.html>.
23. See interviews with Firtash in *Fokus* and *Vedomosti* at <http://www.epravda.com.ua/news/2008/01/28/157119/> and <http://focus.ua/politics/159734/>. At the same time, Firtash's personal website (<http://groupdf.com/en/about/history>) writes that in 2002, "Eural TransGas Kft, a company founded by Dmitry Firtash, secured exclusive contracts to supply Turkmen gas to Ukraine," and in 2004, "RosUkrEnergo AG joint company (was) established by Dmitry Firtash and Gazprom (Russia)."
24. In postwar Donetsk, one in ten residents was imprisoned in prisons or colonies, and the region held three times the number of inmates as those institutions had been constructed to hold. The largest numbers of criminal prosecutions in Soviet Ukraine were in Stalino (Donetsk) and Luhansk (Voroshilovohrad) oblasts, accounting for a third of all criminal prosecutions in Soviet Ukraine (Kuromiya 1998).
25. Serhiy Kuzin, "Aktualni spravy mynulykh dnyv," *Dzerkalo Tyzhnya*, April 6, 2012. See http://gazeta.dt.ua/POLITICS/aktualni_spravi_minulih_dniv.html. See table with names of the Kushnir gang members in (Koshiw 2013, 208).
26. Interview with first deputy head of the Parliamentary Committee on Fighting Organized Crime and Corruption, Hennadiy Moskal, by *Ukrayinska Pravda*, March 21, 2013. See <http://www.pravda.com.ua/articles/2013/03/21/6986155/>.

27. A September 1999 report by the Interior Ministry Directorate on Combating Organized Crime entitled “Overview of the Most Dangerous Organized Crime Structures in Ukraine” lists seven groups in Donetsk Oblast. The report alleges that the “Renit” organized group “dealt with money laundering and financial fraud, and controlled a large number of both real and fictitious companies. It goes by the name Lyuksovskahrupa.” Underneath the report is written: “The leader is Akhmetov, Renat Leonidovych born in 1966, who lives at 16 Udarnyy Street, Donetsk.” Twice, former interior minister Yuriy Lutsenko confirmed in an interview conducted with this author on November 1, 2013, in Kyiv that the document is authentic. See <http://reportingproject.net/new/REPORTS/Document%20about%20Donetsk%20crime%20group.pdf>.

28. See von Zon 2007, 382. See also Roman Kupchinsky, “The Clan from Donetsk,” *RFERL Poland, Belarus and Ukraine Report*, November 26 and December 10, 2002. See <http://www.rferl.org/content/article/1344102.html> and <http://www.rferl.org/content/article/1344104.html>.

29. The photograph has been published in many publications, and a copy can be viewed at <http://blogs.pravda.com.ua/authors/chornovol/5106584eed6da/>. Sławomir Matuszak writes that “[I]inks between Akhmetov and Brahin were documented in the operational evidence of the Ministry of Internal Affairs,” and he provides a link to a video at <http://www.youtube.com/watch?v=dA29BDRfCEA> (Matuszak 2012, 88).

30. Taras Kuzio, “Murder and Selective Use of Justice in Ukraine (Part Two),” *Eurasia Daily Monitor* 10 (44), March 8, 2013. See [http://www.jamestown.org/single/?no_cache=1&tx_ttnews\[tt_news\]=40578#.UoQ4JrT3Opo](http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=40578#.UoQ4JrT3Opo).

31. See <http://www.bloomberg.com/billionaires/2014-03-03/cya>. These eighteen deputies included Elbrus Tedeyev, Nurulislam Arkallayev, Yuriy Ivanyushchenko, and Yuriy Chertkov. On their background in the 1990s, see http://censor.net.ua/resonance/203607/vendetta_kto_ubil_scherbanya.

32. “Ukraine: Engaging Yanukovych, the Man of the Moment,” U.S. Embassy Kyiv, November 20, 2006. See <http://wikileaks.org/cable/2006/11/06KYIV4313.html>.

33. See Lutsenko’s speech to the court (<http://www.unian.ua/politics/605142-lutsenko-moya-sprava-prirechna-na-vipravdalniy-virok-tekst-vistupu-u-sudi.html>) and Serhiy Sydorenko and Olha Kurishko, “Vspomnil vse. Yuriy Lutsenko rasskazal sudu o svoiykh delakh,” *Kommersant Ukraina*, February 7, 2012. See <http://kommersant.ua/doc/1867436>. Nemsadze was released from criminal liability by First Deputy Prosecutor Rinat Kuzmin, claiming that there was a mix-up because it had been his deceased brother Guram who had led the organized crime gang, not Givi. Investigative journalist and Popular Front deputy Tatyana Chornovol believes that Kuzmin covered up Nemadze’s crimes. *Ukrayinska Pravda blog*, August 5, 2013. See <http://blogs.pravda.com.ua/authors/chornovol/51ff5c67acbaa/>.

34. On this question, see T. Kuzio, “Yanukovych Provides a Krysha for Organized

Crime,” *Eurasia Daily Monitor* 9 (34), February 17, 2012. See [http://www.jamestown.org/single/?no_cache=1&tx_ttnews\[tt_news\]=39024#.UoQ7EbT3Opo](http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=39024#.UoQ7EbT3Opo).

35. Mark Galeotti, “Crime and Crimea: Criminals as Allies and Agents,” *RFERL*, November 3, 2014. See <http://www.rferl.org/content/crimea-crime-criminals-as-agents-allies/26671923.html>.

36. Galeotti, “Crime and Crimea.”

37. Oleksandr Kurilenko, “‘Akhmetov otrimav naibil’she koristi vid rephimu Yaukovicha’ Leshchenko,” *gazeta.ua*, February 23, 2014. See http://gazeta.ua/articles/politics/_ahmetov-otrimav-najbilshe-koristi-vid-rezhimu-anukovicha-leschenko/543759.

38. *Korrespondent*, November 11, 2011.

39. “Kholding sina Yaukovicha zbil’shev aktivi maizhe vdvichi,” July 9, 2013. See <http://www.pravda.com.ua/news/2013/07/9/6993901/>.

40. “Slipping away from the West,” *Economist*, May 21, 2015. See <http://www.economist.com/blogs/freexchange/2015/05/ukraine>.