United States Department of State

Washington, D.C. 20520

June 15, 2020

Case No. CL-2020-00010
Civil Action No. 19-cv-3155

Mr. Austin Evers
American Oversight
1030 15th Street NW
Suite B255
Washington, DC 20005

Dear Mr. Evers:

I refer to your request to the Department of Energy ("DOE") for the release of certain material under the Freedom of Information Act ("FOIA"), 5 U.S.C. §552. In processing your request, DOE retrieved five documents considered to be of primary interest to the Department of State ("State"). DOE referred these documents to State on January 28, 2020 for appropriate action. After reviewing the documents, State has determined that all five documents may be released in part.

An enclosure explains the FOIA exemptions and other grounds for withholding material. All non-exempt material that is reasonably segregable from the exempt material has been released, and is enclosed.

If you have any questions, you may contact Hilarie Snyder, Trial Attorney, at Hilarie.E.Snyder@usdoj.gov or (202) 305-0747. Please refer to the case number, CL-2020-00010, and the civil action number, 19-cv-3155, in all correspondence about this case.

Sincerely,

Susan C. Weetman

Susan C. Weetman
Deputy Director
Office of Information Programs and Services

Enclosures: As stated.

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The Freedom of Information Act (5 USC 552)

FOIA Exemptions

(b)(1) Information specifically authorized by an executive order to be kept secret in the interest of national defense or foreign policy. Executive Order 13526 includes the following classification categories:

- 1.4(a) Military plans, systems, or operations
- 1.4(b) Foreign government information
- 1.4(c) Intelligence activities, sources or methods, or cryptology
- 1.4(d) Foreign relations or foreign activities of the US, including confidential sources
- 1.4(e) Scientific, technological, or economic matters relating to national security, including defense against transnational terrorism
- 1.4(f) U.S. Government programs for safeguarding nuclear materials or facilities
- 1.4(g) Vulnerabilities or capabilities of systems, installations, infrastructures, projects, plans, or protection services relating to US national security, including defense against transnational terrorism
- 1.4(h) Weapons of mass destruction

(b)(2) Related solely to the internal personnel rules and practices of an agency

(b)(3) Specifically exempted from disclosure by statute (other than 5 USC 552), for example:

ARMSEXP	Arms Export Control Act, 50a USC 2411(c)
CIA PERS/ORG	Central Intelligence Agency Act of 1949, 50 USC 403(g)
EXPORT CONTROL	Export Administration Act of 1979, 50 USC App. Sec. 2411(c)
FS ACT	Foreign Service Act of 1980, 22 USC 4004
INA	Immigration and Nationality Act, 8 USC 1202(f), Sec. 222(f)
IRAN	Iran Claims Settlement Act, Public Law 99-99, Sec. 505

(b)(4) Trade secrets and confidential commercial or financial information

(b)(5) Interagency or intra-agency communications forming part of the deliberative process, attorney-client privilege, or attorney work product

(b)(6) Personal privacy information

(b)(7) Law enforcement information whose disclosure would:

- (A) interfere with enforcement proceedings
- (B) deprive a person of a fair trial
- (C) constitute an unwarranted invasion of personal privacy
- (D) disclose confidential sources
- (E) disclose investigation techniques
- (F) endanger life or physical safety of an individual

(b)(8) Prepared by or for a government agency regulating or supervising financial institutions

(b)(9) Geological and geophysical information and data, including maps, concerning wells

Other Grounds for Withholding

NR Material not responsive to a FOIA request excised with the agreement of the requester

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Action Office:	POL, EXBS
Info Office:	DAO_INFO, POL_INFO

MRN:	19 KYIV 806
Date/DTG:	May 17, 2019 / 171515Z MAY 19
From:	AMEMBASSY KYIV
Action:	WASHDC, SECSTATE *ROUTINE*
E.O.:	13526
TAGS:	PGOV, PREL, UA
Captions:	SENSITIVE
Subject:	UKRAINE: Presidential Inauguration Scene Setter and Look Ahead

1. (SBU) Secretary Perry and members of the U.S. Presidential Delegation, Embassy Kyiv warmly welcomes you to Ukraine for President-elect Volodymyr Zelenskyy's inauguration. The May 20 ceremony will close the first of several consequential chapters following Zelenskyy's historic 48-point landslide victory April 21 in unprecedented free and fair elections, and will open the next chapter in which Zelenskyy will build his team and attempt to advance an ambitious agenda in a system in which more formal power resides with the Rada (parliament) and Cabinet than with the President. Jockeying for advantage in this year's parliamentary elections was the backdrop of the negotiations that resulted in the snap May 20 inauguration, which likely preserved for Zelenskyy the option of triggering early elections in late July rather than late October should he so choose. Zelenskyy is expected to announce his appointments for key security, foreign affairs, and justice posts soon after inauguration, the first public confirmation of his policy direction on key U.S. priorities. Initial indications of Zelenskyy's policies appear broadly favorable to U.S. interests, particularly on anti-corruption and justice reforms, and recent polls show Ukrainians are following Zelenskyy's lead. With Ukraine facing another historic opportunity to take major steps forward – and in the process validate Zelenskyy's election night assertion that Ukraine's democracy can be a model for other post-Soviet countries in which "everything is possible" – U.S. engagement and support remains critical.

Snap Inauguration Opens a New Chapter: Zelenskyy Versus the Old Rada

2. (SBU) The Rada voted May 16 to hold president-elect Volodymyr Zelenskyy's inauguration Monday, May 20 at 10:00 am. As required by the Constitution and past precedent, the president elect will be sworn in officially by the Chair of the Constitutional Court in the Rada chamber before the full parliament, with a small number of key international dignitaries observing from

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the visitors' gallery. Ministry of Foreign Affairs Protocol, Rada leadership, and Zelenskyy team contacts all confirmed the May 16 official swearing-in would be the only inaugural event, laying to rest rumors of plans for a separate ceremonial inauguration to be scheduled at a later date to maximize international attendance. Immediately after the vote, Zelenskyy's communications director Dmytro Razumkov ridiculed the Rada for not selecting Zelenskyy's preferred date of Sunday, May 19. He criticized MPs for "annoying the Ukrainian people" by setting the date on a weekday, which could limit attendance by foreign VIPs and contribute to road traffic in Kyiv. While the date was only one day off Zelenskyy's preference of May 19, the message was clear: the old Rada was out of step and should heed Zelenskyy's overwhelming electoral mandate. It also created a pretext in the likely event the snap inauguration failed to meet expectations and the precedent of high-level international representation.

The Real Competition for Power Begins

3. (SBU) Posturing aside, Zelenskyy largely prevailed in the debate over the inauguration date, which itself was the first round in a high-stakes competition now underway with the legacy Rada over early elections, electoral reform, and the composition of a new government that will collectively determine whether Zelenskyy can translate his overwhelming electoral mandate into the consolidated institutional power necessary to implement his agenda. Ukraine's constitution places most power in the hands of the parliament, and its dual-executive system (President and Prime Minister) imposes significant checks on presidential power, requiring any president to command a parliamentary majority to advance a legislative agenda and appoint senior officials. The broad scope of President Poroshenko's powers was largely due to his ability to form and preserve a functional minority coalition government, which remarkably remained intact (with only one replacement of a prime minister) for the duration of his five-year term. In contrast, President Yushchenko was beholden to a fractious Rada and ultimately succumbed to competition with a strong Prime Minister Tymoshenko. Zelenskyy's ability to implement his ambitious agenda will depend largely on whether he can preserve a comparable level of presidential power that we have become accustomed to under Poroshenko, which in turn depends on commanding a Rada coalition of at least the scale and durability of Poroshenko’s.

4. (SBU) Recent polls suggest a commanding Rada coalition is within Zelenskyy's grasp. A joint poll by the Rating Group, Center for Social Monitoring, and the Ukrainian Institute of Social Studies released May 16 shows Zelenskyy's Servant of the People party could receive up to 40 percent of the vote in the Rada elections, compared to about ten percent each for a rebooted Bloc Petro Poroshenko (BPP), Tymoshenko's Batkivshchyna, consolidated pro-Russian parties, and other combined pro-reform parties (including Hrytsenko, Smeshko, Groysman, and Vakarchuk), with ten percent distributed among small factions unlikely to surmount the five percent threshold required under current law to enter the Rada, and another 10 percent undetermined. If these proportions translated directly into Rada seats, Zelenskyy would lack an outright majority, but would have no shortage of options with which to form a majority coalition or collaborate in coalitions of convenience, and he would be unlikely to face any constellation of comparable opposing forces.

Snap Elections More Likely Despite Coalition Machinations, But Not Guaranteed

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5. (SBU) The snap inauguration appeared to preserve the potential for Zelenskyy to call early Rada elections, maximizing his coattails and avoiding the dissipation of his political momentum in the months ahead of parliamentary elections currently scheduled for October 27. Contacts generally concurred that Zelenskyy had adequate legal authority should he so choose, albeit by means of a flimsy legal mechanism. A previous court case determined the current ruling Rada coalition had been non-existent since February 28 because it had since failed to prove it maintained the requisite 226 seats to constitute a majority. Zelenskyy and faction heads could cite this case as a legal basis to dismiss the Rada and call early elections 60 days hence, by late July. Such a decree would have to be issued in a narrow window after Zelenskyy's inauguration May 20 and prior to May 27, since the constitution forbids early elections within six months of the end of the Rada session November 27. Zelenskyy faces a difficult political decision: early elections enable his nascent Servant of the People party to ride a wave of unprecedented popular support, but deprive it of the time needed to build the kind of local campaign infrastructure necessary to perform in 226 single-member district elections in addition to the national party list contest.

6. (SBU) Established political parties – including BPP, Batkivshchyna, and Opposition Bloc – likely desire early elections to piggyback on the campaign infrastructure they already deployed for the presidential elections, but fading junior coalition partner People's Front is making a last stand. Poroshenko and aligned former officials will lack immunity from Zelenskyy's inauguration until they win Rada seats, an uncomfortable interval they likely wish to minimize. The 50 percent of the Rada comprised of single-member district MPs (elected in specific constituencies rather than on a national party list) were also rumored to desire early elections to minimize the opportunity to pass electoral reform that could eliminate their seats. A complication arose May 17, the morning after the inauguration date announcement, when junior coalition partner Peoples Front, in a ploy to weaken the legal case for early elections, announced it was leaving the coalition, triggering a constitutionally mandated 30-day consultation period to form a new coalition before early elections could be called, running out the clock on the narrow May 20-27 window. This move by the leadership of Peoples Front, a constellation of deeply unpopular officials with only 0.5 percent support and dim Rada prospects, is unlikely to undermine the legal basis of the popular president-elect's claim that a coalition did not exist anyway, but it may create legal complications.

Electoral Reform Appealing and In Play, But Unlikely

7. (SBU) In parallel with the question of early elections, Zelenskyy's team and other factions have been exploring the potential for electoral reform prior to Rada elections, with a move towards a closed-list full party system gaining steam. This system would rid Ukraine of the notoriously corrupt single member district MPs who often leverage local influence to buy their seats for the criminal immunity they confer, which in turn facilitates their corrupt practices. Leading international and civil society organizations, including the International Foundation for Electoral Systems (IFES), believed a closed-list party system could be implemented before October elections notwithstanding the European best practice of avoiding electoral reform within a year of an election. Zelenskyy senior advisor Ihor Bohdan recently told IFES that while an open-list party system was the best option in the long-run, it would be

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too late to implement before October. He also speculated that a change to purely party list system that removes the single-member districts would not find sufficient support in the current Rada. The poor prospect of achieving such reforms ahead of the next Rada elections removed an incentive to forego early elections, but could be back in play if early elections are not called.

Composition of the Next Government – And Zelenskyy's Agenda – Hangs in the Balance

8. (SBU) The contest between Zelenskyy and the legacy Rada led by establishment politicians he defeated will dominate the political landscape for the next several months, and will not be resolved until a new Rada is elected, a coalition formed, and a prime minister and cabinet seated, which will determine Zelenskyy's ability to advance a coherent agenda. Zelenskyy's appointments will be a litmus test of his true intentions. Rumors about his potential choices appear favorable to a strong reform agenda, and his explanation for keeping his cards close to his chest to prevent regressive forces from undermining his candidates rings true. While the details of his policies remain sketchy, their broad outlines are generally favorable to U.S. interests. (b)(5)

(b)(5)

9. (SBU) Recent polls show Ukrainians are following Zelenskyy's lead. Asked to name the top five priorities for the new President, the top response was that he should submit to the Rada bills on lifting immunity from MPs, judges, and the President (53.7 percent). Substantial pluralities also favored ensuring stability of the national currency and banking system (33.7 percent) and an acceleration of investigations of high-profile corruption crimes (25.8 percent). At the same time, Zelenskyy's lack of specifics on the Minsk process and negotiations with Russia will be a challenge. The second most popular priority cited by Ukrainians was to start direct negotiations among Ukraine, Russia, and the so-called Donetsk and Luhansk Peoples' Republics (DPR and LPR) to achieve a ceasefire and return Donbas (40.9 percent). Only 13.1 percent favored increasing economic sanctions against Russia, and 9.9 percent favored intensifying talks on NATO membership, underscoring the desire to try something different from the Poroshenko years and the importance of continued U.S. engagement.

