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# Ukrainian kleptocrats and America's real-life House of Cards: Corruption, lobbyism and the rule of law



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## ABSTRACT

Washington DC is not only a center for democracy promotion programs by government-funded and private foundations and think tanks. Washington DC has also attracted hundreds of millions of dollars for lobbyists, political consultants and think tanks from authoritarian political forces and kleptocrats who have little in common with American and European values. Both Republicans and Democrats have been recipients of these illicit funds from state officials and oligarchs who are seeking to ingratiate themselves with American public opinion. Political consultants, lobbyists, lawyers and think tanks which receive funds from such sources are part of a bigger problem of reverse corruption and cynicism and the export of authoritarian practices from Ukraine and post-Soviet states to the West. This was clearly seen in the hiring of Paul Manafort, Viktor Yanukovich's long-time political consultant by US presidential candidate Donald Trump. Trump's promise to 'drain the (Washington) swamp' rings hollow after it was revealed he accepted funds from a Ukrainian oligarch who had earlier donated funds to the Clinton's (Reader 2016).

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## 1. Western values, dirty money, and financial crises

In the West there are two main centers of power and influence, Washington DC and Brussels, which have been targeted by Ukrainian and Eurasian oligarchs and their governments for lobbying, elections, legal cases, and think tank publications. The hiring of lawyers, consultants, and think tank experts has been taking place since the mid-1990s and in the majority of cases has been by authoritarian leaders and oligarchs, not by the democratic opposition. This has created two conflicts of interest.

Firstly, authoritarian leaders and oligarchs' attempts to buy influence are inherently in conflict with the values that Western governments and government funded democracy promotion foundations, such as the National Endowment for Democracy (NED), purportedly stand for. Many programs funded by the NED, Freedom House, USAID and their Canadian and European equivalents are focused on combatting corruption and promoting the rule of law.

Secondly, the EU, IMF and Western governments pursue a long held policy of supporting the fight against corruption and building and consolidating the rule of law. Western leaders and Ambassadors to Ukraine have routinely harangued Ukrainian leaders for their failure to fight corruption in a country which is ranked by the anti-corruption watchdog Transparency

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International as fourth from the bottom of fifteen former Soviet republics. All five members of the Eurasian Economic Union have lower levels of corruption than Ukraine. At the same time as the West pursues a policy of fighting corruption in Ukraine many Western governments, like Cyprus, Austria, France (Sage, 2015), UK, Monaco, Lichtenstein, Switzerland, Latvia; and offshore tax havens: Panama, British Virgin Islands, Belize –accept without due diligence billions of dollars from Ukraine and Eurasian countries. One estimate calculated that over 11 billion dollars has been exported each year over the last decade from Ukraine in ‘illicit financial flows’ (Kar and Spanjers, 2015). The release of the Panama papers in 2015 revealed that Ukrainian President Petro Poroshenko had deposited funds there in summer 2014 during the fiercest clashes of Ukraine's war with Russia. Further investigations by Ukrainian journalists found that Poroshenko, similar to other Ukrainian oligarchs, had used Panama to evade paying Ukrainian taxes since the late 1990s (Skhemy, 2016).

The US is not immune from this flow of corrupt capital and the Tax Justice Network, a lobby group, calls the United States one of the world's top three ‘secrecy jurisdictions’ behind Switzerland and Hong Kong (The Economist, 2016a). Ukrainian politicians and oligarchs have paid millions of dollars to US consultants, lobbyists and lawyers, invested in prestigious think tanks and have used favorable tax regimes to register companies in the US states of Delaware and Oregon.

International Organizations and Western governments cannot have their cake and eat it, on the one hand condemning high level corruption and oligarch control of Ukraine's economy and at the same time accept billions of dollars from a kleptocracy for the hiring of lobbyists, lawyers and consultants or as deposits in offshore tax havens. This conflict of interest has five important ramifications.

The first is that it deepens existing cynicism among Ukrainian, Russian and post-Soviet political leaders and oligarchs that the values the West seeks to promote in their countries are merely empty rhetoric. Cynicism, which grew among Soviet and Communist Party leaders during the Leonid Brezhnev ‘era of stagnation’ imbues the political culture of most political leaders in Ukraine and the former USSR (the exceptions being Lithuania and Estonia). Paul Manafort's cynicism enabled him to work for a wide range of autocrats and kleptocrats, including Yanukovich who bankrupted Ukraine during his presidency, turned the country into a mafia state (Naim, 2012) and fled from office just after he had ordered the shooting of over 100 unarmed protestors.

The perception of the ability to buy influential people in the West in turn deepens the widely held view among corrupt Eurasian leaders that everybody has a price and it is just a question of negotiating the amount. Ukrainian and Eurasian corrupt leaders use the existence of the tolerance of corruption in the West as evidence they are therefore ‘no different to us’ and that they have no right to morally condemn us for corruption when permitting it to take place in their own backyard.

The second is that the ability to export billions of dollars from corrupt countries undermines the fight against corruption because corrupt state officials, kleptocrats and oligarchs have no incentive to abide by rules and regulations when the West is willing to assist in them being flouted. The availability of banks, real estate and other purchases in the West provides avenues for the laundering of funds received from illicit means.

The third factor is that Western facilitation of corruption and lobbying by authoritarian regimes to paint a positive image over their illicit activities contributes to the low levels of public trust in state institutions and deepens the gulf between the public and ruling elites. While kleptocratic elites send capital offshore to bank deposits and to pay for services, the Ukrainian public lower down the social ladder have no interest in moving out of the shadow economy where they don't pay taxes. Ukraine's shadow economy has accounted for a stable half of Ukraine's GDP since the 1990s and within the former USSR, Azerbaijan and Ukraine have the largest underground economies. These two processes at the top and bottom of Ukrainian society generate periodic financial crises leading to requests for financial bailouts from the IMF with whom Ukraine has had nine programs since 1991.

The fourth factor is that Ukraine's oligarchs can shape and control the political process and win elections because of large financial resources at their disposal. Billions of dollars deposited in European countries and offshore tax havens provide state officials and oligarchs with the means to shape and control the political process, win elections and stack parliament with allies. Ukraine, similar to most post-Soviet states, has weak political parties and often these are created as election projects by oligarchs in collusion with state officials (Kuzio, 2014a). Four of the six political forces that won seats in the October 2014 Ukrainian parliamentary elections (Opposition Bloc, People's Front, Poroshenko bloc and Radical Party) were oligarchic election projects. Supporting the development of political parties in Ukraine has been the goal of Western government-funded foundations in the US (well-known International Republican Institute, National Democratic Institute), Canada, UK, Germany and Sweden. This policy is in turn undermined by permitting billions of dollars to flow out of Ukraine that can be drawn upon during election campaigns by oligarchs whose projects prevent the emergence and electoral success of bona fide political parties (Kuzio, 2014a).

