

From: [REDACTED]
To: [REDACTED]
Subject: FW: Background for awareness only: Mykola Zlochevsky and Burisma [REDACTED]
Date: Monday, January 29, 2018 4:33:20 AM

[REDACTED]
UNCLASSIFIED

From: [REDACTED]
Sent: Wednesday, January 24, 2018 7:13 PM
To: Yovanovitch, Marie L
Cc: [REDACTED] A; Kent, George P; [REDACTED]
Subject: RE: Background for awareness only: Mykola Zlochevsky and Burisma ([REDACTED])

+ [REDACTED] FYSA

Ma'am – I drafted and the DCM cleared a reply email to send on the high side. Would you like me to send that email as a reply to the latest in the high side chain? Or would you like to review tmro a.m.?

Thanks,
[REDACTED]

[REDACTED]
UNCLASSIFIED

From: Yovanovitch, Marie L
Sent: Wednesday, January 24, 2018 2:42 PM
To: [REDACTED]
Cc: [REDACTED] Kent, George P; [REDACTED]
Subject: Re: Background for awareness only: Mykola Zlochevsky and Burisma ([REDACTED])

+ [REDACTED]

Sent from my BlackBerry 10 smartphone.

From: [REDACTED] [@state.gov](#)
Sent: Wednesday, January 24, 2018 2:41 PM
To: [REDACTED]
Cc: [REDACTED] A; Kent, George P
Subject: Re: Background for awareness only: Mykola Zlochevsky and Burisma ([REDACTED])

Thanks [REDACTED] and [REDACTED] –

[REDACTED] --Can we move this to high side? Also, can you consolidate these emails into one that makes sense for [REDACTED] the desk? Then run by [REDACTED] and George for clearance and forwarding on. Tx, [REDACTED]

Sent from my BlackBerry 10 smartphone.

From: [REDACTED]

Sent: Wednesday, January 24, 2018 1:34 PM
To: Yovanovitch, Marie L
Cc: [REDACTED] Kent, George P
Subject: RE: Background for awareness only: Mykola Zlochevsky and Burisma ([REDACTED])

+Ambassador: Ma'am, further to the visa issue you raised this a.m.

[REDACTED]
UNCLASSIFIED

From: [REDACTED]
Sent: Wednesday, January 24, 2018 12:46 PM
To: [REDACTED]; Kent, George P
Subject: RE: Background for awareness only: Mykola Zlochevsky and Burisma ([REDACTED])

Visa issues:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
UNCLASSIFIED

From: [REDACTED]
Sent: Wednesday, January 24, 2018 11:10 AM
To: [REDACTED] A; Kent, George P
Subject: FW: Background for awareness only: Mykola Zlochevsky and Burisma ([REDACTED])

Sir, [REDACTED] --

[REDACTED] – on the high side I send you some correspondence relating to this case. This email contains the background for the correspondence on the high side. (note: in the high side email I sent you, I said I'd send separately the background – this below is that background).

Sir – the Ambassador asked if we should use what you wrote below as our reply to [REDACTED] question on the high side?

[REDACTED]
UNCLASSIFIED

From: [REDACTED]
Sent: Wednesday, January 24, 2018 10:59 AM
To: [REDACTED]
Subject: FW: Background for awareness only: Mykola Zlochevsky and Burisma ([REDACTED])

[REDACTED]
UNCLASSIFIED

From: [REDACTED]
Sent: Friday, October 06, 2017 6:07 PM
To: Yovanovitch, Marie L
Cc: Kent, George P
Subject: RE: Background for awareness only: Mykola Zlochevsky and Burisma ([REDACTED])

Thanks, George! I've save that for posterity.

Ambassador: Not sure how much more you want to share with [REDACTED] beyond what you've already said, but if you feel you must offer him a little more detail, here's what I recommend (or if you like, I can respond to him, telling him you asked me to provide more details on your behalf):

[REDACTED]: I promised you more details on unfortunate story of the Burisma Group. The USG spent \$500k in 2014 to repatriate funds the owner of Burisma, Mykola Zlochevsky, had stolen or diverted to Burisma while he was Minister of Ecology under Yanukovich. Obviously we would not have gotten involved or devoted that much of our program funds unless there was substantial evidence to support this allegation. To make a long story short, the case fell apart and someone in the Prosecutor General's Office told us that Zlochevsky paid a \$7m bribe to a PGO official to make that happen. This was a severe blow to what was supposed to be a flagship achievement of Maidan – returning the spoils of corruption to the Ukrainian people.

As I mentioned before, we have moved our programming out of reforming the prosecutor's office (and some other sectors) due to a palpable lack of political will for reform. So while we have no objection in principle to training prosecutors, we are skeptical about the ultimate impact. More importantly, I think, the McCain institute could suffer potential reputational risk if it were to place itself in the midst of a deal between Burisma and the PGO's office, given the past controversy. You could cite Kurt's role in the negotiations as a reason to avoid any potential appearance of conflict of interest/benefiting from his multiple hats.

I hope that's helpful and wish I had better news for you.