Signature:	YOVANOVITCH
Drafted By:	KYIV (b)(6)
Cleared By:	POL: (b)(6)
Approved By:	EXEC:Pennington, Joseph S (Kyiv)
Released By:	KYIV (b)(6)
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Action Post:	NONE
Dissemination Rule:	POL, DAO_INFO, POL_INFO, EXBS

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DOCUMENT 2

From: (b)(6)
To: McCormack, Brian; Buchan, Samuel; Garrish, Theodore
Subject: [EXTERNAL] Fwd: Kyiv Morning News: Tuesday, May 21, 2019
Date: Tuesday, May 21, 2019 1:32:59 AM

FYI-

Actual articles are in Ukrainian but can usually find an English version.

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From: (b)(6)
Sent: Tuesday, May 21, 2019 7:53 AM
Subject: Kyiv Morning News: Tuesday, May 21, 2019

Inauguration

Coverage of U.S. Delegation

- Zelenskyy hopes to meet with Trump soon (Interfax)
- The U.S. expects close cooperation with Zelenskyy and partnership with Ukraine (Interfax)
- Poroshenko moved from the Presidential Administration to the office of BPP Solidarity, where he met with American guests(Interfax)

Other Inauguration News

- Zelenskyy promised international partners that Ukraine "will become a reliable sister everyone will be proud of" (Interfax)
- Zelenskyy: In the next five years, I will do everything so that the Ukrainian people don't cry (UkrPravda)
- Zelenskyy urged the Rada to adopt a number of laws, including the abolition of parliamentary immunity (112)
- About 3,000 people watched the inauguration in Mariinsky Park (Interfax)

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- Merkel congratulates Zelenskyy; the date of a meeting is still unknown (Interfax)

- Putin will congratulate Zelenskyy not on inauguration, but on his success (if it occurs) in normalizing relations with Russia and resolving the situation in the Donbas (Interfax)

Other Political News

Groysman Resignation

- Groysman: I decided to resign (Interfax)

- Groysman: President Zelenskyy called for the resignation of the government to assume full responsibility for future challenges (Interfax)

- Groysman calls on Zelenskyy to introduce a prime minister candidate (Interfax)

Rada Elections

- Zelenskyy spoke about his first decree [dissolution of the Rada] (UkrPravda)

- No court decision can stop an electoral process that has already begun – CEC secretary (Interfax)

- Opposition Platform For Life is pleased with Zelenskyy's statement about the dissolution of the Rada – Boyko (Interfax)

- The legal aspect of the Rada dissolution is questionable – People's Front deputy head (Interfax)

- The People's Front will participate in early elections but regards them as unconstitutional (Interfax)

- Zelenskyy's statement on the dissolution of the Rada is a political and legal decision – Sampomich faction leader (Interfax)

- Rozenko on Zelenskyy's statement on dissolving the Rada: There is a question of the constitutionality of this decision (Interfax)

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- Tymoshenko: Batkivshchyna is ready for early elections and will participate in them (Interfax)

- Zelenskyy's decision to dissolve the Rada is political, and Oppobloc is ready for elections anytime – Vilkul (Interfax)

- Hrytsenko on early elections to the Rada: We are ready and will participate (Interfax)

- The government's response to the dissolution of the Rada will determine the likelihood of a political crisis in Ukraine – Fesenko (Interfax)

- The Rada will not be able to eliminate parliamentary immunity before early elections, according to the People's Front (Interfax)

- Zelenskyy invited heads of parliamentary factions for consultations Tuesday morning on the dissolution of the Rada – Bereziuk (Interfax)

- Vakarchuk declares Golos will participate in Rada elections and demands changes to the electoral system (Interfax)

- Vakarchuk spoke about the position of Golos in relation to Zelenskyy (UkrPravda)

- BPP Solidarity announces its readiness for early Rada elections (Interfax)

- Kernes: Trukhanov and I will lead the party to the Rada, but we will remain mayors (Interfax)

- The EU named conditions under which it is ready to support the Rada's dissolution (UkrPravda)

- Vice-Speaker of the Rada says the dissolution of the Rada is not constitutional (UkrPravda)

POL-MIL

- Poltorak resigned as Minister of Defense (Interfax)

- Poroshenko dismissed NSDC Secretary Turchinov (Interfax)

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- Zelenskyy accepted the role of the Supreme Commander of the Armed Forces of Ukraine (Interfax)

- New U.S. sanctions against Russia in connection with Venezuela create new opportunities for Ukraine in South American arms market (Interfax)

Law & Order

- Hrytsak, his deputies, and other SBU officials resign (UkrPravda)

- Portnov said he had entered into an agreement with the police about his protection (Interfax)

- The prosecutor's office asks to cancel the court decision on early withdrawal of a criminal conviction of ex-MP Lozinsky (Interfax)

- High Qualifications Commission of Judges noted its work was blocked by unidentified "public activists" (Interfax)

- Ex-Presidential Administration deputy head Portnov announced a massive filing of lawsuits against Poroshenko and his circle (Interfax)

- A court will review the appeal regarding Yanukovych's verdict on June 13 (Hromadske)

- A court arrested a suspect in absentia in the Handziuk murder case (112)

- Clients of Trump's lawyer wrote a statement to law enforcement agencies of Ukraine on Kolomoisky (UkrPravda)

International Affairs

- Western countries in the UNSC blocked discussion of the topic of Ukraine's language law (Interfax)

- The U.S. Representative to the UN said Russia is trying to divert attention away from the democratic transfer of power in Ukraine (Interfax)

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- The European Commission notes the pro-European position of Zelenskyy's team and is ready to cooperate (Interfax)

- Klimkin supports Zelenskyy's attention to the issue of citizenship for foreign Ukrainians (Interfax)

- Zelenskyy discussed with the President of Hungary continuing international pressure on Russia (Interfax)

- The Hungarian president called for talks with Zelenskyy (UkrPravda)

Conflict in Eastern Ukraine / Crimea

- Militants opened fire 10 times; one Ukrainian soldier was injured (Interfax)

Economic

- Interfax published a long interview with Zelenskyy's macroeconomic advisor, Oleg Ustenko (Interfax)

- Ukraine and the IMF can agree on a new program after parliamentary elections – Zelenskyy's macroeconomic advisor (Interfax)

- Ukraine can maintain macro-economic stability without the next IMF tranche (Interfax)

- Groysman: An attempt to reduce tariffs may lead to a serious crisis (Interfax)

- Kolomoiskyy announced his intention to live in Ukraine for the next five years (Interfax)

- Akhmetov may sell the Opera hotel and land in Podil (UkrPravda)

- Zelenskyy declared a residential building in Italy (Interfax)

- British Airways suspends flights between Kyiv and London (Interfax)

- The government appealed against the abolition of the nationalization of PrivatBank

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(Interfax)

- The foreign exchange market reacted positively to Zelenskyy's inauguration (Hromadske)

Energy

- The EU hopes for joint work with Zelenskyy on energy sector reforms – Shefchovic (Interfax)
- Ministry of Energy proposes imposing special obligations on Energoatom and Ukrhydroenergo to supply electricity to the population until the end of 2020 (Interfax)
- Naftogaz plans to increase production of liquefied gas by 1.4-1.5 times (Interfax)
- Ukrtransnafta will send 100% of its 2018 for dividend payments (Interfax)
- Trilateral gas transit talks should be held as soon as possible; the European Commission is looking for a venue for the next round – Shefchovic (Interfax)
- Russia is delaying talks on gas transit – Naftogaz (UkrPravda)
- Head of Ukrtransnafta Gavrilenko: We are planning to sign a new 10-year contract with Transneft in June (Interfax)
- Poroshenko signed the law on the introduction of "green" auctions (Interfax)
- Ukrainian underground gas storage facilities will be used by 23 foreign companies (Hromadske)
- Gas reserves in Ukrainian underground storage facilities increased by 20% (Hromadske)
- During his presidency, Poroshenko lost his status as a billionaire – Bloomberg (UkrPravda)

Health

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- Measles in Ukraine: Since the beginning of the year, almost 50 thousand people have become ill (Interfax)

- Suprun isn't going to resign (UkrPravda)

Trending on Social Media

Former President Petro Poroshenko: Thank you to the Special Representative of the United States, Kurt Volker, for his great contribution to strengthening the strategic partnership between Ukraine and the United States. As a sign of gratitude, I handed Kurt Volker a state award - the Order of Prince Yaroslav the Wise of the 5th degree.

During the conversation, we noted that the challenges facing Ukraine have not disappeared, and Ukraine should continue to follow the course of European and Euro-Atlantic integration.

Washington stands firmly in positions of counteracting the ongoing aggression of Russia, the restoration of Ukraine's sovereignty and territorial integrity and the need to continue the reforms we have begun.

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Former President Petro Poroshenko: I moved to a transparent office. I met with good friends of Ukraine: American Senator Ronald Johnson and USEU Ambassador Sondland.

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RFE/RL journalist Chris Miller: Among the official Ukrainian inauguration photos today is this one, in which comedian-cum-President Zelenskiy has@SecretaryPerry, who led the US delegation in Kyiv today, cracking up.Photo via @zeteam_official



Andy Hunder of Amcham:

A key focus of Zelenskiy's inauguration speech was a bold call for Ukrainians who live abroad to return home. Reverse brain drain—moving from more developed economies to a less developed one. If Zelenskiy manages to stop the outflow of human capital and entice millions of Ukrainians to come home, this will be a significant boost for the country's economy.

It's been quite a day here in Kyiv—a new president inaugurated, the disbanding of parliament, and prime minister's resignation announced, all in under eight hours.

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Andy Hunder
8 hrs · Shared via AddThis ·

A key focus of Zelenskiy's inauguration speech was a bold call for Ukrainians who live abroad to return home. Reverse brain drain—moving from more developed economies to a less developed one. If Zelenskiy manages to stop the outflow of human capital and entice millions of Ukrainians to come home, this will be a significant boost for the country's economy.

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Responding to Melinda Haring Q&A at the Atlantic Council



ATLANTICCOUNCIL.ORG
Q&A: Ukraine's Got a New President. How Did He Do on Inauguration Day?

36 2 Comments 2 Shares

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DOCUMENT 3

From: Kurt Volker
To: McCormack, Brian; lydia_westlake@(b)(6) (U) Vindman, Alexander S (Kyiv | EOP); Anderson, Christopher J; Pennington, Joseph S; sondlandgd(b)(6)
Subject: [EXTERNAL] Follow points from US Del visit to Ukraine
Date: Wednesday, May 22, 2019 8:43:43 PM
Attachments: Briefing.docx
Anti-Trust Reform.docx

Hi all -- please see attached some top line thoughts... Also attached is a first cut at a non-paper on breaking up the oligarchic system.

Please share w Sec'y Perry and Sen. Johnson.

Looking forward to discussing at 9:45am.

Thanks - Kurt

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Top-Line Points on Ukraine/Zelensky

What is at Stake?

- Ukraine is in play for the first time since 2014. The future of Ukraine for the next 5 years will be determined in the next 3 months.
- Everyone else knows this and is all in: Russia, reformers, oligarchs, you name it. The United States has the best hand to play – if we so choose.
- A democratic, prosperous, and less corrupt Ukraine will transform Russia. If Ukraine fails, Russia will threaten Europe for another generation.

Who is Zelensky?

- A TV-star, businessman, successful politician, wildly popular, willing to make decisions, and surrounded by a few smart young advisors and crazy lawyers. Very likeable.
- Zelensky talks the talk of someone who knows the whole establishment must be changed. Reform everything. Go big.
- Zelenksy wants to maintain his freedom and independence. Use the will of the people in order to not be captive to others.
- No one on his team is over 55 – most well under. Almost all believe that this is the first, best chance to free Ukraine from its past. Hope and momentum.
- Zelensky is backed by an oligarch (Kolomoisky) who wants to use Zelensky for his own ends. Zelensky appoints his lawyer – Andrej Bogdan – as Chief of Presidential Administration. Maybe threat; maybe opportunity… TBD.
- Zelensky knows his own fate will be determined in the next few months. Disbanding Parliament in his inauguration speech was bold. And smart.

What Does Zelensky Want?

- Meeting with President Trump at the White House.
- Extra time from IMF to get through election and form new government.
- His own freedom of action.
- Continued popularity with Ukrainian public. Perception of success.
- Peace with Russia, while regaining sovereignty and territorial integrity.

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What Do We Want?

- Full commitment to reform. No games.
- Go big. Break up the whole corrupt, oligarchic system. (See attached).
- Opportunities for American investors, with fair treatment.
- Stick with IMF program.
- Reform energy sector in particular – unbundling, open to up-stream investors.
- Stay committed to talking with Russia, and implementing Minsk agreements, just in case Russia ever gets serious.
- Buy U.S. military equipment to exceed value of U.S. military assistance.
- $1bn U.S. trade surplus can get even bigger.
- Peace with Russia – if Russia is ever serious.

What Can We Offer?

- White House / Trump meeting.
- OPIC / EXIM guarantees for American investors.
- Support for IMF giving Ukraine more time in transition.
- Support for energy sector reform, including gas storage. $2 billion needed.
- American military equipment.
- Support for eventual (not near-term) EU and NATO membership.