The fifth factor is reverse corruption; that is, the export of corruption and authoritarian practices in Ukraine, and other post-Soviet states, to Western democracies. The huge cash payments to Paul Manafort while he was working for Yanukovich in Ukraine were used for the purchase of real estate in the US for himself and possibly on behalf of Ukrainian and Russian oligarchs (Silverstein and Weinstein, 2016).

Manafort was accused by then opposition leader Yulia Tymoshenko of having facilitated the parking of ‘millions of dollars in offshore real estate investments, according to documents released as part of a federal racketeering suit’ (Markay, 2016). The documents submitted to court ‘offer a glimpse of Manafort's financial ties to Firtash, who is currently wanted by the Federal Bureau of Investigation over bribery allegations’ and ‘show how Manafort set up investment vehicles at Firtash's behest in order to funnel his considerable fortune into real estate ventures in the United States and elsewhere’ (United States District Court for the Southern District of New York, 2011).

Manafort met with Firtash in Kyiv in December 2008 to discuss the arrangement where they agreed that Group DF<sup>1</sup> would invest \$100 million in a global real estate fund, pay an initial fee of \$1.5 million to CMZ Ventures<sup>2</sup> to manage the fund, and set up offices for the firm in Kyiv. 'By inviting Firtash to utilize the various U.S. based companies to facilitate Firtash's money laundering and political corruption activities, Manafort gave Firtash the opportunity to expand the scope of his money laundering activities into the United States,' Tymoshenko's lawsuit alleged (Markay, 2016).

Reverse corruption could also be seen in the buying of CNN senior interviewer Larry King who was paid \$225,000 to interview Prime Minister Nikolai Azarov (Harding, 2016b), then going on to work at the propaganda channel Russia Today. Manafort's activities in Ukraine were closely coordinated with Russian intelligence agent Konstantin Kilimnik which raised national security concerns after presidential candidate Trump began receiving national security briefings (Vogel, 2016).

US law firms received contracts without these going out to tender competitions in Ukraine to prepare reports on Tymoshenko's imprisonment that would spin the government's line of her 'guilt.' Serhiy Kudelia said: 'The entire tender process has for years been probably only second to the energy sector in the scale of rampant corruption that exists in this sector of the Ukrainian economy. Tenders remained corrupt during the Yushchenko presidency and corruption dramatically increased during the preparations of the Euro 2012 football championship when contracts were given without tenders (primarily to Donetsk-based companies). The February 2012 change in the tender law has institutionalized this corrupt process by not requiring the need for tenders and contracts to be awarded, as in the case of two contracts given to Skadden law firm, at the whim of the government and without any transparent process' (Kuzio, 2013a).

The Akin Gump Strauss Hauer & Feld law firm worked on behalf of Donetsk oligarch Rinat Akhmetov who was a close associate of Yanukovich since the 1990s (Kuzio, 2014b). The Akin Gump Strauss Hauer & Feld specialized in the task of threatening academics and journalists with libel cases because of their investigations and writing about Akhmetov's opaque past when he was tied to organized crime groups in the Donbas. The University of Toronto Press tore up a book contract with this author in 2014 after being threatened by Akin Gump Strauss Hauer & Feld who had demanded to read the manuscript before it went to print (Kuzio, 2015b). Britain's Cambridge University Press tore up a book publishing contract with Karen Dawisha (2015) for a book exposing corruption in Putin's Russia (The Economist, 2014). In such a manner Ukrainian oligarchs were spreading censorship of the media and scholarship, policies that they had practiced in Ukraine, to Western democracies.

## 2. Transparency, lobbying and political consultancy by foreign entities in the US

The bulk of the primary sources for this article are taken from the Foreign Agent Registration Act (<https://www.fara.gov/>), that is, when Ukrainian state officials and oligarchs have registered with it. Where they have not registered, the sources are Ukrainian and Western investigations of opaque financial contributions.

Since 1991, the US has been a strong supporter of Ukraine's sovereignty, territorial integrity, democracy, energy independence, and integration into Trans-Atlantic structures. No other Western capitol city as Washington DC brings together as many Ukraine experts and policymakers who work, or have worked, on Ukraine (Kuzio and Deychakiwsky, 2005). Former US Ambassadors to Ukraine who have moved to Washington think tanks have continued to work on Ukrainian interests. Washington includes many foundations and endowments that have undertaken democracy-building projects in Ukraine. All of the above factors have culminated in the misleading public perception that Washington is only associated with 'orange' political forces from Ukraine.

This though, is only one side of Washington. There is another side to the city that is less transparent, and rarely in the public domain which is that of externally funded political consultants and lobbyists. Since the mid-1990s, the majority of Ukrainian governments and political parties and the Ukrainian embassy in the U.S. have hired political consultants, lobbyist's and lawyers, and invested into projects based in think tanks in Washington DC. Political forces with opaque records to hide and poor images to improve, who have been aligned with authoritarian Presidents Leonid Kuchma and Yanukovich, have been the most active in hiring Washington's political consultants and lobbyists. Democratic and 'orange' opposition leaders, presidents and prime ministers do not have access to the same level of financial resources as their authoritarian counterparts and have been unwilling to use taxpayer's money to pay foreign consultants and lawyers to investigate their opponents.

The hiring of political consultants to assist in the development of policy programs, platforms, events and media management is a well-established method of political competition in Western democracies; indeed, laws and regulations are designed to ensure transparency on these issues. Alone among Western democracies, the U.S. has unusually tough legislation in the 1938 FARA administered by the Department of Justice and the 1995 Lobbying Disclosure Act (LDA) ([http://lobbyingdisclosure.house.gov/amended\\_lda\\_guide.html](http://lobbyingdisclosure.house.gov/amended_lda_guide.html)). FARA is designed to prevent undisclosed foreign influence on U.S. government and media and representatives of foreign political actors or governments must identify themselves as such. This act traces its origins to combating Nazi German espionage against the U.S. in the late 1930's. LDA is largely designed for U.S. or foreign companies and is primarily required in association with lobbying Congress for legislative changes.

At the same time, FARA legislation is weakly enforced and there is little criminal repercussion for not registering. The most notable example in the Ukrainian case has been Davis Manafort International which worked for Yanukovich and for the Party

<sup>1</sup> Dmitry Firtash established Group DF, an international group of companies, in 2007 to provide efficient management of his assets in the energy and chemicals sectors and in the real estate business.