[REDACTED] | Assistance Coordinator | U.S. Embassy Kyiv
Tel: [REDACTED] | Mobile: [REDACTED]
[REDACTED]@state.gov (unclas) | [REDACTED]@state.sgov.gov (Classnet)



[REDACTED]
UNCLASSIFIED

From: Kent, George P
Sent: Friday, October 06, 2017 4:08 PM
To: [REDACTED]
Cc: Yovanovitch, Marie L
Subject: Background for awareness only: Mykola Zlochevsky and Burisma ([REDACTED])

For your background to understand why this was the touchstone case on ex regime corrupt, stolen assets, how much effort/\$\$ the USG put into it in 2014-15. Much of this would not be appropriate to share with [REDACTED], particularly since we do have to assume it will be shared with Blue Star Strategies.

Background in bullets:

Asset recovery and the case of Zlochevsky/Burisma

- Mykola Zlochevsky was a Yanukovych era Minister of Ecology who abused oversight/issuance of oil/gas licenses to benefit his own company Burisma and to line his own pockets. Burisma, now Ukraine's largest private gas producer, had and still has a reputation for playing somewhat dirtily in the gas sector, according to the Economics section.
- After the Revolution of Dignity, the US DOJ (AG Eric Holder) went to London in May 2014 and joined forces with the World Bank Asset Recovery Initiative and his UK equivalent to pledge an effort to help Ukraine recover assets stolen from Ukraine by the Yanukovych team.
- The first possible case involved \$23 million of funds held by Zlochevsky in UK bank accounts. The Ukrainian PGO opened up a criminal case. The FBI worked closely with the UK Serious Crimes Office (SCO) and Ukrainian officials to trace the money and secure a court order freezing the \$23 million. The FBI's involvement cost \$500,000 of program money to support.
- Zlochevsky allegedly used his connections with the PGO team under Yarema to get the case against him closed, converted to a case against the Ministry of Ecology, not him personally, and returned to the Ministry of Interior/Police for further investigation on December 25, 2014. That same day, the PGO issued a letter to Zlochevsky's lawyer confirming there was no active criminal case open against him. Zlochevsky's lawyers flipped that letter to the UK Judge, who released the frozen funds before the SCO and FBI had a chance to react/file a protest.
- In early February 2015 (o/a Feb 3), I and then [REDACTED] had a meeting with Yarema's First Deputy Prosecutor, Anatoly Danylenko, to register our dismay at the PGO's December 25 action, undermining the effort which all of our leaders had made a priority – recovery of stolen assets – and rendering \$500,000 of U.S. assistance moot. I asked Danylenko directly how much was the bribe, and who had accepted it. Danylenko cheerfully told me those were the exact questions Poroshenko had asked, and he had answered: \$7 million, and it

happened in May 2014, before the Yarema team came into the PGO in June, so therefore not their fault. I rebutted, noting the letter on December 25 closing the case had been issued six months after Yarema and Danylenko entered office. Danylenko said if I had questions, I could ask Zlochevsky himself; they had been friends for 20 years, Zlochevsky was currently in the UAE, he knew, and he had him on fast dial (he showed me his phone with Zlochevsky's cell number). I demurred, and suggested he could pass the number to [REDACTED]

Blue Star, Atlantic Council, and Lutsenko

- Embassy became aware in the summer of 2016 that Blue Star Strategies was aggressively looking to expand business in Ukraine, in advance of an anticipated Hillary Clinton victory. Blue Star's President/CEO and COO ([REDACTED] (sp?) and [REDACTED]) worked for Clinton Campaign Chair John Podesta in the last year of the President Clinton White house, when Podesta was chief of staff [REDACTED] was his deputy, and [REDACTED] worked for them. A Blue Star team proposed to new PGO Lutsenko that they could line up meetings for him – at Atlantic Council, with DOJ officials, and potentially with Podesta (Lutsenko subsequently told me).
- He admitted to me that his main goal was “to engage the next Chief of Staff of the next President.” I told him that the timing of the potential visit – during UNGA and in the final six weeks of the Presidential Campaign – would not have been planning for success, since the think tank policy world decamped to NY that week, and the political types would be locked down focused on the election, not international engagement. I advised Lutsenko that he would achieve his goals via visit until after the election, and more successfully work govt-govt meetings thru the Ukrainian embassy in DC, and double track via our embassy, rather than going thru third parties.
- [REDACTED] subsequently accused me of undermining their business by telling Lutsenko not to work with them. That is not what I said. I won't go into more detail here but did in a for the record/file email at the time. We eventually got beyond the contratemps.
- Blue Star and Cravath, the expensive law firm retained by Burisma, convinced [REDACTED] in December 2016 that Zlochevsky/Burisma had a clean bill of health, and there was absolutely no reason [REDACTED] should not sign up Burisma as a contributing sponsor for Atlantic Council's Ukraine programming (joining Akhmetov's SCM and Pinchuk). I had provided him orally the background in the first section above, warning there could be a reputational risk, since Zlochevsky had directly undermined US program and policy goals after the Revolution of Dignity, and was implicated in a \$7 million bribe to close a criminal case on which the FBI had spent \$500,000 working in concert with UK and Ukrainian authorities.

My advice: The McCain institute would suffer potential reputational risk if it were to place itself in the midst of a deal between Burisma and the PGO's office, given the past controversy on the closing of the 2014 money laundering case, and this is an opportunity best passed on. They could cite Kurt's role in the negotiations as a reason to avoid any potential appearance of conflict of interest/benefiting from his multiple hats. Given Kurt Volker's role as the Special Negotiator, while retaining his McCain Institute and BGR salaried roles, he could open himself (and the institute) up to accusations of favoritism and benefiting from his position.

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