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CONCEPT NOTE

Breaking the Oligarchic System through Anti-Trust Reform

Objectives:

- Fundamentally break the grip of the oligarchic system on Ukrainian society.
- Reverse the incentives that now prevent rule of law, instead creating a demand for rule of law by the most powerful elements in society.
- Create the conditions for substantial foreign investment, boosting GDP growth, new job creation, and higher wages.
- Overcome divisions in Ukrainian society that have deepened over perceived injustice and corruption in the judicial and economic system.

Why Go Big?

- Corruption is often treated as a problem in Ukraine, but in reality, it is just a symptom of a bigger problem.
- The larger problem is a political and economic system distorted by oligarchs with disproportionate power in the country.
    - They seek control of institutions to private benefit, rather than maintenance of institutions that protect successful competition.
    - They seek monopolistic returns rather than additional, diverse investment in the Ukrainian economy as a whole.
    - This corrupts the judicial system, the Rada, and repels foreign investment.
- In this circumstance, incrementalism does not work.
- Only a major reform attacking the core problem itself gives Ukraine the opportunity for fundamental change.

Key Components

- Identify, draft, and gain Parliamentary approval of highly restrictive anti-trust legislation modeled on European Union best practices.
    - Prohibit excessive control by any single actor, or small number of actors, in any sector the economy.
    - Prevent excessive vertical or horizontal integration.
    - Require any person or company in excess of these limits to sell off assets in order to come into compliance.
    - Fixed time period for compliance – e.g., 3 years.
- Those coming into compliance retain proceeds of selling assets, minus 10 percent one-time tax.

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  - After compliance, amnesty from prosecution for crimes related to the acquisition of these assets, or past bribery or corruption charges.
- For those failing to come into compliance, state forcibly sells assets on behalf of those targeted and retains 30 percent one-time tax
  - No amnesty from prosecution for past crimes.
  - Failure to accept sale is prosecutable offense in itself.
- Agree on implementation of such legislation with U.S., EU, IMF as major reform
- Establish special, international Court of Appeals in London or The Hague to oversee implementation of legislation and adjudicate contested cases

Political Benefits

- Provides ambitious, major reform that truly tackles entire system in Ukraine, commensurate with President Zelensky's campaign promises.

- Use as litmus test for those seeking election to Rada – President's candidates will adopt pledge to support such legislation, and challenge others to do the same. Creates identity and method for advancing President's agenda through Rada election.

- Use as a compact with U.S., EU, and IMF as basis for securing further tranches of budgetary support, technical assistance, and support for private sector business investment.

- Establishes President and his political party as fundamentally aligning with EU and U.S. standards.

- Implementation will open door to substantial foreign investment that will raise GDP growth, job creation, and wages.

- Creatives "pole of attraction" for occupied territories in Donbas and Crimea.

UNOFFICIAL DRAFT

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DOCUMENT 4

From: Kurt Volker
To: sondlandgd (b)(6) lydia_westlake@ (b)(6) McCormack, Brian; Anderson, Christopher J; (U) Vindman, Alexander S (Kyiv | EOP)
Subject: [EXTERNAL] Fwd: Ukraine - boom, NBU/Privatbank file complaint in Delaware against Mr K
Date: Thursday, May 23, 2019 5:00:54 PM
Attachments: 5-21-19 Verified Complaint (file-stamped) (00607747xACD46).pdf

Very interesting... - kv

Amb. Kurt Volker
Executive Director
McCain Institute for International Leadership
Arizona State University

ASU Barrett & O'Connor Center
1800 I Street NW, Suite 600, Washington, DC 20006
(b)(6)

www.McCainInstitute.org
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---------- Forwarded message ---------
From: **Timothy Ash (BLUEBAY ASSET MANAGE)** (b)(6)
Date: Thu, May 23, 2019 at 7:56 AM
Subject: Ukraine - boom, NBU/Privatbank file complaint in Delaware against Mr K
To:

That might be called "touche"....

With his lawyer Bogdan otherwise engaged, this suggests that K is going to have his hands full for a while....

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Use caution if this message contains attachments, links or requests for information.
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CL-2020-00010 06/15/20 000023

EFiled: May 21 2019 04:57PM EDT
Transaction ID 63283684
Case No. 2019-0377-

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

JOINT STOCK COMPANY COMMERCIAL BANK PRIVATBANK

Plaintiff,

v.

IGOR VALERYEVICH KOLOMOISKY; GENNADIY BORISOVICH BOGOLYUBOV; MORDECHAI KORF; CHAIM SCHOCHET; URIEL TZVI LABER; CHEMSTAR PRODUCTS LLC; GEORGIAN AMERICAN ALLOYS, INC.; OPTIMA ACQUISITIONS, LLC; STEEL ROLLING HOLDINGS, INC.; OPTIMA GROUP LLC; OPTIMA VENTURES LLC; OPTIMA 55 PUBLIC SQUARE, LLC; OPTIMA ONE CLEVELAND CENTER, LLC; OPTIMA 1375, LLC; OPTIMA 1375 II, LLC; OPTIMA 1300, LLC; OPTIMA 777, LLC; OPTIMA STEMMONS, LLC; OPTIMA 7171, LLC; OPTIMA 500, LLC; OPTIMA 925, LLC; WARREN STEEL HOLDINGS, LLC; OPTIMA INTERNATIONAL OF MIAMI, INC.; FELMAN TRADING, INC.; VERONI ALLOYS, LLC

Defendants.

C.A. No. _____

VERIFIED COMPLAINT

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Plaintiff Joint Stock Company Commercial Bank PrivatBank ("PrivatBank"), by and through its undersigned attorneys, brings this action against Defendants Igor Valeryevich Kolomoisky, Gennadiy Borisovich Bogolyubov, Mordechai Korf, Chaim Schochet, Uriel Tzvi Laber, Chemstar Products, LLC, Georgian American Alloys, Inc., Optima Acquisitions, LLC, Steel Rolling Holdings, Inc., Optima Group, LLC, Optima Ventures, LLC, Optima 55 Public Square, LLC, Optima One Cleveland Center, LLC, Optima 1375, LLC, Optima 1375 II, LLC, Optima 1300, LLC, Optima 777, LLC, Optima Stemmons, LLC, Optima 7171, LLC, Optima 500, LLC, Optima 925, LLC, Warren Steel Holdings, LLC, Optima International of Miami, Inc., Felman Trading, Inc., and Veroni Alloys LLC (collectively, "Defendants") for hundreds of millions of dollars of damages arising in connection with claims for alter ego liability and piercing the corporate veil, for unjust enrichment, for fraudulent transfer under state laws (including Delaware and Ohio), for violations of Ohio's RICO statute, and for civil conspiracy.

NATURE OF ACTION

1. This case arises out of a series of brazen fraudulent schemes orchestrated by Ukrainian oligarchs and Defendants Igor Valeryevich Kolomoisky and Gennadiy Borisovich Bogolyubov (together, the Ultimate Beneficial Owners or the "UBOs") and their agents in the United States and abroad, to acquire hundreds of millions of dollars-worth of U.S. assets through the laundering and

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misappropriation of corporate loan proceeds issued by PrivatBank (the "Optima Schemes"). As reported as recently as April 7, 2019, the FBI is investigating Defendant Kolomoisky regarding financial crimes, including money laundering into the United States.[1]

2. From at least 2006 through December 2016, the UBOs were the majority and controlling stockholders of PrivatBank, one of Ukraine's largest privately-held commercial banks. During that time period, the UBOs used PrivatBank as their own personal piggy bank—ultimately stealing billions of dollars from PrivatBank and using United States entities to launder hundreds of millions of dollars' worth of PrivatBank's misappropriated loan proceeds into the United States to enrich themselves and their co-conspirators.

3. Through the Optima Schemes, the UBOs exploited their positions of power and trust at PrivatBank to cause PrivatBank to issue hundreds of millions of dollars' worth of illegitimate, inadequately-secured loans to corporate entities also owned and/or controlled by the UBOs and/or their affiliates (the "Optima Scheme Loans").[2] To facilitate and fraudulently conceal the Optima Schemes from

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[1] *See* https://www.thedailybeast.com/billionaire-ukrainian-oligarch-ihor-kolomoisky-under-investigation-by-fbi (last accessed April 11, 2019).

[2] This action seeks to redress harm from the loans utilized in the Optima Schemes, which funded the acquisition of the US assets as alleged herein. These claims are different from the fraudulent loans which are the subject of other proceedings brought by the Claimant in England (Claim No. BL-2017-000665) ("the

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discovery, the UBOs created and utilized a secretive business unit within PrivatBank's operations (the "Shadow Bank") to fund the fraudulent loans and launder those loan proceeds through a sophisticated money laundering process.

4. The stated purpose for each loan involved in the Optima Schemes was typically for financing the activities of the ostensible corporate borrower. The Optima Scheme Loans, however, were sham arrangements and the proceeds were not in fact used for that purpose. Instead, sometimes within minutes of being disbursed, the loan proceeds were cycled through dozens of UBO-controlled or affiliated bank accounts at PrivatBank's Cyprus branch ("PrivatBank Cyprus") before being disbursed to one of multiple Delaware limited liability companies or corporations (or other United States-based entities), all of which were also owned and/or controlled by the UBOs. The misappropriated loan proceeds laundered into the United States were ultimately used to acquire and support various United States businesses and commercial real estate in Cleveland, Ohio, Dallas, Texas, and elsewhere—all for the benefit and under the control of the UBOs.

5. While the UBOs pilfered the funds for the Optima Schemes from PrivatBank, they also directly oversaw and controlled the money laundering efforts

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English Proceedings"). There is accordingly no duplication between the claims advanced in this Complaint and those pursued in the English Proceedings. PrivatBank is pursuing different claims in different jurisdictions in respect of different frauds and losses it has suffered.

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in the United States. In Delaware, Ohio and throughout the United States, a network of co-conspirators and affiliated companies knowingly and materially assisted the UBOs in laundering and misappropriating the PrivatBank loan proceeds in the United States. Within the United States, the UBOs' Optima Schemes had a particularly profound impact in Delaware (where many of the UBOs' United States entities were incorporated or organized for the purposes of facilitating the fraud) and in Ohio (where the UBOs used their Delaware entities to acquire hundreds of millions of dollars' worth of commercial real estate). The Optima Schemes were so pervasive that the UBOs—through various Delaware entities owned and controlled by the UBOs—became the largest commercial real estate holders in Cleveland, Ohio. Moreover, the UBOs also funneled hundreds of millions of dollars of misappropriated loan proceeds into the United States to acquire strategically important steel and ferroalloy production facilities located in Warren, Ohio, Detroit, Michigan, New Haven, West Virginia, and Calvert City, Kentucky, among other places.

6. This action seeks to redress the hundreds of millions of dollars in losses that the UBOs, their various Delaware- and United States-based companies, and their United States-based agents Mordechai Korf, Uriel Laber, and Chaim Schochet caused PrivatBank through the Optima Schemes. Each of the Defendants was unjustly enriched, engaged in fraudulent transfers, committed racketeering activities

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in violation of Ohio State law, and engaged in a civil conspiracy. They are liable to PrivatBank for hundreds of millions of dollars in losses.[3]

PARTIES

I. PLAINTIFF PRIVATBANK

7. Plaintiff PrivatBank is one of the largest commercial banks in Ukraine with headquarters in Dnipro, south-east Ukraine. In March 1992, PrivatBank was incorporated by the UBOs and former Vice Prime Minister of Ukraine, Serhiy Tihipko, as a limited liability company under the laws of Ukraine. From at least 2006 through December 2016, PrivatBank was controlled and majority owned by the UBOs. In December 2016, however, the Ukrainian State was forced to nationalize PrivatBank as a result of the UBOs' illicit conduct, including the Optima Schemes, and to inject the equivalent of more than $5.5 billion in funds into the bank to avoid its collapse. In June 2018, PrivatBank reverted to being a private joint-stock company and changed its name to Joint-Stock Company Commercial Bank "PrivatBank."

II. THE INDIVIDUAL DEFENDANTS

8. Defendant Igor Valeryevich Kolomoisky ("Kolomoisky") is a billionaire businessman and 'oligarch' who was born in Ukraine and is reputed to

[3] As set out above, the claim made in this Complaint is concerned with the losses arising from the Optima Schemes and the Optima Scheme Loans.

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hold Ukrainian, Israeli, and Cypriot citizenship, as well as Swiss residence. Kolomoisky lived for several years in Geneva, Switzerland, before reportedly fleeing Switzerland for Israel in late 2018 due to his fear of an ongoing FBI/DOJ investigation into his activities (believing that he would be safer there from the reach of the United States Government). Kolomoisky is now reported to have made a return to Ukraine for the first time in several years,[4] a decision which is believed to be linked to the recent victory in the Ukrainian presidential election of the television star and comedian Mr. Volodymyr Zelenskiy, behind whom Kolomoisky is widely reported as being the principal power and financial backer.[5] Press reports speculate that there is a deal between Mr. Kolomoisky and Mr. Zelenskiy: in exchange for Kolomoisky's support, Mr. Zelenskiy will ensure the return of PrivatBank to the ownership of Mr. Kolomoisky in order to circumvent any pending or threatened litigation against Kolomoisky.[6]

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[4] https://www.occrp.org/en/27-ccwatch/cc-watch-briefs/9757-president-s-oligarch-friend-suspected-of-theft-returns-to-ukraine.