<sup>2</sup> Paul Manafort set up the company, CMZ Ventures, LLC, in 2008. (Markay, 2016).

of Regions between 2005 and 2014 but has never registered with FARA. Manafort headed Trump's 2016 election campaign but resigned in August 2016 after extensive media coverage of his nefarious activities. In contrast, complaints by Ron Slimp, a managing partner of TDI (one of the few US political consultants to repeatedly file with FARA) to the FBI, State Department and White House about Yanukovich and Akhmetov lobbyists who had not filed were always ignored.

Non-registration with FARA has never led to criminal sanctions therefore encouraging a lack of transparency in the relationship between dirty Ukrainian money and US consultants, lawyers, think tanks and lobbyists. A spotlight was shown on this opaque industry in the enormous negative publicity surrounding Manafort when he was hired by Trump to head his election campaign (Horwitz and Butler, 2016). The FBI allegedly opened an investigation following extensive negative publicity in the media and information provided by Ukraine's National Anti-Corruption Bureau, a US government-funded new institution, that revealed millions of dollars in cash payments to Manafort from Party of Regions ledgers (Nwanevu, 2016). The ledgers, taken from the Party of Regions headquarters in Kyiv during the last days of the Euromaidan when the building was set alight by Ukrainian nationalists, reveal millions of dollars paid out to Western and Ukrainian consultants, state officials and politicians (Tucker, 2016; Harding, 2016a; Kramer et al., 2016; Leshchenko, 2016).

### 3. Political groups with ties to presidents Kuchma and Yanukovich

Four groups have hired US political consultants and lobbyists independently of each other: (1) Viktor Pinchuk: (2) RosUkrEnergo gas lobby; (3) Social Democratic United Party (SDPUo); (4) Yanukovich, oligarch Akhmetov and the Party of Regions.

Pinchuk is the only Ukrainian oligarch who has attempted to build a new image for himself in the West and he is the most philanthropic of Ukraine's oligarchs. Therefore, his links to U.S. political consultants have a long history.

In the Kuchma era this was undertaken through the Agency for Humanitarian Technologies (AHT) established in 1997 by, among others, Valery Khoroshkovskyy, who went on to be chairman of the Security Service of Ukraine (SBU) under President Yanukovich (Leshchenko, 2013a). In 2003–2004, Pinchuk focused on bringing U.S. VIP's, such as Henry Kissinger, Richard Holbrooke, Zbigniew Brzezinski and former U.S. President George H.W. Bush, to Ukraine to improve Kuchma's and the country's international image. The AHT worked on behalf of the 'Ukrainian government' (the contract was signed by political technologist Volodymyr Hranovskyy) which hired the PR firm Hill and Knowlton. The AHT also hired Black, Kelly, Scruggs & Healey (BKSH) Associates for public relations work and another contract was signed between AHT and the Washington World Group. BKSH is one of many lobbying firms working for foreign and domestic clients in Washington DC.

As part of his effort to ingratiate himself with international VIP's, Pinchuk was elected a member of the Advisory Board of the International Crisis Group think tank. Pinchuk is the only Ukrainian oligarch to lobby European integration through the Yalta European Strategy (YES) NGO he established in 2004. From 2014, when the Crimea was annexed by Russia, the annual summit has been held in Kyiv. In September 2015, Trump received \$150,000 for a 19-minute video call to the YES summit (Waller, 2016). Pinchuk proposed himself as an intermediary between Trump and Vladimir Putin which was heavily condemned in Ukraine as calling for capitulation (Kuzio, 2016).

Since 2006, Pinchuk has organized an annual Business Lunch and round table on philanthropy at the Davos World Economic Forum. Pinchuk also nurtured good relations with former President Bill Clinton by providing a donation to the Clinton Library. It would seem Trump and Pinchuk are cut from the same cloth as he also donated to Hilary Clinton's 2008 election campaign but ran as a Republican candidate eight years later. Pinchuk also switched and provided a donation to the Trump campaign (Reader, 2016).

Pinchuk has financially supported the William J. Clinton Foundation's program to combat Aids. Pinchuk's wife leads the work against the spread of Aids inside Ukraine through the ANTI AIDS Elena Pinchuk Foundation. When Hilary Clinton was Secretary of State in 2009–2013 she received \$8.6 million from the Pinchuk foundation (Dinucci, 2014; Grimaldi and Ballhaus, 2015). During Yanukovich's presidency, Doug Schoen, an American political analyst and consultant, represented Pinchuk in the USA. Pinchuk has also provided a large donation to the Ukrainian-American Children of Chernobyl NGO. In Kyiv, Pinchuk has opened a Museum of Modern Art, a taste in art common among post-Soviet nouveau riche, and his fund supports the work of modern Ukrainian artists.

Barbour Griffith & Rogers, a lobbying firm based in Washington, was behind the organization Friends of Ukraine that was briefly active in Washington DC. In 2003–2005, Friends of Ukraine through the Republican Party of Ukraine (RPU) paid Barbour Griffith & Rogers, \$1.2 million for their consultancy and lobbying work. RPU was a political front for the RosUkrEnergo gas intermediary led by Yuriy Boyko. As Minister of Fuel and Coal Industry Boyko and state gas company Naftohaz Ukrainy developed a working relationship with the U.S. company Halliburton which was hired to audit the purchase of oil rigs. Ukrainian government over-payment for these oil rigs had been made through EU member Latvian banks which have received a reputation, similar to banks in also EU member Cyprus, of laundering illicit funds from corrupt Eurasian states. Latvian banks had frozen the bank accounts but claimed to have never found evidence of wrongdoing and reported that the difference in prices was accounted for by additional equipment, services and delivery (Stack, 2012). Naftohaz Ukrainy has always been a cash cow for corrupt Ukrainian presidents and has drained resources from the government budget (Krasnolutska and Choursina, 2013).

Ukrainian gas tycoon Dmytro Firtash reached out to a very infamous lobbyist in Washington DC Jack Abramoff who spent three years in jail after working with Israeli consultant Aron Shaviv ([www.strategyandcampaigns.com](http://www.strategyandcampaigns.com)). The movie *Casino* Jack features Jack Abramoff, portrayed by Kevin Spacey. Ironically, Spacey most probably was offered his role in the equally great



Netflix series 'House of Cards' because of his earlier portrayal of Abramoff (Whitaker and Gilio, 2014). In July 2015 Abramoff travelled to Vienna at least twice to meet with Firtash and Dennis Gorbunenko, a Ukrainian financier, banker and politician, on matters related to Firtash's attempt to thwart US requests for his extradition and to promote his newly created Agency for the Modernization of Ukraine.