[5] *See, e.g.,* Matthias Williams and Natalia Zinets, *Comedian faces scrutiny over oligarch ties in Ukraine presidential race*, Reuters (April 1, 2019), https://www.reuters.com/article/us-ukraine-election-zelenskiy-oligarch/comedian-faces-scrutiny-over-oligarch-ties-in-ukraine-presidential-race-idUSKCN1RD30L?feedType=RSS&feedName=topNews.

[6] *See* Luck Fitzgeorge-Parker, *The battle for PrivatBank: part two*, Euromoney (Feb. 20, 2019), https://www.euromoney.com/article/b1d6xgg73xntrm/the-battle-for-privatbank-part-two; *see also* Dominik Istrate, *Ukrainian presidential candidates accuse each*

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9. Despite his period of absence from Ukraine, Kolomoisky continues to own and control very substantial business interests in Ukraine and exercises great influence and control in Ukraine.[7]

10. Defendant Gennadiy Borisovich Bogolyubov ("Bogolyubov") is a billionaire businessman and 'oligarch' who was born in Ukraine and is reputed to hold Ukrainian, Israeli, and Cypriot citizenships. As with Mr. Kolomoisky, Mr. Bogolyubov also has Swiss residence, but also reportedly fled from Switzerland to Israel in late 2018 for fear of an ongoing FBI/DOJ investigation. Bogolyubov is also reported to have made a return to Ukraine "*just days before Kolomoisky.*"[8]

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other of illegal financing, Emerging Europe (March 21, 2019), https://emerging-europe.com/news/ukrainian-presidential-candidates-accuse-each-other-of-illegal-financing/.

[7] The UBOs are well-known throughout the region and in international press for their willingness to resort to violence to achieve their desired ends, earning them the moniker, the "Raiders." Reports indicate that the UBOs have used "quasi-military forces" to effect violent seizures of their opponents' assets. In one instance, the UBOs are alleged to have employed an "army of thugs" to descend upon a competitor's plant with baseball bats, gas, rubber pistols, iron bars, and chainsaws. Credible news sources also report that the UBOs, in more than one instance, have acquired minority stakes in a company and then used strong-arm tactics to replace the remaining directors with individuals loyal to PrivatGroup (*i.e.*, the UBOs' massive, amorphous non-public global holding syndicate that they use to own or control billions of dollars' worth of corporate entities in the United States, Europe, Ukraine, Russia, and elsewhere). Indeed, this improper conduct caused an English judge to comment that Defendant Kolomoisky has a reputation of having taken over a rival Ukrainian company "at gunpoint."

[8] https://en.hromadske.ua/posts/privat-empire-what-does-oligarch-ihor-kolomoisky-own-in-ukraine.

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11. From at least 2006 through December 2016, Kolomoisky and Bogolyubov were, directly and indirectly, the majority and controlling stockholders of PrivatBank and sat on and effectively controlled (at least until April 2015) PrivatBank's Supervisory Board—the Board that was a key decision-making instrument in respect of the issuance of new loans by the bank and approved of the corporate loans utilized in the Optima Schemes. In addition, as set forth herein, Kolomoisky and Bogolyubov (either individually or together) own and/or control various entities involved in the Optima Schemes.

12. Defendant Mordechai Korf ("Korf") is an individual who resides in Miami, Florida. Over the last decade, he has worked closely with, and at the direction of, the UBOs. Korf jointly owns various United States entities with the UBOs, including Defendants Optima Acquisitions, LLC; Optima Ventures, LLC; and Optima International of Miami, Inc. Mr. Korf is also the Registered Agent and Partner for Optima International of Miami, Inc.

13. In addition, Korf currently is, or at one time was, a director, manager, partner, registered agent, and/or officer of the following entities owned and/or controlled by the UBOs: Optima Specialty Steel, Inc.; Felman Trading, Inc.; Felman Production, Inc.; Georgian American Alloys, Inc.; Optima Ventures; Optima Acquisitions; Optima Stemmons, LLC; Optima International; Niagara LaSalle,

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Corp.; Kentucky Electric Steel; Warren Steel Holdings, LLC; CC Metals and Alloys, LLC; and Optima Fixed Income, LLC.

14. Korf also currently is, or at one time was, the manager, director, organizer, and/or president of the Delaware entities that hold (or held) the UBOs' commercial properties in Cleveland, Ohio and Dallas, Texas, including Optima 1375, LLC; Optima 1375 II, LLC; Optima One Cleveland Center, LLC; Optima 55 Public Square, LLC; Optima 1300, LLC; Optima Stemmons, LLC; Optima 7171, LLC; Optima 500, LLC; and Optima 925, LLC.

15. With respect to those Delaware entities, Korf solicited and received instruction directly from the UBOs in carrying out both strategic and routine business decisions.

16. Also, Korf is (and has been for many years) a stockholder of AS PrivatBank in Latvia ("AS PrivatBank"),[9] which was a key money laundering and

[9] *See, e.g.,* AS PrivatBank's Annual Report and Consolidated Annual Report for Year 2016, *available at* https://www.privatbank.lv/wp-content/uploads/2018/06/PB_2016_EN.pdf (identifying "Korf Mordechai", of the USA, as a shareholder of AS PrivatBank as of December 31, 2016); *see also* AS PrivatBank's Annual Report and Consolidated Annual Report for Year 2015, *available at* https://www.privatbank.lv/wp-content/uploads/2018/06/PB_2015_ENG.pdf (identifying "Korf Mordechai Yehudah" of the USA, as a shareholder of AS PrivatBank as of December 31, 2015); *see also* AS PrivatBank's Annual Report and Consolidated Annual Report for Year 2014, *available at* https://www.privatbank.lv/wp-content/uploads/2018/06/Gada_parskats_2014_ENG.pdf (identifying "Korf Mordechai Yehudah", of the USA, as a shareholder of AS PrivatBank as of December 31, 2014).

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fraud center for the UBOs during their period of ownership and control over PrivatBank.

17. Defendant Chaim Schochet ("Schochet") is an individual who resides in Miami, Florida. Schochet is Korf's brother-in-law. Schochet reports to Korf and the UBOs, manages Defendant Optima Ventures LLC, and has been the UBOs' front man in the Optima Schemes' purchase and management of commercial real estate in Cleveland, Ohio and throughout the United States.

18. Since at least 2008, Schochet directly oversaw and executed each of the UBOs' acquisitions of real estate in Cleveland, Ohio—which was funded (in whole or in part) by the laundered and misappropriated loan proceeds from PrivatBank through the Optima Schemes. In 2012, a popular Cleveland newspaper published an article titled "The most important guy you've never heard of: Chaim Schochet, 25, builds downtown Cleveland empire" highlighting Schochet's central role in the Cleveland acquisitions.[10] The article reported that, while Schochet "was circumspect about discussing how the company is structured or who the major investors are," he remained "one of downtown's largest landlords, an investment executive responsible for roughly 2.8 million square feet of office space owned by

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10 https://www.cleveland.com/business/2012/02/the_most_important_guy_youve_n.html

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U.S. investors and principals of a Ukrainian business conglomerate [*i.e.*, the UBOs' PrivatGroup]."[11]

19. Defendant Uriel Tzvi Laber ("Laber") is an individual who resides in Miami, Florida. Laber jointly owns various United States entities with the UBOs and/or Korf, including Defendants Optima Group, LLC, Optima International of Miami, Inc, and Optima Ventures, LLC. He founded Optima International of Miami, Inc. with Korf in 1995.

20. Laber currently is, or at one time was, a director, manager, partner, and/or officer of the following entities owned and/or controlled by the UBOs: Optima International of Miami, Inc., Optima Acquisitions, Inc.; Georgian American Alloys, Inc., Optima Specialty Steel Inc., and Niagara LaSalle Corp. He also is, or at one time was, a member of the Board of Directors and/or Supervisory Board of

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[11] The article further explains that:

(i) Within the United States, the UBOs "focused on steel and raw materials. Through various companies, Optima International controls businesses including Warren Steel Holdings, a casting mill northwest of Youngstown; Felman Production Inc., a West Virginia plant that produces additives to purify steel; and manufacturing facilities spread from New York to Texas."

(ii) "In 2007, the investors launched Optima Ventures to diversify into U.S. commercial real estate, though the group recently put money into a daily-deal website called 1SaleADay."

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PJSC Ukrnafta, the Ukrainian oil and natural gas extracting company in which the UBOs hold a minority interest.

21. Kolomoisky, Bogolyubov, Korf, Schochet, and Laber are collectively referred to herein as the "Individual Defendants."

22. On information and belief, in exchange for their participation in the Optima Schemes, Korf, Schochet, and Laber were richly rewarded and granted ownership interests in various entities owned and/or controlled by the UBOs. On information and belief, by virtue of their leadership roles in the Optima Schemes, Korf, Schochet, and Laber received substantial financial remuneration which they used to acquire millions of dollars' worth of property in Miami, Florida.

III. THE DEFENDANT DELAWARE ENTITIES

23. Defendant Chemstar Products LLC ("Chemstar Products") is a limited liability Company organized under the laws of Delaware on October 1, 2003 and used in the Optima Schemes to, among other things, launder money. According to account opening documentation held at the bank, Defendant Bogolyubov is the ultimate beneficial owner of Chemstar Products. Chemstar Products maintained an account at PrivatBank Cyprus which was repeatedly used in the Optima Schemes, including to launder money.

24. Defendant Georgian American Alloys, Inc. ("Georgian American Alloys") is a Delaware corporation organized under the laws of Delaware on

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February 14, 2012 and has participated in the Optima Schemes, including to launder money. Georgian American Alloys is directly or indirectly owned by, among others, the UBOs, Korf, and Laber. Georgian American Alloys in turn wholly owns: (i) non-party CC Metals and Alloys LLC ("CC Metals"), a Delaware limited liability company with a high-grade ferrosilicon plant in Calvert City, Kentucky; (ii) non-party Felman Production, LLC ("Felman Production"), a Delaware limited liability company with a ferrosilicomanganese plant in New Haven, West Virginia; and (iii) Defendant Felman Trading, Inc., a New Jersey corporation and global supplier of manganese and silicon ferroalloys with warehouses in Alabama, Arkansas, California, Florida, Illinois, Louisiana, Maryland, Michigan, Mississippi, Missouri, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, West Virginia, and other places outside of the United States.

25. Defendant Optima Acquisitions, LLC ("Optima Acquisitions") is a limited liability company organized under the laws of Delaware on June 25, 2008 to participate in the Optima Schemes, including to launder money. Upon information and belief, Optima Acquisitions is owned in thirds by the UBOs and Korf. Optima Acquisitions was the primary vehicle used by the UBOs and Korf to acquire United States metallurgical assets with the misappropriated loan proceeds. Optima Acquisitions used misappropriated funds to acquire non-party Optima Specialty Steel, Inc. ("Optima Specialty") and Steel Rolling Holdings, Inc., which became

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wholly-owned subsidiaries of Optima Acquisitions, alongside non-party KES Acquisition Company, d/b/a Kentucky Electric, a steel mill located in Ashland, Kentucky.

26. Defendant Steel Rolling Holdings, Inc. ("Steel Rolling") is a corporation organized under the laws of Delaware on May 22, 2006 and has participated in the Optima Schemes, including to launder money. On May 25, 2006, Steel Rolling acquired the 600,000-square-foot Detroit Cold Rolling Facility, in Gibraltar, Michigan, for $20 million and operated the plant from 2009 until March 2015, when it sold the plant to non-party Ferragon Steel Rolling for an undisclosed sum.

27. Defendant Optima Group, LLC ("Optima Group") is a limited liability company organized under the laws of Delaware on August 8, 2008 to participate in the Optima Schemes, including to launder money. It is an affiliate of Optima Ventures LLC and Optima Acquisitions. Optima Group is owned directly or indirectly by the UBOs, Korf, and Laber.

28. Defendant Optima Ventures LLC ("Optima Ventures") is a limited liability company organized under the laws of Delaware on January 1, 2008 to participate in the Optima Schemes, including to launder money. Optima Ventures was the primary vehicle through which the UBOs acquired commercial real estate in the United States with the misappropriated loan proceeds. Optima Ventures is

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owned in thirds by the UBOs and Korf, and managed on a day-to-day basis by Schochet. Optima Ventures became the largest holder of commercial real estate in Cleveland, Ohio through various affiliated Delaware entities.

29. Defendant Optima 55 Public Square, LLC ("Optima 55 Public Square") is a limited liability company organized under the laws of Delaware on April 29, 2008 to participate in the Optima Schemes, including to launder money. In 2017, Korf executed a mortgage on behalf of Optima 55 Public Square, as the "Manager of Optima Ventures, LLC." Optima Ventures was identified as a "Member of Optima 55 Public Square LLC." The UBOs used Optima 55 Public Square to acquire the building at 55 Public Square in Cleveland, Ohio.

30. Defendant Optima One Cleveland Center, LLC ("Optima One") is a limited liability company organized under the laws of Delaware on April 29, 2008 to participate in the Optima Schemes, including to launder money. The UBOs used Optima One to originally acquire the One Cleveland Center building.

31. Defendant Optima 1375, LLC ("Optima 1375") is a limited liability company organized under the laws of Delaware on July 26, 2010 to participate in the Optima Schemes, including to launder money. In 2010, Korf executed a mortgage on behalf of Optima 1375, as the "Manager" of Optima Ventures. Optima Ventures was identified as the "Manager" of Optima 1375. In 2010, Optima 1375

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received ownership of One Cleveland Center from Optima One Cleveland Center, LLC without adequate consideration.

32. Defendant Optima 1375 II, LLC ("Optima 1375 II") is a limited liability company organized under the laws of Delaware on September 7, 2017 to receive ownership of One Cleveland Center from Optima 1375. In 2017, Korf executed a mortgage as the "Manager" of Optima 1375 II.

33. Defendant Optima 1300, LLC ("Optima 1300") is a limited liability company organized under the laws of Delaware on July 21, 2010 to participate in the Optima Schemes, including to launder money. In 2010, Korf executed a mortgage on behalf of Optima 1300, as the "Manager" of Optima Ventures. Optima Ventures was identified as the "Manager" of Optima 1300. The UBOs used Optima 1300 to acquire the AECOM Building (formerly known as the Penton Media Building) in Cleveland, Ohio.

34. Defendant Optima 777, LLC ("Optima 777") is a limited liability company organized under the laws of Delaware on June 3, 2011 to participate in the Optima Schemes, including to launder money. The UBOs used Optima 777 to acquire an ownership stake in the Crowne Plaza Hotel (now known as the Westin Hotel) in Cleveland, Ohio.

35. Defendant Optima Stemmons, LLC ("Optima Stemmons") is a limited liability company organized under the laws of Delaware on May 14, 2008 to

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participate in the Optima Schemes, including to launder money. In 2017, Korf executed a deed of trust on behalf of Optima Stemmons, as the "Manager of Optima Ventures, LLC." Optima Ventures was identified as the "Manager of Optima Stemmons, LLC." The UBOs used Optima Stemmons to acquire the Stemmons Tower building at 8777 North Stemmons Freeway in Dallas, Texas.

36. Defendant Optima 7171, LLC ("Optima 7171") is a limited liability company organized under the laws of Delaware on November 10, 2010 to participate in the Optima Schemes, including to launder money. The UBOs used Optima 7171 to acquire the former CompuCom System Headquarters and adjoining vacant lot located at 7505 Forest Lane in Dallas, Texas 75230.

37. Defendant Optima 500, LLC ("Optima 500") is a limited liability company organized under the laws of Delaware on November 10, 2010 to participate in the Optima Schemes, including to launder money. The sole member of Optima 500 is Optima Ventures. The UBOs used Optima 500 to acquire the PNC Plaza Building at 500 West Jefferson Street in Louisville, Kentucky.

38. Defendant Optima 925, LLC ("Optima 925") is a limited liability company organized under the laws of Delaware on May 14, 2010 to participate in the Optima Schemes, including to launder money. The UBOs used Optima 925 to acquire the Huntington Building at 925 Euclid Avenue in Cleveland, Ohio.

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39. Defendant Warren Steel Holdings, LLC ("Warren Steel") is a limited liability company organized under the laws of Delaware on November 19, 2001 and has participated in the Optima Schemes, including to launder money. Warren Steel is owned directly or indirectly by the UBOs and a third individual. Kolomoisky and Bogolyubov hold their interests in Warren Steel through a BVI entity called Halliwel Assets, Inc. and a Jersey, Channel Islands trust called Marigold Trust Asset Management, respectively. Warren Steel ran a steel mill in Warren, Ohio.

40. The above Defendant Delaware entities are collectively referred to herein as the "Defendant Delaware Entities." Each of the Defendant Delaware Entities was established, acquired, or specifically utilized by the UBOs, or individuals working under their direction, for the specific purpose of participating in the Optima Schemes, including to unlawfully misappropriate and launder loan proceeds. Many of the Defendant Delaware Entities share the same registered agent.[12] Throughout the relevant time period, each of the Defendant Delaware

[12] Warren Steel, Steel Rolling Holdings, Optima Acquisitions, Optima Group, and Georgian American Alloys all share the same registered agent—Corporate Creations Network Inc. Chemstar Products' registered agent is Worldwide Incorporators Ltd., which is located at the same address and in the same suite as Corporate Creations Network Inc.—3411 Silverside Road Tatnall Building, Ste 104, Wilmington, DE 19810. Cogency Global Inc. is the registered agent of Optima Ventures, Optima 55 Public Square, Optima One Cleveland Center, Optima Stemmons, Optima 1375, Optima 7171, Optima 500 and Optima 925. Optima 777's registered agent is The Corporation Trust Company, and Optima 1375 II's registered agent is Vcorp Services Ltd.

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Entities was ultimately owned and/or controlled by the UBOs, and individuals operating in the United States were acting as agents for the UBOs and/or were under the complete control and direction of the UBOs, who exercised such control and direction to effectuate and further the Optima Schemes.

41. Defendants Optima Ventures, Optima 55 Public Square, Optima One, Optima 1375, Optima 1375 II, Optima 1300, Optima 777, Optima 925, and Warren Steel are collectively referred to herein as the "Ohio RICO Entities."

IV. THE DEFENDANT NON-DELAWARE ENTITIES

42. Defendant Optima International of Miami, Inc. ("Optima International") is a Florida limited liability company and is purportedly affiliated with Optima Ventures. It is owned by Korf and Laber, but, upon information and belief, is effectively controlled by the UBOs. The UBOs and Korf used Optima International to acquire the former Motorola Campus in Harvard, Illinois as well as to misappropriate and launder millions of dollars in the Optima Schemes. Optima International worked closely with Optima Acquisition, Georgian American Alloys and other Delaware entities—all of which were ultimately owned and controlled by the UBOs and under the day-to-day management of Korf—to effectuate and coordinate the Optima Schemes, including to launder money in the United States.

43. Defendant Felman Trading, Inc. is a New Jersey corporation and a wholly owned subsidiary of Defendant Georgian American Alloys, a Delaware

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corporation. It is the sole distributor of ferroalloys for Felman Production, CC Metals, and Georgian Manganese LLC—each of which is also wholly owned by Georgian American Alloys—and is ultimately owned and controlled by the UBOs and under the day-to-day management of Korf.

44. Defendant Veroni Alloys LLC ("Veroni Alloys") is a limited liability company organized under the laws of Oregon on September 30, 2003 and used to participate in the Optima Schemes, including to launder money. Veroni Alloys is ultimately owned and/or controlled by the UBOs. Veroni Alloys maintained an account at PrivatBank Cyprus to launder money for the Optima Schemes. Veroni Alloy's PrivatBank Cyprus account was used to launder and misappropriate PrivatBank's funds that were ultimately disbursed to the Delaware Defendant Entities.

45. Optima International, Felman Trading, and Veroni Alloys are collectively referred to herein as the "Defendant Non-Delaware Entities."

46. Kolomoisky, Bogolyubov, Korf, Laber, Schochet, the Defendant Delaware Entities, and the Defendant Non-Delaware Entities are collectively referred to herein as the "Optima Conspirators." As alleged herein, the Optima Conspirators engaged in a conspiracy to defraud PrivatBank by surreptitiously using Delaware entities, among some others, to launder and misappropriate hundreds of millions of dollars of PrivatBank's corporate loan proceeds into the United States,

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including by using those funds to acquire hundreds of millions of dollars' worth of real property and assets throughout the United States. The Optima Conspirators knew or had reason to know that the acts in Delaware or the acts outside Delaware would have an effect in Delaware because the Optima Schemes were structured to specifically facilitate the illicit conduct through Delaware entities or through entities that are wholly owned by or closely affiliated with the Delaware Entities. Accordingly, the illicit conduct in Delaware, or the effect on Delaware, was a direct and foreseeable result of each Optima Conspirator's illicit conduct in furtherance of the conspiracy because, among other things, the Optima Schemes were structured to be facilitated through or into Delaware entities.

JURISDICTION AND VENUE

47. This Court has jurisdiction over this action because Plaintiff seeks equitable relief as alleged herein.

48. The Defendant Delaware Entities are subject to this Court's jurisdiction because each of the Defendant Delaware Entities was established under Delaware law as a Delaware corporation or Delaware limited liability company.

49. The Defendant Non-Delaware Entities are subject to this Court's jurisdiction pursuant to 10 *Del. C.* § 3104(c) and their participation in the conspiracy described herein.

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50. The Individual Defendants are subject to this Court's jurisdiction pursuant to 10 *Del. C.* § 3104(c) and their participation in the conspiracy described herein.

51. Venue is proper before this Court because the majority of Defendants are organized under the laws of Delaware, all Defendants conspired specifically to perpetuate the Optima Schemes by establishing and maintaining the Defendant Delaware Entities, all Defendants conspired to ensure that the Defendant Delaware Entities hold title to the majority of real property assets at issue in this action, and because Plaintiff seeks relief under Delaware law.

FACTUAL BACKGROUND

I. THE UBOS AND PRIVATBANK

52. PrivatBank is and has been at all relevant times one of the largest banks in Ukraine and of systemic importance to the Ukrainian financial system and economy since at least 2015. From at least 2006 through its nationalization in December 2016, PrivatBank was majority owned and controlled by the UBOs.

53. Throughout the duration of the Optima Schemes, the UBOs and their associates controlled PrivatBank's Supervisory Board, and thus controlled PrivatBank's significant decisions, including all significant corporate lending decisions. Within PrivatBank, the UBOs' reputation as ruthless and aggressive (and, according to some, violent) businessmen compelled total loyalty to the UBOs. As a

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result, executives and employees of PrivatBank carried out the UBOs' instructions, even where such actions were plainly unlawful, contrary to PrivatBank's internal policies and interests, and/or undertaken solely for the benefit of the UBOs and/or their affiliates.

II. PRIVATBANK'S CORPORATE LOAN BOOK

54. During the relevant time period, PrivatBank's principal asset was its corporate loan book. From 2006 to 2016, under the UBOs' ownership and control, PrivatBank's corporate loan book realized an over 700% increase (in UAH terms) from UAH 27 billion (USD 5.3 billion) in December 2006 to UAH 195 billion (USD 8.1 billion) on December 31, 2015 (the Bank's financial year end). During the same period, PrivatBank's total liabilities relating to its customer accounts increased from UAH 24 billion (USD 4.8 billion) to UAH 192 billion (USD 8 billion)—an eight-fold increase in UAH terms.

55. To fund this expansion (*i.e.*, to be in a position to issue more and more corporate loans), PrivatBank—under the direction and control of the UBOs—predominately raised funds by public debt issuances and by attracting new deposits domestically from both retail and corporate customers. PrivatBank attracted new deposits by offering interest rates on its USD and Euro deposit accounts in Ukraine that were considerably above the market average. Innocent Ukrainian citizens and

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businesses looking to protect their funds in a safe place at favorable deposit interest rates deposited their money at PrivatBank.

56. As it turned out, however, the overwhelming majority of the loans in the vastly expanding corporate loan book were to entities owned, controlled, or affiliated with the UBOs and used by them to facilitate massive, systematic, and fraudulent loan misappropriation and loan recycling schemes, including those used to facilitate the Optima Schemes.

III. THE LOAN MISAPPROPRIATION AND MONEY LAUNDERING SCHEMES

57. As relevant here, the central pillar of the Optima Schemes was the use of funds originated from PrivatBank's corporate loan book (specifically from the Optima Scheme Loans) to purchase assets and to finance business enterprises in the United States for the benefit of the UBOs and their Optima Conspirators.

58. Although incredibly complex in implementation, the basic design of the Optima Schemes was as follows:

- **Step 1—Funding Under False Pretenses:** The UBOs, with the assistance of the Shadow Bank (as described below), caused PrivatBank to fund hundreds of millions of dollars' worth of illegitimate corporate loans (the Optima Scheme Loans) to entities that the UBOs own and/or control ("the UBO-Controlled Loan Borrowers") through false and inaccurate loan documentation.

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- **Step 2—Money Laundering:** The UBOs, with the assistance of the Shadow Bank and various other conspirators, deployed sophisticated money laundering schemes to disguise the origin, nature, control, and destination of billions of dollars of loan proceeds, including from the Optima Scheme Loans. To do so, the funds were routed through the bank accounts of various UBO-controlled and/or owned companies (generally offshore companies with no proper business, operations or management) at PrivatBank Cyprus, generally in a matter of minutes or hours through a sophisticated money laundering process.
- **Step 3—Misappropriation and Use:** The UBOs, with direct assistance from the Shadow Bank and the Optima Conspirators, ultimately transferred the stolen funds through the money laundering process to the Optima Conspirators—all owned and/or controlled or working at the behest of the UBOs—to purchase commercial real estate and metallurgical assets in the United States for the benefit of the UBOs and their co-conspirators.
- **Step 4—Fraudulent Concealment/Loan Recycling:** To sustain and fraudulently conceal the Optima Schemes and associated loan misappropriation transactions, the UBOs, again with assistance from the Shadow Bank and other co-conspirators, devised and deployed a loan recycling scheme similar to a Ponzi scheme. To give the appearance that the

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principal balance of the initial loans plus accrued interest were being paid down by the UBO-Controlled Loan Borrowers, the UBOs would cause PrivatBank Ukraine to issue new loans to new borrowers also owned, controlled, and/or affiliated with the UBOs. The proceeds from the new PrivatBank Ukraine loans were then laundered through various accounts at PrivatBank Cyprus to disguise the origin of the funds (*i.e.*, a new loan from PrivatBank), and then used to purport to pay down the initial loans plus accrued interest. On paper, this appeared to be a repayment, but in reality, it was a sham and fraud, as PrivatBank was repaying itself and increasing its outstanding liabilities in the process. This process was carried out over and over again, over a period of many years, giving the appearance that PrivatBank's corporate loan book was performing when, in fact, new loans were being continually issued to new UBO-controlled parties to "pay down" the prior, existing loans. As a result, the size of the "hole" in PrivatBank's corporate loan book grew and grew, with each iteration of a loan plus interest being "repaid" through the issuance of a new loan, which accrued interest itself before being "repaid" through the issuance of yet a further new loan, and so on.