Firtash first publicly disclosed his ties to RosUkrEnergo in an interview given in 2006 to the Financial Times (Wagstyl and Warner, 2006). In December 2008, Zev Furst, President of First International Resources, a Washington-based lobbying and political consultants firm, accompanied Firtash and Andras Knopp, a Hungarian businessman and longtime associate of Mr. Firtash, to a meeting with the US Ambassador to Ukraine William Taylor. A US diplomatic cable reported that at the meeting Firtash disclosed his old time links to organized crime boss Semyon Mogilevich. 'Firtash acknowledged that he needed, and received, permission from Mogilevich when he established various businesses, but he denied any close relationship to him' (Wikileaks, 2008). Firtash's ties to the murky world of post-Soviet gas trading stretch back to the 1990s (Kuzio, 2015a, 327–430).

APCO Associates work has been linked to both the SDPUo and the 2002–2004 Yanukovich government. APCO worked with Jefferson Waterman International and the President of the Ukraine-US Business Council, Kempton Jenkins, who was a senior consultant to APCO. FARA filings show agreements between APCO and the Virgin Islands registered Nowanda Commercial Corporation and UkrInvest.

The Yanukovich government began working with US political consultants before including Russian political technologists in his 2004 election campaign. From 2005 to 2014, Yanukovich used American consultants to a greater degree than any other Ukrainian political force. The 2002–2004 Yanukovich government had an established relationship with a range of U.S. consultancies that included DB Communications, Venable, Potomac Communications Strategies, Creative Response Concepts, and Jefferson Waterman International. FARA registration documents reported that the Yanukovich government paid DB Communications and Venable \$123,000 per month in 2004.

The facilitator for this political consultancy work was Alexei Kiselev who was born in Odesa but moved to the U.S. in 1992 and became an 'economic adviser' to the Yanukovich government. Kiselev worked closely with another adviser to Yanukovich, Eduard Prutnik. DB Communications sub-contracted to other companies for specific projects. One of these was the sending of former U.S. Congressmen to visit Ukraine during the 2004 elections with the purpose of declaring the election to have been held in a 'free and fair' manner. The project disintegrated during the second round of the 2004 elections when most of the group refused to declare their support for the 'free and fair' conclusion pre-prepared by their sponsors.

Manafort has a long record of working for disreputable clients and Akhmetov and Yanukovich were the last in a long line before he returned to the US to head Trump's 2016 election campaign (Ho, 2016; Woodruff and Mak, 2016; Stone, 2016; Foer, 2016).

Trump's hiring of Manafort was highly controversial because of his long work for pro-Russian kleptocratic President Yanukovich who is wanted by Interpol and because of his earlier corrupt and authoritarian clients (Thayer, 2016). These clients included Zimbabwean and Egyptian authoritarian leaders Robert Mugabe and Hosni Mubarak respectively, 'a business group tied to Ferdinand Marcos, the dictator of the Philippines' and 'Lynden Pindling, the former Bahamian prime minister who was accused of ties to drug traffickers' (Ho, 2016).

Davis Manafort International was recommended to Akhmetov when he began searching for avenues to improve his international image ahead of the release of company share issues and from this relationship, Akhmetov introduced Davis Manafort International to Yanukovich (Nayem, 2012; Nayem and Leshchenko, 2013). Davis Manafort International worked for Akhmetov and the company he owns, Systems Capital Management (SCM), and for Yanukovich between 2005 and 2014 and also in the US where he organized media events and government meetings for Prime Minister and then President Yanukovich's official visits (Levy, 2007; Nayem, 2007a, 2007b).

The relationship with Yanukovich became public through the FARA registration of the New York-based Daniel J. Edelman who was hired to perform projects for Davis Manafort. FARA documents state that Edelman, 'was retained to develop and execute a media campaign that communicated the Prime Minister's reform program, success in driving foreign investments to Ukraine and his actions toward making Ukraine a more democratic country.' Edelman would, 'develop a communications campaign to increase Prime Minister Yanukovich's visibility in the U.S. and Europe.' Davis Manafort received by far the largest financial compensation, reportedly in the range of over \$3 million yearly, of any U.S. political consultant working for a Ukrainian political party.

The Davis Manafort International contract produced significant conflicts of interest between the positions of U.S. officials and their political consultants. Senator John McCain's well-known former campaign manager Rick Davis, a leading star in the 2012 movie *Game Change* about McCain's 2008 election campaign, is co-owner with Manafort of Davis Manafort International. Their work with anti-Orange Revolution Yanukovich contrasted sharply with McCain's doggedly tough positions in support of democratic development in the former Soviet Union. As President of the US Republican Institute, McCain supported the Rose, Orange and Euromaidan Revolutions and together with Madeleine Albright, president of the US National Democratic Institute, hosted Yushchenko during his Washington visit in April 2005. If McCain had won the 2008 U.S. elections, it was planned that Rick Davis would become Deputy Chief of Staff of the White house.

Another potential conflict of interest rested on Republican Party presidential candidate Trump's hiring of Manafort (Weaver, 2016; Andresen, 2016; Applebaum, 2016). Trump's rhetoric in the 2016 election campaign was anti-NATO and pro-Russian and it was therefore perhaps not surprising that he hired as one of his foreign-policy advisers Carter Page 'A globe-trotting American investment banker who's built a career on deals with Russia and its state-run gas company.' Page is a critic

of US-led sanctions instituted after Russia's annexation of the Crimea and hybrid war in the Donbas (Mider, 2016). 'Page is a reliable defender of Russian intentions, and portrays U.S. policymakers as stuck in an outdated Cold War mindset' (Mider, 2016). Page has had 'a career marked by a lifelong fascination with Russia and Central Asia, and a determination to drum up business there even in the face of political headwinds. Page left little doubt that he favors deeper engagement with Russia' (Mider, 2016). Trump hired Howard Lorber as an economic adviser who has extensive investments in Russia where he attempted to build a Trump Tower (Rogin, 2016). Former Exxon Mobil Chief Rex Tillerson, Trump's choice for Secretary of State, has close relations with Putin and has long opposed sanctions against Russia.

Trump and Russian President Vladimir Putin are authoritarian and both 'have constructed and now inhabit post-fact worlds, in which truth is malleable and disposable' (The Economist, 2016b). The wealth of Trump and Putin 'plays to a popular cynicism, even despair, regarding politicians; ' (The Economist, 2016b) meanwhile, both belittle their political adversaries and journalists with impunity. They 'incoherently occupy a broad, populist political terrain: they offer protectionism to some low-wage workers and the promise of rising pensions, combined with an enthusiasm for money-making' and 'in their extravagant tastelessness and shared macho posturing's' they at the same time 'leave little political space for their opponents' (The Economist, 2016b).