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A. Step 1—Funding Under False Pretenses: The UBOs And Shadow Bank Cause PrivatBank To Fund The Illegitimate Loans In The Optima Schemes

59. The Shadow Bank was comprised of dozens of embedded senior-level managers and other PrivatBank employees all of whom were loyal to, and working under the direction of, the UBOs. The Shadow Bank's purpose appears to have been administering the related-party corporate loan portfolio, processing and moving proceeds of hundreds of improper loans worth billions of dollars for the UBOs to entities related to the UBOs, and fabricating supporting paperwork for the fraudulent loans in order to avoid detection and to facilitate (among other things) the UBOs' acquisition of hundreds of millions of dollars in American assets.

60. One of the senior managers within the UBOs' Shadow Bank was Timur Novikov ("Novikov"), the UBOs' trusted lieutenant and right-hand-man (frequently referred to as the "Kolomoisky Treasurer"). Novikov served as the Head of PrivatBank's Investment Business and as First Deputy Chairman of PrivatBank's Management Board from 2002 until December 2016. Novikov took direction directly from the UBOs, approved a large number of documents essential to the schemes, liaised with PrivatBank Cyprus, and acted as the UBOs' mouthpiece in the Shadow Bank. Like other members of the Shadow Bank, Novikov was dismissed from PrivatBank upon nationalization. Others at the Shadow Bank who supported

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Novikov also held high-level management positions at PrivatBank, were close to the UBOs, and avoided detection at PrivatBank by reporting directly to the UBOs.

61. Under the Shadow Bank's direction and the UBOs' control, the UBOs would cause PrivatBank Ukraine (or at times PrivatBank Cyprus) to issue new loans to Ukrainian or offshore entities controlled, owned and/or affiliated with the UBOs. Individuals within the Shadow Bank prepared credit files for each loan—rather than being prepared by the purported borrowers—including loan applications falsely identifying the purported purpose for each loan. Generally, the stated purpose was for "general corporate financing" (*i.e.*, working capital) of the loan recipient. The loan recipient would establish a corporate account, usually at PrivatBank Cyprus.

62. There was no indication in the loan application or credit file for the Optima Scheme Loans that the loan proceeds would be used by the UBOs to acquire assets and fund businesses with the Optima Conspirators in the United States. Yet that is exactly what occurred. And although many of the loan documents indicated that the loans would be collateralized, this was in fact illusory.

B. Step 2: Money Laundering

63. Once the UBOs caused PrivatBank Ukraine (or at times PrivatBank Cyprus) to issue a new loan to the loan recipient, the Shadow Bank—under the direction of the UBOs—then commenced Step 2 of the Optima Schemes. Step 2 consisted of complex money laundering transactions whereby the UBOs used a

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highly sophisticated process and a web of UBO-controlled, owned and/or affiliated money laundering entities (the "Laundering Entities") to funnel the loan proceeds from Step 1 through various bank accounts held at PrivatBank Cyprus (the "Laundering Accounts"). By deploying this process, the UBOs were able to disguise the origin, nature, control, and ultimate destination of those proceeds.

64. The UBOs and their operatives within the Shadow Bank (who also controlled the management and operations of PrivatBank Cyprus) used PrivatBank Cyprus to, among other things, conceal the activities from the Ukrainian banking regulator (NBU) during periodic inspections of PrivatBank (in Ukraine).

i. ***The Laundering Accounts At PrivatBank Cyprus***

65. To manufacture the documentation necessary to establish the Laundering Accounts, the UBOs and their agents typically relied on the Cypriot law firms Marangos & Hadjipapa, LLC ("Marangos & Hadjipapa") and Andreas Sofocleous & Co., LLC ("Sofocleous & Co.") (together, the "Cypriot Law Firms").

66. In addition to assisting with account opening documentation, the Cypriot Law Firms appointed their own employees as officers and directors of many of the Laundering Entities. In exchange for these services, the Cypriot law firms

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received substantial fees, sometimes paid by Mr. Novikov—the UBOs' trusted lieutenant and the "Kolomoisky Treasurer"—using his personal credit card.[13]

67. In many instances, the UBOs themselves were expressly identified as the beneficial owners of the entities holding the Laundering Accounts in the relevant documentation held at PrivatBank Cyprus. As indicated above, however, PrivatBank Cyprus refused to provide customer information to the NBU during inspections (ostensibly under the guise of Cypriot data protection laws).

68. According to account documentation at PrivatBank Cyprus, Defendant Kolomoisky beneficially owns, owned, or held a stake in the following Laundering Entities: Divot Enterprises Ltd. ("Divot Enterprises"), Effentery Holdings Ltd. ("Effentery Holdings"), Kadis Holding Ltd. ("Kadis Holding"), Logarinvest Ltd. ("Logarinvest"), Pavanti Enterprises LLC ("Pavanti Enterprises"), Querella Holdings Ltd. ("Querella Holdings"), Ralkon Commercial Ltd. ("Ralkon Commercial"), Remeno Ltd. ("Remeno"), and Telford Investments Ltd. ("Telford Investments").

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[13] The UBOs have close financial and business ties with each of the Cypriot Law Firms. For example, Andreas Marangos, a name partner of Marangos & Hadjipapa, owns a stake in Consolidated Minerals Ltd. ("CosMin"), a Jersey-registered mining company beneficially owned by Defendant Bogolyubov. Likewise, according to a 2016 annual report for AS PrivatBank, Andreas Sofocleous, the name partner of Sofocleous & Co., is a stockholder of AS PrivatBank along with the UBOs. And the Marangos firm was located in the same building as PrivatBank Cyprus in Limassol, Cyprus.

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69. Likewise, according to account documentation at PrivatBank Cyprus, Defendant Bogolyubov beneficially owns, owned, or held a stake in the following Laundering Entities: Bonique Ltd. ("Bonique"), Chemstar Products LLC;[14] and Palmary Enterprises Ltd. ("Palmary Enterprises;" formerly Consolidated Minerals Ltd.).

70. Per account documentation at PrivatBank Cyprus, the UBOs together beneficially own, owned, or held stakes in the following Laundering Entities: Adelain Ltd. ("Adelain"), Alexton Holdings Ltd. ("Alexton Holdings"), Arran Continental S.A. ("Arran Continental"), Barat Enterprises S.A. ("Barat Enterprises"), Blisont Capital Corp. ("Blisont Capital"), Brotstone Ltd ("Brotstone"), Cameas Development Ltd. ("Cameas Development"), Couttenmax Holdings Ltd. ("Couttenmax Holdings"), Dalcom Consulting Ltd. ("Dalcom Consulting"), Demelza Holdings Ltd. ("Demelza Holdings"), Dolemia Consulting Ltd. ("Dolemia Consulting"), Eurotyre S.A. ("Eurotyre"), Ferrost LLC ("Ferrost"), Haftseek Investments Ltd. ("Haftseek Investments"), Geveld Holdings Inc. ("Geveld Holdings"), International Port Services Group ("International Port"), Kadis Holding Ltd. ("Kadis Holding"), Larabay Ltd. ("Larabay"), Locken Corp. ("Locken"), Nuwell Commercial Ltd. ("Nuwell Commercial"), Polistex Enterprises

[14] Chemstar Products is a Delaware limited liability company and one of the Defendant Delaware Entities.

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Ltd. ("Polistex Enterprises"), Pricehill Overseas S.A. ("Pricehill Overseas"), Privateast8 Ltd. ("Privateast8"), Profetis Enterprises Ltd. ("Profetis Enterprises"), Quadco Investments Ltd. ("Quadco Investments"), Revelio Holdings Ltd. ("Revelio Holdings"), Rexand Ventures Ltd. ("Rexand Ventures"), Romastar Holding Ltd. ("Romastar Holding"), Rosmore Consulting Ltd. ("Rosmore Consulting"), Rotex Holdings Ltd. ("Rotex Holdings"), Rougella Properties Ltd. ("Rougella Properties"), Solmex LLC ("Solmex"), Sonerio Holdings Ltd. ("Sonerio Holdings"), Stretting Investments Ltd. ("Stretting Investments"), Sunbass Holdings Ltd. ("Sunbass Holdings"), Tamora Trading Ltd. ("Tamora Trading"), Terminal Logistics Alliance Corp. ("Terminal Logistics"), Tinola Commercial Ltd. ("Tinola Commercial"), Unimain Holdings Ltd. ("Unimain Holdings"), Visic Investments Ltd. ("Visic Investments"), and ZAO Ukrtransitservice Ltd. (Nevis) ("ZAO Ukrtransitservice").

71. Even though the Laundering Entities had billions of dollars moving in and out of their accounts, in reality, the entities had no business, assets, operations, or employees and were shell entities deployed for money laundering purposes.

72. A rotating group of repeat players, operating under the direction of the UBOs, constantly appeared as the authorized persons, founders, managers, directors, nominees, and beneficial owners of dozens of Laundering Entities and Laundering Accounts.

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ii. *The Laundering of Funds*

73. Once the illegitimate Optima Scheme Loan was approved, the loan recipient would draw down on the loan proceeds. The loan proceeds would then be immediately split among several Laundering Accounts, and then funneled through a dozen or more other Laundering Accounts, only to be routed back together and ultimately disbursed to an Optima Conspirator. This entire process would sometimes occur within a very short period of time (*i.e.*, at times within minutes), and was intended to disguise the origin, nature, ownership, control, and destination of the loan proceeds so that the UBOs could ultimately acquire assets in the United States for their own and their co-conspirators' benefit.

74. The movement of funds was highly complex and highly coordinated. Given the size, scope, and nature of the scheme, which on any given day involved hundreds of transfers of funds to hundreds of Laundering Accounts within minutes, the money laundering transactions relied on a highly sophisticated process.

C. Step 3: Misappropriation and Use of the Loan Proceeds

75. After the Optima Scheme Loan proceeds had been laundered through the maze of Laundering Accounts, the proceeds would be recombined or otherwise funneled into one last Laundering Account, also beneficially owned and/or controlled by, or affiliated with, one or both of the UBOs.

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76. The Optima Scheme Loan proceeds were then transferred to a person or entity situated in the United States but acting under the direction, control, and for the benefit of the UBOs ("U.S. Conspirator"). Of course, the loan documentation did not authorize the funds to be laundered to a U.S. Conspirator; the loan proceeds were supposed to be used by the borrower for general corporate financing or other ostensibly proper purposes. The U.S. Conspirator would in turn, under the direction, control, and for the benefit of the UBOs, then invest the misappropriated loan proceeds in commercial real estate and metallurgical assets located throughout the United States.

D. Step 4: Fraudulent Concealment/Loan Recycling

77. Eventually, the initial loan taken out by the UBOs' controlled and/or owned entity would become due. To give the false appearance that the loan was paid off, the UBOs would cause PrivatBank Ukraine to issue new loans to other entities controlled and/or owned by the UBOs, the proceeds of which would be used to pay down the original loans plus accrued interest. To disguise the origin of the funds, the UBOs and their conspirators again used Laundering Accounts—funneling the newly issued loan proceeds through dozens of such accounts before ultimately depositing funds in the initial borrower's account to purport to satisfy the pre-existing loan obligation.

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78. In effect, the UBOs utilized a Ponzi-type scheme: old loans issued by PrivatBank would be "repaid" (along with the accrued interest) with new loans issued by PrivatBank, and those new loans issued by PrivatBank would then be repaid with a new round of loans. The UBOs and their co-conspirators continuously carried out this process to conceal their frauds. Thus, proceeds from new PrivatBank loans were used to give the appearance that the initial PrivatBank loans (along with the accrued interest) were repaid by the borrower when in fact there was no actual repayment.

79. Meanwhile, as detailed below, over a roughly ten-year period, the UBOs were able to launder hundreds of millions of dollars of misappropriated PrivatBank loan proceeds to the Optima Conspirators—each transfer of which constituted at least wire fraud, unjust enrichment, and fraudulent transfers.

IV. THE UBOS EXERCISED COMPLETE CONTROL OVER OPTIMA CONSPIRATORS

80. The UBOs are no strangers to U.S. litigation, having been involved in several § 1782 proceedings and in commercial disputes involving their United States assets. In connection with these litigations, the UBOs have gone through great lengths to conceal their ownership and control over U.S. assets.

81. For example, the UBOs and Korf were involved in litigation in West Virginia concerning Felman Production, LLC ("Felman Production")—a Delaware limited liability company wholly owned by Georgian American Alloys and

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indirectly owned by the UBOs and Korf. Korf also serves as the President and Chief Executive Officer of Felman Production. Felman Production produces ferrosilicomanganese at a plant in New Haven, West Virginia, and is a sister company to Felman Trading.

82. In April 2011, the U.S. District Court for the Southern District of West Virginia found that Felman Production was under the direct control of the UBOs, Mr. Martynov, and Mr. Korf, among others at PrivatGroup.[15] The West Virginia Federal Court also found that the UBOs and their agents had demonstrated "an extreme lack of candor" with the court, had misled the court, had filed frivolous motions, and had "permanently destroyed evidence material to this case."