The choice of Manafort came as no surprise to Vin Weber (see later) who said 'Paul has been involved in internal Republican politics for almost all of his adult life.' Weber is longtime friends with Manafort and advised Republican presidential candidate John Kasich in the 2016 US elections (Ho, 2016). Weber himself worked for Yanukovich (see later).

Former Party of Regions faction leader Rayisa Bohatyryova, also wanted by Interpol for when she was a Minister of Health in the 2010–2014 Azarov governments, spent an unusually large sum on her July 2007 visit to the U.S. The Ukrainian Situation Modelling Agency working on behalf of Bohatyryova hired the Washington-based Pennsylvania Avenue Strategies for her visit disclosing to FARA a sum of \$100,000 for a one-off event.

Covington & Burling, a major Washington law and lobby firm, was hired by Akhmetov to lobby the U.S. government on behalf of Vanco International in its dispute with the 2007–2010 Tymoshenko government that annulled the contract in spring 2008. Former U.S. Ambassador to the EU, Stu Eizenstat, along with US Ambassador Alan Larson engaged in the contract. The contract lobbied the then new Barack Obama government and Secretary of State Hillary Clinton, an old friend of Eizenstat, to advocate on behalf of Vanco USA. Covington & Burling filed their representation under LDA. Controversial Yuriy Ivanyushchenko, a Party of Regions deputy and former organized crime hit man, has been represented since 2011 by Sidney Austin (Mikhelson, 2011).

Akhmetov and the Party of Regions have hired additional US political consultants. One of these was Washington-based Bruce Jackson, President of the Project on Transitional Democracies, who had been a US military intelligence officer and Vice President of the aerospace company Lockheed Martin. He was reported by the *Wall Street Journal* to have received \$300,000 from Akhmetov in 2005 (Simpson and Jacoby, 2007). During the Orange Revolution, Jackson appeared on a number of U.S. television shows in support of free elections and democratic development in Ukraine.

### 3.1. Think tanks

Think tanks provide a back door to lobbying the US government without the need to register with FARA and LDA. Pinchuk had long provided donations to the Brookings Institution for projects headed by former U.S. Ambassadors to Ukraine Carlos Pascual and Steven Pifer and donations to the Petersen Institute for International Economics where Anders Aslund was a senior fellow.

The Chairperson of the International Advisory Board of Akhmetov's Foundation for Effective Governance (FEG), is Kim Campbell, who was Canadian Prime Minister for six months in 1993. Former US Senator Lincoln Chafee was a member of the International Advisory Board of the FEG but his name no longer appears on the list of Board members. Since 2011, Chafee has been Governor of Rhode Island (Emery, 2010).

### 3.2. Law firms

'Orange' political forces ended their relationship with US and European political consultants after Yanukovich was elected. In contrast, during the same period of time President Yanukovich and the Party of Regions poured millions of US dollars into Washington political consultants, lobbyists and lawyers, targeted in a massive campaign to buy influence in Washington DC (Gray, 2013). Washington insiders reported they had never seen so many lobbyists working for the Ukrainian authorities.

In 2010, the Azarov government paid \$3 million for an international audit of the 2007–2010 Tymoshenko government. The contract was given to Trout Cacheris, a law and lobbying firm, Akin Gump Strauss Hauer & Feld, an international law firm whose client list includes Akhmetov, and Kroll investigative agency. None of the three companies has experienced in professional auditing. Pinchuk and Serhiy Tihipko had hired Kroll in 2001 on behalf of the Labor Ukraine Party to whitewash President's Kuchma's alleged involvement in the murder of journalist Georgiy Gongadze and their report was drawn upon in the documentary entitled 'PR' produced for the 2002 Ukrainian parliamentary elections.

In 2012, American law firm Skadden Arps Slate Meagher & Flom LLP prepared a lengthy legal investigation of the Tymoshenko trial for an undisclosed sum. Then US State Department spokesman Victoria Nuland responded to questions from journalists about the report by saying, 'our concern is that Skadden Arps lawyers were obviously not going to find political motivation if they weren't looking for it. The report also fails to consider the selective nature of the trials, those who

were chosen for trials against Tymoshenko and her – and former members of her government.’ Nuland added, ‘Whoever – whoever commissioned this study, whatever the mandate for the study was, it was incomplete and doesn’t give an accurate picture’ (Jesep, 2012). The European Court of Human Rights (ECHR) ruled that the right of defendants Tymoshenko and Yuriy Lutsenko to confront witnesses, present their own witnesses and evidence and have access to government held evidence were violated by the judges in their trials.

In summer 2012, as Ukraine’s relations with the West deteriorated over selective use of justice, high-level corruption and the lack of reforms, APCO Worldwide sent an unusual public request to experts and consultants saying they had been asked by the Azarov government, ‘to try to find any path forward to provide alternatives to the deadlock they have reached with the IMF concerning further tranches of some \$15 billion in IMF support.’ The government was seeking a ‘compromise’ with the IMF to restart the 2010 assistance agreement; the major stumbling block was ending gas subsidies to households for utilities which the Ukrainian government has opposed. ‘The government’s view is that to do so this year by raising gas prices for households would be politically suicidal ahead of the October 2012 elections’ said APCO. They explained what they were seeking: ‘We are looking for persons with strong ties to relevant IMF personnel who could be in the position of querying those personnel about whether there are opportunities for creativity here to avoid the gas price hikes, which still could achieve IMF objectives. We would take that information and discuss it with the Government of Ukraine, and try to build bridges between the IMF and Ukraine with the goal of moving beyond what is now a year-long impasse.’ The IMF agreement, which had been suspended by the IMF in late 2011, had not gone back on track suggesting APCO were unsuccessful in locating influential individuals to facilitate this process.

The virtual American Institute for Ukraine prepared briefing papers and organized press conferences and seminars with some degree of autonomy but obviously with a pro-Yanukovich bias. Deputy Executive Director James G. Jatras was a supporter of ousted Serbian authoritarian leader and war criminal Slobodan Milosevic. Arnall Golden Gregory LLP and Tauzin Consultants LLC provided consultancy services to Party of Regions parliamentary deputy Dmytro Shpenov who paid \$240,000 as reported by FARA in 2013.

The Yanukovich presidency, probably with advice from Manafort, lobbied influential Republican policymakers and consultants (Gorchinskaya, 2012). In particular, as Rosie Gray found in her investigation, Republicans and Conservative publications were successfully targeted. Weber was awarded the Democracy Service Medal in recognition of his service as National Endowment for Democracy (NED) Chairman in 2001–2009 for his commitment to advancing the principles of democracy and human dignity (Lake, 2012). Weber, who had acted as one of US presidential candidate Mitt Romney’s top foreign-policy advisers in the 2011 elections, was a registered lobbyist for the European Centre for a Modern Ukraine (ECFMU) funded by the Party of Regions (European Center for Modern Ukraine, Client Profile, 2013). As with McCain’s relationship with Davis this represents a clear contradiction; Weber, after promoting democracy for the first decade of this century, became a lobbyist for a government that was dismantling the democratic achievements of the Orange revolution. Weber is a partner at Mercury/Clark & Weinstock, a company formed through a merger of the New York law firm Clark & Weinstock with Mercury Communications.

In addition to Weber the ECFMU hired the Podesta Group to lobby in Washington DC. Anthony Podesta, like Weber, is among the top lobbyists in the U.S. and is close to the Democratic Party while his brother, John Podesta, a former chief of staff to President Bill Clinton’s administration, was an advisor to President Obama and was Hilary Clinton’s campaign manager (Hosenball and Strobel, 2013). ‘Tony Podesta is a big-money bundler for the Hillary Clinton presidential campaign while his brother John is the chairman of that campaign, the chief architect of her plans to take the White House this November’ (Schindler, 2016).

Podesta Group staffers Tony Podesta together with Stephen Rademaker and David Adams, the last two former assistant secretaries of state, are also the US lobbyists for Russia’s biggest bank Sberbank. Podesta Group were lobbying to ‘lift some of the pain of sanctions placed on Russia in the aftermath of the Kremlin’s aggression against Ukraine, which has caused real pain to the country’s hard-hit financial sector’ (Schindler, 2016). More importantly, Sberbank is controlled by Russia’s Central Bank making it ‘functionally an arm of the Kremlin, although it’s ostensibly a private institution.’ Sberbank is ‘used to support clandestine Russian intelligence operations, while the bank uses its offices abroad as cover for the Russian Foreign Intelligence Service or SVR’ (Schindler, 2016). The Security Service of Ukraine (SBU) has accused Sberbank of channelling funds to separatists in the eastern Ukrainian region of Donbas. The Podesta Group also represents affiliates of Sberbank: Cayman Islands-based Troika Dialog Group Limited, the Cyprus-based SBGB Cyprus Limited, and the Luxembourg-based SB International. These banks undoubtedly facilitate the depositing of funds in offshore tax havens.

The U.S. Allies Project of the ECFMU claimed it was seeking ‘to inform the American government, opinion leaders, political decision makers and civil society, focusing on reforms being undertaken by Ukraine as part of its commitment to becoming a fully Western-facing democracy.’ Other consultants hired by the Party of Regions but had not declared to FARA included Blue Star Strategies and Mercury Communications who worked on the ECFMU for which they received \$1.4 million in 2012–2013.

#### 4. ‘Orange’ political forces

The embassies of Western democracies provide full services to government *and* opposition leaders from their countries when they travel outside their country. While Ukrainian embassies are duty bound to provide support to the president, prime minister and government officials during their visits abroad, they do not provide services for opposition politicians, as in the case of opposition leader Tymoshenko’s February 2007 visit to Washington. Ron Slimp, the president of TD International

(TDI), a Washington-based political and economic consultancy, was an advisor to Tymoshenko from 2006 to 2009. Initially, Slimp was providing energy and foreign investment policy advice as well as arranging media coverage, including interviews with major outlets. Slimp also wrote many of Tymoshenko's speeches for international events and drafted opinion editorials and articles for Western publications under her name. TDI planned and executed arrangements for her to travel Brussels, Paris, Berlin and Washington DC during that period.

On the diplomatic front, Slimp managed sensitive communications with friendly governments, and TDI came under scrutiny by Russian security services in Washington and Paris during her visits there. The behavior of 'diplomats' at the Russian embassy in Washington became so aggressive during Tymoshenko's visit that the FBI became involved, assisting TDI in her protection, given that she was there to visit Vice President Dick Cheney as well as Secretary of State Condoleezza Rice. TDI and Tymoshenko parted ways in 2009, six months before the 2010 presidential elections and he was replaced by AKPD (an acronym that stands for four original partners: David Axelrod, John Kupper, David Plouffe, and John Del Cecato). The hiring of Chicago-based PR Firm of David Axelrod and David Plouffe would, they believed, gain Tymoshenko more favorable access to President Obama and take popularity away from competing presidential candidate Arseniy Yatsenyuk ([Vogel and Smith, 2009](#)).

In May 2009, Yatsenyuk was portrayed on the front cover of *Business Ukraine magazine* as 'Ukraine's Obama' and to steal Yatsenyuk's thunder, BYuT (Bloc of Yulia Tymoshenko) shadow Foreign Minister Nemyrya persuaded Tymoshenko to hire AKPD Message and Media consultancy who had worked on U.S President Obama's 2008 successful election campaign. Yatsenyuk showed his lack of understanding of US politics and international affairs when he naively believed the signing of AKPD would lead to the Obama administration supporting Tymoshenko. The size of the AKPD's contract is unknown because of business confidentiality but it is estimated to have been in the millions.

Tymoshenko's relationship with Neil Pattie, Director of the British PR company Ridge Consulting, lasted from 2006 to 2011 when he provided strategic communications advice during the 2006 and 2007 parliamentary elections and to a far smaller degree in the 2010 presidential election campaign. The company assisted with the raising of Tymoshenko's profile in the international media through briefings of Western journalists and arranged media interviews for Tymoshenko and senior party members, such as Hryhoriy Nemyrya. It also edited and published the weekly *Inform* English-language newsletter, drafted and placed opinion pieces and arranged high profile visits such as a meeting with Lady Margaret Thatcher. Finally, Ridge Consulting helped draw international media attention to the selective use of justice against Tymoshenko when she was imprisoned.

In 2012, the computers in the office of Ridge Consulting were professionally hacked and documents that were stolen, and in some cases doctored, were placed on a web site with the aim of discrediting *Batktivshchyna* through allegations it had paid for these services from offshore accounts. Since 2011, Tymoshenko has hired Jim Slattery, a former Democratic member of the U.S. House of Representatives who now works for Wiley Rein law firm. He reported an income of \$220, 000 in 2013 of which \$17, 500 was paid by Evhenya Tymoshenko, the daughter of Yulia Tymoshenko, and the rest by her family and allies.

President Yushchenko's work with U.S. political consultants began as early as July 2006 and his image makers included the PBN Hill and Knowlton Strategies Company whose Kyiv office was headed by Ukrainian-American Myron Wasyluk. In the U.S., Adrian Karatnycky headed the Orange Circle established in 2005 with Yushchenko's support and was wound up in autumn 2008. After Yushchenko's massive decline in popularity made it unlikely he would be re-elected for a second term in 2010, Wasyluk began working for international boxer Vitaliy Klitschko, leader of UDAR (Ukrainian Democratic Alliance for Reforms). Meanwhile Karatnycky, president of the business consultancy Myrmidon Group, became a political consultant for Yanukovych and the Party of Regions ([Kuzio, 2011](#); [Zawada, 2014](#)). Karatnycky had worked for human rights as president of Freedom House but, like Weber, this had not deterred him from working for Yanukovych.