83. Much of this misconduct occurred in response to the opposing party's efforts to discover documents relevant to Felman Production's ownership structure. Despite the fact that Felman Production had "actively concealed its relationship with Privat[Group]," the Court determined that the UBOs and their agents at PrivatGroup were "the controlling entity with respect to all decisions relating to Felman."

84. The Court's conclusions with regard to the UBOs' control of Felman Production is bolstered by a series of emails in 2008 between the Felman Production plant manager, Steven Pragnel, and a PrivatGroup manager, Katiana Vatutina. Ms.

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[15] *Felman Product, Inc. v. Industrial Risk Insurers*, 2011 WL 4547012 (S.D.W.Va. Sept. 29, 2011).

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Vatutina informed Mr. Pragnel that he was to report to Defendant Bogolyubov, and Mr. Pragnel replied, "I work for [Defendant] Bogolyubov and as such I will of course commit myself to any path that he or the Company sees fit."

85. Due to the pervasive and egregious nature of the discovery misconduct, the Court entered the ultimate sanction against Felman Production – dismissal of its cause of action with prejudice.[16]

86. The level of control exercised by the UBOs over Felman Production is consistent with the UBOs' control and oversight over the other Optima Conspirators. Indeed, on information and belief, every strategic undertaking by the Optima Conspirators (including real estate acquisitions, investment decisions, budget planning, major capital improvements, etc.) required the approval of either or both of the UBOs or of the "Kolomoisky Treasurer", Mr. Novikov, on their behalf.

87. In 2011, one of the UBOs' most-trusted conspirators and agents within the Shadow Bank, Timur Novikov, prepared a "know your customer" email detailing the UBOs' various U.S. holdings at the time. Novikov explained that the UBOs "***controlled*** real estate investment company Optima Ventures LLC," a Delaware limited liability company, which "owns mainly office buildings in Ohio, Kentucky,

[16] In August 2013, Felman Production laid off 100 workers and then, on December 21, 2015, it laid off an additional 115 workers.

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Texas." According to the email, through Defendant Optima Ventures, the UBOs "c***ontrolled***" the following properties:

- One Cleveland Center, a 31-story office building in Cleveland, Ohio, which is the fifth tallest skyscraper in Cleveland;
- 55 Public Square, a 22-story skyscraper in Cleveland, Ohio;
- The Huntington Bank Building, a high-rise office building with more than 30 acres of floor space in Cleveland, Ohio;
- The former CompuCom Systems world headquarters and an adjacent vacant lot in Dallas, Texas;
- Penton Media Building, now known as the AECOM Building, a 21-story commercial high-rise building in Cleveland, Ohio;
- The former Motorola Campus, a sprawling corporate campus originally built by Motorola in 1997 for $100 million in Harvard, Illinois; and
- Stemmons Tower, an approximately 100,000 square foot commercial office building in Dallas, Texas.

88. According to the same email, as of 2011, the UBOs "***controlled*** metallurgical assets," as follows:

- Felman Production Inc., a Delaware entity that operates a ferroalloys plant located at 4442 Graham Station Road, Letart, WV 25253;

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- Felman Trading Inc., a New Jersey entity that is the sole trader and distributer of the ferroalloys produced by Felman Productions, CC Metals and Alloys, and a Georgian entity called Georgian Manganese, LLC;
- Warren Steel Holdings LLC, a Delaware entity that owned and operated a steelmaking facility located at 4000 Mahoning Avenue, Warren, OH 44483;
- Steel Rolling Holdings Inc., a Delaware entity that owned and operated the Detroit Cold Rolling Facility located at 28000 W. Jefferson Street, Gibraltar, MI 48173;
- CC Metals and Alloys, LLC, a Delaware entity that owns and operates a ferrosilicon production plant located at 1542 North Main Street, Calvert City, KY 42038; and
- Michigan Seamless Tube, LLC, a Delaware entity that owns and operates a seamless cold-drawn pipe and tube production facility located at 400 McMunn Street, South Lyon, MI 48178.

V. EXAMPLES OF THE OPTIMA SCHEMES

89. What follows are examples of the fraudulent schemes devised and utilized to facilitate the Optima Schemes. These transactions have been identified through a multi-year examination of account statements and other banking records and supporting documents (such as credit files and "know your client" files) at

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PrivatBank Ukraine and PrivatBank Cyprus.[17] Additional discovery, including from the Optima Conspirators, is likely to produce, among other things, additional examples of misappropriated proceeds. For ease of reference, the transfers are organized by U.S. Conspirator (*i.e.*, the recipient of the proceeds) and chronologically.

90. On information and belief, none of the loans associated with these transactions were ultimately repaid by any sources other than recycled PrivatBank loans (*i.e.*, by new loans issued by the bank, to repay the existing loans). In addition, with respect to each transfer, the Optima Conspirator provided no consideration (let alone reasonably equivalent consideration) to PrivatBank in exchange for the misappropriated loan proceeds.

A. Optima Ventures LLC

91. Defendant Optima Ventures is two-thirds owned by the UBOs, one-third owned by Mr. Korf, and managed on a day-to-day basis by Korf's brother-in-law, Chaim Schochet.

92. Through Optima Ventures, the UBOs, Korf, and Schochet, and their related property management company, Optima Management Group, established

[17] The approach of identifying the origin of funds and following value through the myriad transactions involved in the Optima Schemes is applied herein to support PrivatBank's claims for equitable relief, among other things, including its requests for constructive trust.

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Delaware limited liability companies as special purpose vehicles to acquire commercial real estate in Ohio, Illinois, and Texas through the use of the loan proceeds misappropriated from PrivatBank.

93. Through this fraudulent scheme, the UBOs acquired the following properties in Cleveland, Ohio:

- One Cleveland Center: This property is located at 1375 East 9th Street, Cleveland, Ohio 44114. It was purchased for $86.3 million on May 15, 2008 through Optima One Cleveland Center, LLC, and later transferred to Optima 1375 LLC and then Optima 1375 II, LLC.
- 55 Public Square, Cleveland, Ohio 44113: This property was purchased on July 29, 2008 for $34 million through Optima 55 Public Square, LLC.
- Huntington Building: This property is located at 925 Euclid Avenue, Cleveland, Ohio 44115. It was purchased in June 14, 2010 for $18.5 million through Optima 925, LLC.
- AECOM/Penton Media Building: This property is located at 1300 East 9th Street, Cleveland, Ohio 44114. It was purchased in August 16, 2010 for $46.5 million through Optima 1300, LLC.
- Crowne Plaza Building: This property is located at 777 St. Clair Avenue, Cleveland, Ohio 44114. It was purchased in October 7, 2011 through Optima 777, LLC. The deal was done through a joint venture with Denver-based Sage

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Hospitality Group, and the two invested $9 million in the acquisition. In 2014, the Crowne Plaza Building was substantially remodeled and rechristened as the Westin Hotel.

94. Through these acquisitions, Optima Ventures became the largest holder of commercial real estate in Cleveland.

95. During the same time period, Optima Ventures—and its affiliate Optima International—acquired large commercial real estate assets outside of Ohio, including the 2008 purchase of the 1.5 million square foot former Motorola manufacturing facility in Harvard, Illinois; the 2008 purchase of the 100,000 square foot Stemmons Tower in Dallas, Texas; the 2010 purchase of the former CompuCom headquarters in Dallas Texas; and the 2011 purchase of PNC Plaza for $77 million in Louisville, Kentucky.

96. As indicated in a 2011 email from the UBOs' agent to UBS Bank—which was prepared under the direction of the UBOs' trusted lieutenant and the head of the Shadow Bank, Timur Novikov—the UBOs "controlled" Optima Ventures and "controlled … One Cleveland Center, 55 Public Square, The Huntington Bank Building, [the former] CompuCom World Headquarters Campus, Penton Media Building, the [former] Motorola Campus in Harvard[, Illinois], [and the] Stemmons Tower, etc."

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97. The Optima Schemes included at least the following fraudulent misappropriation schemes. Unless otherwise indicated, each of the identified entities was owned and/or controlled by, or affiliated with, the UBOs, and PrivatBank received no consideration or collateral in exchange for the transfers.

i. *March 2008: $7.6 Million Misappropriated For Stemmons Tower*

98. On March 12, 2008, Demeter Diversified LLC ("Demeter Diversified"), a Delaware limited liability entity formed by Cypriot Law firm Sofocleous & Co. and ultimately owned or controlled by the UBOs,[18] drew down $200,000 from PrivatBank Ukraine under a letter of credit. The funds were then comingled with $7.4 million in funds from other sources that, upon information and belief, also were associated with PrivatBank loan proceeds, and were laundered in eighteen transactions involving six Laundering Accounts, including Defendant Kolomoisky's Divot Enterprises, Logarinvest, Ralkon Commercial, and Pavanti Enterprises.

[18] Demeter Diversified LLC ("Demeter") is a shipping company that ships ferromanganese for Felman Trading. Demeter's sole initial member, Menelaos Sazos, is a known business associate of the UBOs and was the registered owner of 100% of the statutory capital of Fransiano Investments Limited—an entity through which the UBOs indirectly owned interests in PrivatBank. The nominal subsequent owner of Demeter Diversified—Olena Kravchenko—has served as a member of the supervisory board or audit committee of multiple entities owned and controlled by the UBOs and has acted as the UBOs' nominee beneficial stockholder.

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99. On May 23, 2008, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate the combined $7.6 million of loan proceeds by transferring that amount into the U.S. to Benchmark Title Services for the purchase of the Stemmons Tower building at 8777 North Stemmons Freeway in Dallas, Texas on behalf of Optima Stemmons. Optima Ventures is identified as Optima Stemmons' governing organization, and Mr. Korf serves as Optima Ventures' President.

ii. *April 2008: $36.1 Million Misappropriated For One Cleveland Center*

100. On April 29 and 30, 2008, ZFZ VAT and NZF VAT,[19] two Ukrainian entities owned or controlled by, and/or affiliated with, the UBOs, drew down $2.7 million and $4.3 million in loan proceeds from PrivatBank Ukraine. The purpose of the loans was "financing of current business activities of the entity." On April 30, 2008, Bocatoro Enterprises Ltd. ("Bocatoro Enterprises"), a Cypriot entity owned or controlled by, and/or affiliated with, the UBOs, drew down $40 million in loan proceeds from PrivatBank Cyprus for "replenishment of floating assets for payments according to contracts, including purchase of shares."

101. However, the loan proceeds were not used for their stated purposes. Instead, the loan proceeds were combined with funds from other sources linked to

[19] ZFZ VAT stands for Joint Stock Company Zaporizhzhia Ferroalloy Plant and NFZ VAT stands for Joint Stock Company Nikopol Ferroalloy Plant.

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the UBOs (which upon information and belief originated from other PrivatBank loans) and laundered in forty-two transactions through fifteen Laundering Accounts, including the accounts of Defendant Kolomoisky's Divot Enterprises, Ralkon Commercial, and Pavanti Enterpirses, as well as Defendant Bogolyubov's Bonique, and UBOs' Blisont Capital and Brotstone accounts. On information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer a combined $36.1 million (at least $9 million of which came from the April 29 and 30 loans) into the U.S. to the Multi-State Title Agency Ltd. to fund the acquisition of One Cleveland Place through Optima One Cleveland Center for Optima Ventures.

iii. *June 2008: $12.9 Million Misappropriated For 55 Public Square*

102. On June 27, 2008, Pivd GZK VAT,[20] a Ukrainian entity owned or controlled by, and/or affiliated with the UBOs, drew down UAH 136.1 million from PrivatBank Ukraine for "[f]inancing of current business activities of the entity." However, these loan proceeds were not used for that purpose.

103. Instead, the loan proceeds were comingled with funds from other sources and laundered in thirty-one transactions through ten Laundering Accounts at PrivatBank Cyprus, including Defendant Kolomoisky's Pavanti Enterprises.

[20] Pivd GZK VAT stands for Joint Stock Company Southern Mining Factory.

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Thirty-six minutes after Pavanti Enterprises received 12.9 million in laundered loan proceeds, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer the $12.9 million into the U.S. to Fidelity National Title Insurance to purchase 55 Public Square in Cleveland for Optima 55 Public Square.

iv. *December 2010: $15.2 Million Misappropriated For Property In Dallas, Texas*

104. Between December 8 and December 22, 2010, OGZK VAT, SZF VAT,[21] and ZFZ VAT, three Ukrainian entities owned or controlled by, and/or affiliated with, the UBOs, drew down $25 million, $58 million, and $10 million from PrivatBank Ukraine, respectively. The loan agreements provided that the proceeds were for "financing of current business activities of the entity," but the proceeds did not go to that use.

105. Instead, the proceeds were laundered in thirty-two transactions involving eleven Laundering Accounts, including Defendant Kolomoisky's Logarinvest and Pavanti Enterprises and Defendant Bogolyubov's Chemstar Products (a Delaware LLC).

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[21] OGZK VAT refers to Open Joint Stock Company Ordzhonikidze Mining Factory, currently known as Public Joint Stock Company Pokrovsky Mining Factory. SZF VAT refers to Open Joint Stock Company Stakhanov Ferroalloy Plant, currently known as Public Joint Stock Company Stakhanov Ferroalloy Plant.