Karatnycky's ties to the Yanukovych power structures reportedly came about through Ukraine's gas lobby which has always been very astute in switching political benefactors in Kyiv and lobbying Western governments. Serhiy Lyovochkin was and remains at the helm of Ukraine's gas lobby PR initiatives. Lyovochkin broke with Yanukovych in late January 2014 after which he began opening channels to Ukraine's opposition, in particular Poroshenko and Klitschko. Lyovochkin successfully cemented the gas lobby's relationship with the new powers in Euromaidan Ukraine in March 2014 during a meeting in Vienna. In attendance were Lyovochkin, Firtash (then on bail awaiting extradition to the US to stand trial for corruption), Poroshenko and Klitschko ([Department of Justice, 2014](#)). In November 2016, the Spanish authorities placed Firtash on an international wanted list after the country's Anti-Corruption Prosecutor's office accused him of establishing a major network of money laundering with the epicenter in Catalonia ([Caranco, 2016](#)). In exchange for immunity for the gas lobby, they supported Poroshenko's election as president and Klitschko's election as mayor of Kyiv. The gas lobby own Ukraine's most popular television channel Inter. Firtash bragged to a Viennese court that he had projected Poroshenko into power ([Walker, 2015](#)). Relations between Poroshenko and the gas lobby go back at least a decade when the president's brother, Petro Yushchenko, his brother, Poroshenko and other pragmatic businessmen in Our Ukraine backed the gas lobby's RosUkrEnergO intermediary.<sup>3</sup>

<sup>3</sup> In November 2013, on the eve of the Euromaidan, the author was in a break out session in a World Forum 'Strategic Dialogue with Kyiv' seminar at Kyiv's Intercontinental Hotel where Poroshenko defended Firtash and the RosUkrEnergO gas intermediary.



Opinion commentaries by [Lyovochkin \(2014\)](#) in the US media have been well written and argued, unlike the usually poor PR work undertaken by the Ukrainian government and Ukrainian Embassies. In an opinion commentary [Karatnycky \(2015\)](#) cautioned that

Civil society must also be more pragmatic. It does no good to demand that all corrupt practices be punished at once. Civil society must understand that the government's vacillation in challenging Ukraine's wide array of rent-seeking oligarchs reflects the complexity of Ukraine's democratic politics and the administration's precarious Parliamentary majority.

Karatnycky warned: 'Ukraine's president and prime minister must balance the need to confront oligarchic excesses with the need to preserve their majority.' He continued

Unfortunately, activists from civil society, many of them Western-funded, as well as some reformist members of Parliament, are often part of the problem. Having grown up in a Ukraine beset for decades by massive corruption, semi-authoritarian and authoritarian rule, they are schooled in the habits of aggressive opposition.

Karatnycky had evolved over the course of a decade from lobbying a positive image for Yushchenko, Yanukovich and more recently Poroshenko.

In 2005, Prime Minister Tymoshenko sought to implement Yushchenko's election and the Orange Revolution slogan of 'Bandits to Jail!' by nationalizing a large number of oligarch assets that were privatized during Kuchma's presidency. Her proposals were condemned by Western experts on Ukraine and investment bankers as 'populism' and they were shelved after Tymoshenko was replaced by oligarch-friendly Prime Ministers Yuriy Yekhanurov and Yanukovich. [Karatnycky \(2016\)](#) had then opposed Tymoshenko's alleged 'populism' and he currently criticizes former Georgian President Mikhail Saakashvili's 'populism' in fighting corruption. Karatnycky has a long record of criticizing those who call for tougher policies towards oligarchs and demanding more radical measures in the fight against high-level corruption ([Kuzio, 2011](#)).

During the first half of Yushchenko's presidency the presidential secretariat hired US political consultants Stan Greenberg, President Bill Clinton's pollster, Stephen E. Schmidt, California Governor Arnold Schwarzenegger, Neil Newhouse, a pollster who had worked for Romney when he was Massachusetts governor and the company Greenberg Quinlan Rosner (James Carville, Chad Clanton, and John Moreira). Based on FARA filings, one major source of funding for Yushchenko's U.S. image came through the Democratic Transformation Foundation (DTF) registered at a law firm's address in the tax haven of Lichtenstein. They, in turn, hired the Washington-based Dutko Worldwide who received \$420,000 annually for their activities. The 2006 contract was signed by Dr. Alexander Abfalterer of the DTF and Michelle Guillermin of Dutko ([Nayem, 2007c](#)).

## 5. Ukrainian-American diaspora

The Ukrainian diaspora has been a cheerleader for democratization, reforms and European integration of Ukraine and at the same time, some of them have been willing recipients of oligarchic financial assistance. The two are contradictory because oligarchs are often pro-Russian, or at the very least only interested in personal enrichment and not the national interest, and are never supportive of the establishment of a rule of law-based state in Ukraine. An investigation of Ukrainian oligarchic funding of members of the Ukrainian diaspora and organizations concluded 'Unfortunately, too many Diaspora leaders are open to cutting political deals or accepted lucrative donations from the likes of Firtash, another Party of Regions sponsor' ([Zawada, 2014](#)).

The willingness to accept funds from Ukraine's oligarchs was the most glaring during Yanukovich's kleptocracy in Ukraine between 2010 and 2014 when Yanukovich was under intense Western criticism for selective use of justice in imprisoning Tymoshenko, creating a mafia state and supporting neo-Soviet nationality and language policies. It is rather baffling and a sign of double standards when Ukrainian diaspora organizations sought and accepted funding from oligarchs and kleptocrats who were undertaking policies they viewed as 'anti-Ukrainian' and undermining Ukraine's European integration.

Gas mogul Firtash is a case in point. Firtash is a western Ukrainian and has supported projects inside Ukraine and abroad that the Ukrainian diaspora have applauded. At the same time, he is, according to an extensive in-depth investigation, Vladimir Putin's man in Ukraine ([Grey et al., 2014](#)) who received discounted gas through various intermediaries, the profits from which he used to buy chunks of the Ukrainian economy on behalf of Russia. During Yanukovich's presidency, Firtash, together with oligarch Akhmetov and the president's son Oleksandr Yanukovich, increased their wealth through insider sweetheart deals contributing to the building of a mafia state and Ukraine's bankruptcy. Firtash's business assets remain untouched by the Russian occupation authorities in the Crimea. In contrast, the business assets of oligarch Ihor Kolomoysky, who adopted a pro-Ukrainian stance and funded volunteer battalions to fight separatists in the Donbas, have been nationalized by the Russian occupation authorities.

Since spring 2014, the US government has sought to extradite Firtash from Austria on charges of corruption ([Department of Justice, 2014](#)). An Austrian court turned down the US request and the case is now pending an appeal from the US government.

Firtash's donations totaled over \$230 million during the last three years of Yanukovich's presidency when Putin and the kleptocratic Ukrainian president helped make him even wealthier. He funded Ukrainian theatre and cultural events in Ukraine and in Western Europe, including a new Ukrainian cultural festival in London, UK.

Firtash provided \$4.5 million for the Ukrainian Catholic University (UKU) in Lviv. The donation sparked much controversy in Ukrainian diaspora circles which had raised funds for UKU and the prestigious Kyiv Mohyla Academy. Borys Gudziak, the American-born former Dean of UKU who is now the eparch of Ukrainian Greek-Catholic Eparchy of Paris, gave his wholehearted support to the Firtash donation.

Firtash provided \$10 million to Britain's Cambridge University to establish a Ukrainian studies program which proved to be less controversial than a similar sized donation given to UKU (McFarland, 2014). Firtash and his wife, Lada Firtash, have been admitted to the prestigious Guild of Cambridge Benefactors. Firtash proudly displays this on the home page of his charitable foundation's website with a picture of himself receiving a certificate from Prince Philip, then the chancellor of Cambridge (McFarland, 2014).

Firtash's \$2 million donation for a monument in Washington to the 1933 holodomor famine, which was unveiled in August 2015, surprisingly produced less angst (Kuzio, 2013b). Firtash's donation was welcomed by the majority of the Ukrainian-American diaspora, including community leaders and activists on the pages of *The Ukrainian Weekly*, the main English-language newspaper for American-Ukrainians and Canadian-Ukrainians. A US consultant, who has worked in Ukraine on anti-corruption projects, laid out a number of arguments that justified the acceptance of funds from Firtash writing 'although I would have been well aware of Mr. Firtash's status as a Party of Regions oligarch, I would not have known two or three years ago (and, obviously, neither could Bishop Gudziak have known) about the U.S. indictment given that Mr. Firtash's indictment was not unsealed until April of this year' (Vitvitsky, 2014). Knowledge about Firtash's corruption and intimate ties with Ukrainian and Russian politicians did not suddenly emerge in 2014. As I have mentioned, Firtash, six years prior to the US attempt to have him extradited, told US Ambassador to Ukraine Taylor that he had cooperated with Mogilevich (Wikileaks, 2008). Mogilevich has been on the FBI wanted list since the 1990s for multi-million-dollar fraud schemes (FBI, 2009).

Ukrainian Congress Committee of America (UCCA)<sup>4</sup> senior member and US *Holodomor* Committee Chairman Michael Sawkiw, Jr. commented on Firtash's donation

We are truly grateful for Mr. Firtash's generosity and commitment to the building of a memorial in Washington, DC that will educate and inform thousands of people about a forgotten chapter in world history. Having worked on this issue for many years, this project would not have been successful without Mr. Firtash's keen awareness and dedication to seeing this project completed. The community commends Mr. Firtash for this memorable deed and act of charity (UCCA, 2013).

The US-Ukraine Foundation, a well-known Washington-based charity that has promoted democracy in Ukraine, received donations from the Akhmetov and the Kluyev foundations for its 'Ukraine in Washington' gala in December 2013, ironically during the Euromaidan Revolution (US-Ukraine Foundation, 2011, 2013). Akhmetov and Serhiy and Andriy Kluyev have been close to Yanukovych for over two decades. As regional governor, Prime Minister and President, Yanukovych facilitated massive corruption of his cronies in return for a kickback of half the proceeds earning him the nickname 'Mr Fifty Percent' (Kuzio, 2014b). Andriy Kluyev was a speaker at the annual 'Ukraine in Washington' gala event throughout Yanukovych's presidency (US-Ukraine Foundation, 2011, 2013). In effect, the the US-Ukraine Foundation provided Yanukovych's cronies with a platform to lobby the US government to moderate its criticism of their patron, President Yanukovych.

Yanukovych and Andriy Kluyev fled to Russia in February 2014 when the Euromaidan revolutionaries came to power. Meanwhile, Serhiy Kluyev was permitted by the General Prosecutor's office which is controlled by President Poroshenko, to flee to Russia in summer 2015.

## 6. But, are they worth the money?

U.S. political consultants and lobbyists do not come cheap and the dividends are far less than the high financial costs. One success achieved by Manafort was to convince a sufficient number of Western policymakers and journalists during the 2010 elections that Yanukovych was no longer the election fraudster and autocrat he had been in 2004. The Party of Regions huge investment into US consultants and lobbyists did not prevent the US Senate from adopting a tough and critical resolution on Ukraine in November 2013 (Leshchenko, 2013b).

The ultimate irony of Washington DC's real-life House of Cards is that far more was invested in lobbying efforts by authoritarian, kleptocratic and corrupt political leaders than by pro-Western democratic forces who supported the Orange and Euromaidan Revolutions. These lobbying efforts found many takers in the U.S. among politicians, political consultants, lawyers and think tanks who have close ties to both the Republicans and Democrats.

## 7. Conclusion

The buying of the services of politicians, consultants, lobbyists, think tanks and lawyers is only one part of a wider problem of reverse corruption from corrupt countries and authoritarian political leaders. Acceptance of large volumes of illicitly acquired funds exports a culture of cynicism from post-Soviet to Western countries and emboldens autocrats in their arguments that the West has no moral right to condemn corruption in their home countries. Acceptance of consultancy and legal fees, permitting the purchase of real estate and depositing of illicit funds in banks undermines the fight against corruption in

<sup>4</sup> UCCA is dominated by the Stepan Bandera wing of the Organization of Ukrainian Nationalists.

Ukraine and Eurasian states by providing channels for the laundering of dirty money. This, in turn, contributes to maintaining persistently low levels of trust in state institutions and a weakly consolidated democracy. As elites send their illicit gains offshore, citizens lower down the social ladder do not pay taxes and continue to operate in the shadow economy. This vicious circle leads to periodic budgetary crises that require the injection of IMF assistance.

The huge financial resources available to oligarchs in offshore zones and democratic Western states are used to buy up and monopolize the political process, whether by corrupting the president (as in the case of Orange Revolution President Yushchenko) or through the formation of oligarch electoral projects that win elections and control parliament. Oligarchic-controlled projects squeeze out genuine political parties supported by Western foundations. Facilitation of reverse corruption undermined the very values the West is purported to be implementing in Ukraine.

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