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106. On December 22, 2010, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer $15.2 million of the loan proceeds to Optima Ventures' U.S. bank account to acquire the former CompuCom Systems Headquarters property and an adjoining vacant lot located at 7505 Forest Lane in Dallas, Texas through Optima 7171, a Delaware subsidiary of Optima Management Group.

v. *February 2011: $25 Million Misappropriated For "Optima E-Commerce and Financing"*

107. On February 24, 2011, OGZK VAT and NZF VAT, two Ukrainian companies owned or controlled by, and/or affiliated with, the UBOs, drew down $40 million and $11.7 million, respectively, from PrivatBank Ukraine. According to the documentation for each loan, the proceeds were to be used for the "financing of current activities." However, the loan proceeds were not used for that purpose.

108. Instead, within just over an hour, the misappropriated proceeds were laundered in six transactions through four Laundering Accounts, including Defendant Bogolyubov's Chemstar Products (a Delaware LLC) and Defendant Kolomoisky's Divot Enterprises, Kadis Holding, and Pavanti Enterprises. Fourteen minutes later, upon information and belief and to be confirmed through discovery, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and launder $25 million worth of those loan proceeds into the U.S. by transferring those

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proceeds to Optima Ventures under the guise of an investment into "Optima E-Commerce and financing."

109. Optima E-Commerce LLC ("Optima E-Commerce") is a Delaware limited liability company established on December 10, 2010. It has no online profile.

vi. *September 2011: $15.6 Million Misappropriated For Purchase of PNC Plaza & Crowne Plaza Hotel*

110. On September 19, 2011, three Ukrainian entities owned or controlled by, and/or affiliated with, the UBOs, drew down $11.1 million, $3.7 million, and $12.8 million, respectively. Each loan agreement provided that the proceeds were for "financing of current business activities." However, the proceeds were not used for the stated purpose.

111. Instead, the proceeds were laundered in twenty-five transactions involving eight Laundering Accounts, including Defendant Bogolyubov's Chemstar Products, Defendant Kolomoisky's Divot Enterprises, Kadis Holding, Pavanti Enterprises, and Logarinvest, as well as the UBOs' Arran Continental and Locken.

112. Upon information and belief, the UBOs and their co-conspirators used Defendant Kolomoisky's Pavanti Enterprises to misappropriate and transfer $15.6 million of those loan proceeds into the U.S. to the bank account of Optima Ventures for the October 2011 acquisition of the 472-room Crowne Plaza hotel (subsequently renamed the Westin Cleveland Hotel) and parking garage at 777 St. Clair Avenue in

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Cleveland, Ohio. Likewise, upon information and belief, on September 21, 2011, the UBOs and their co-conspirators used misappropriated loan proceeds from PrivatBank to acquire the PNC Plaza building at 500 West Jefferson Street in Louisville, Kentucky though Optima 500.

vii. *August/September 2013: $2.4 Million Misappropriated For Investment At Westin Cleveland Hotel*

113. On August 28, 2013, Ukrainian entity NZF VAT drew down a combined $15 million in proceeds from two PrivatBank Ukraine loans. NZF VAT was to use the loan proceeds for "[f]inancing of current business activities of the entity." However, the loan proceeds were not used for this purpose.

114. Rather, the proceeds were laundered in three transactions involving the Laundering Accounts of Defendant Bogolyubov's Chemstar Products and Defendant Kolomoisky's Divot Enterprises, Kadis Holding, and Pavanti Enterprises. Upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer at least $2.4 million of those loan proceeds to Optima Ventures' U.S. bank account to refurbish the Westin Cleveland Hotel.

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viii. *Additional Acquisitions By Optima Ventures During This Time Period*

115. In addition, on June 14, 2010, Optima 925, LLC ("Optima 925"), a Delaware subsidiary of Optima Management Group, acquired the Huntington Building at 924 Euclid Avenue in Cleveland, Ohio for $18.5 million.

116. At this stage, PrivatBank has not directly reconciled misappropriated loan proceeds with this additional acquisition. Formal discovery, however, is reasonably likely to reveal evidence to show that these additional acquisitions were financed through funds misappropriated from PrivatBank.

B. Optima Acquisitions, LLC

117. Optima Acquisitions is a Delaware limited liability company owned in thirds by Defendant Bogolyubov, Defendant Kolomoisky, and Defendant Korf.[22] The UBOs used Optima Acquisitions as the primary vehicle to invest misappropriated loan proceeds into U.S. metallurgical assets. At times, Optima Acquisitions made these investments through its wholly-owned subsidiaries, Optima Specialty and Steel Rolling.

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[22] As stated in Mr. Korf's 2016 sworn declaration submitted in a bankruptcy proceeding, Optima Specialty "is wholly-owned by Optima Acquisitions, LLC, a privately-owned U.S.-based investment firm. The equity of Optima Acquisitions, LLC, is owned directly or indirectly by three individuals: Mordechai Korf (33%), Gennadiy Bogolyubov (33%) and Igor Kolomoisky (33%)."

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118. Optima Specialty was formed in Delaware on June 25, 2008 to invest misappropriated loan proceeds in the U.S. steel industry under the day-to-day management of Mr. Korf, who served as the Chairman of its Board. It acquired multiple steel production facilities on behalf of Defendant Bogolyubov, Defendant Kolomoisky, and Defendant Korf.[23]

119. Steel Rolling was incorporated in Delaware on May 22, 2006. On May 25, 2006, Steel Rolling acquired the 600,000-square-foot Detroit Cold Rolling Facility, in Gibraltar, Michigan, for $20 million and operated the plant from 2009 until March 2015, when it sold the plant to Ferragon Steel Rolling for an undisclosed sum.

120. The Optima Schemes included at least the following fraudulent misappropriation schemes. Unless otherwise indicated, each of the identified entities were owned and/or controlled by, or affiliated with, the UBOs and PrivatBank received no consideration in exchange for the transfers:

[23] Optima Specialty and its subsidiaries, Michigan Seamless Tube and Pipe ("Michigan Seamless"), Niagara LaSalle Corporation ("Niagara LaSalle"), Corey Steel Company ("Corey Steel"), Kentucky Electric Steel ("Kentucky Electric"), filed for bankruptcy in 2016. On November 16, 2017, these entities emerged from bankruptcy, under new ownership, as Specialty Steel Works Inc.

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i. *June 2008: $74.5 Million Misappropriated For Acquisition Of Michigan Seamless*

121. On June 26, 2008, Centaura Trading, a Cypriot entity owned or controlled by, and/or associated with, the UBOs and formed by Sofocleous & Co., drew down $28 million from PrivatBank Cyprus for "replenishment of floating assets for payment for shares according to contracts including # CB-23/07 dd 24/06/2008 with company Brimmilton." On the same day and the following day, Apriori TOV and LVIV Chemical Plant, two Ukrainian entities owned or controlled by, or affiliated with, the UBOs, drew down a total of UAH 230 million and $1.5 million in loan proceeds from PrivatBank. The proceeds were intended to be used for "financing current activities." However, none of the entities used the proceeds for the stated purposes.

122. Instead, between June 26 and 27, 2008, the misappropriated proceeds were laundered in twenty-eight transactions involving the PrivatBank Ukraine and PrivatBank Cyprus accounts of sixteen Laundering Entities, including Defendant Kolomoisky's Divot Enterprises, the UBOs' Barat Enterprises, Blisont Capital, and Brotstone, and Halliwel Assets (another entity beneficially owned by the UBOs).

123. On June 27, 2008, on information and belief, the UBOs and their co-conspirators used Halliwel Assets to misappropriate and transfer $29.5 million of those loan proceeds along with an additional $45 million of further misappropriated loan proceeds (at least $74.5 million in total) into the U.S. to Metal Resources LLC

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for the July 2008 acquisition of Michigan Seamless and its 320,000 square foot facility in South Lyon, Michigan, from Atlas Holdings LLC for Optima Specialty.[24]

ii. *March 2011: $188.1 Million Misappropriated To Acquire Steel Assets*

124. On March 14, 2011, Marganetsky GZK VAT,[25] NZF VAT, SZF VAT, and ZFZ VAT, four Ukrainian companies owned or controlled by, and/or affiliated with, the UBOs, drew down a combined $187 million from PrivatBank Ukraine. According to the documentation for each loan, the proceeds were to be used by the borrowers for "financing current activities." However, the loan proceeds were not used to finance any of the four entities' current activities.

125. Rather, within approximately five hours, the misappropriated proceeds were laundered in twenty-four transactions involving seven Laundering Accounts, including Defendant Bogolyubov's Chemstar Products (a Delaware LLC) and Defendant Kolomoisky's Divot Enterprises and Pavanti Enterprises. Next, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises

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[24] Michigan Seamless is a manufacturer of high-quality carbon and alloy seamless cold-drawn tube and pipe for a variety of different key industries including aerospace, mining, construction, automotive and agriculture. It is capable of producing 40,000 tons of pipe and tube, annually. In October 2014, Michigan Seamless acquired the rights to the Blue Diamond brand of A106 seamless pressure pipes and became the sole domestic producer of this specialty pipe to the North American Steel Market.

[25] This refers to Open Joint Stock Company Marganets Ore Enrichment Plant, currently known as Public Joint Stock Company Marganets Ore Enrichment Plant."

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to misappropriate and transfer to the U.S. the $187 million of loan proceeds along with an additional $1.1 million of further misappropriated loan proceeds (at least $188.1 million in total) to Optima Group LLC, an affiliate of Optima Acquisitions. The proceeds were used to acquire CC Metals and Alloys LLC (CC Metals) and its facility in Calvert City, Kentucky on behalf of Optima Acquisitions, and Defendant Korf was appointed President and Chief Executive Officer of CC Metals. CC Metals was the largest producer and supplier of high-grade ferrosilicon to the North American Steel Industry.[26]

iii. *February 2013: $20 Million Misappropriated To Support Acquisition Of Kentucky Electric*

126. On February 4, 2013, Defendant Veroni Alloys (an Oregon entity) drew down $20 million in loan proceeds from PrivatBank Cyprus, ostensibly for the replenishment of floating assets and for payments under contracts. However, the proceeds were not used for that purpose.

127. Instead, the funds were laundered in seventeen transactions through 12 Laundering Accounts, including Defendant Kolomoisky's Logarinvest, Divot Enterprises, Telford Investments, and Pavanti Enterprises. On information and

[26] In April 2011, the Optima group of companies commenced a corporate restructuring, pursuant to which a 100% interest in CC Metals, among other ferroalloys assets, was transferred to Georgian American Alloys (a Delaware Corporation). The UBOs are the ultimate beneficial owners of Georgian American Alloys, and Defendant Korf serves as a Director.

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belief, the UBOs and their co-conspirators then used Pavanti Enterprises to misappropriate and transfer the $20 million in loan proceeds to the U.S. bank account of Optima Acquisitions for the acquisition of KES Acquisition Company d/b/a Kentucky Electric—a 450,000 square foot steel mill located in Ashland, Kentucky—for Optima Specialty (a wholly owned subsidiary of Optima Acquisitions).[27]

iv. *Additional Acquisitions by Optima Acquisitions*

128. On December 6, 2011, Optima Specialty acquired the Niagara LaSalle—including its five specialty steel production facilities in Buffalo, New York; Hammond, Indiana; Midlothian, Texas; South Holland, Illinois; Griffith, Illinois; and Warren, Michigan—from New York private equity firm Kohlberg & Co. LLC for $236.1 million.[28] Mr. Korf was the Chief Executive Officer of each facility. According to Korf's sworn declaration submitted in connection with a bankruptcy proceeding, the Niagara acquisition was funded by debt and "an

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[27] Mr. Korf was the Chief Executive Officer, Director, and Chairman of the Board of Optima Specialty. According to Korf's 2016 sworn declaration he submitted in connection with a bankruptcy proceeding, Optima Specialty acquired KES Acquisition Company through debt and "an ***additional contribution of capital from its corporate parent and indirect shareholders for $20 million***" and other sources of funds. Additionally, as noted above, Kentucky Electric emerged from bankruptcy in 2017 under new ownership.

[28] In July 2014, Niagara LaSalle sold the operating and commercial assets of its Griffith facility to PTC Alliance and ceased its operations in Griffith. In August 2015, Niagara LaSalle closed its Buffalo facility and terminated 49 employees due to "persistent challenging market conditions."

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additional contribution to capital from its corporate parent and indirect shareholders of $85,000,000." The "corporate parent" is a reference to Optima Acquisitions.

129. In early 2015, Optima Acquisitions' subsidiary, Optima Specialty, acquired Corey Steel, a 380,000 square foot steel plan in Cicero, Illinois, for $43.5 million.[29]

130. At this stage, PrivatBank has not yet directly reconciled misappropriated loan proceeds to these additional acquisitions. Formal discovery, however, is reasonably likely to reveal evidence to show that these additional acquisitions were financed through funds misappropriated from PrivatBank.

C. Warren Steel Holdings—June 2013: $4.5 Million Misappropriated For Use By Warren Steel Holdings

131. Warren Steel Holdings ("Warren Steel") was incorporated in Delaware on November 19, 2001 and equally owned by Defendant Bogolyubov, Defendant Kolomoisky, and a third individual, through their joint ownership of Halliwel Assets.

132. Warren Steel ran a steel plant in Warren, Ohio. It shut down temporarily on November 30, 2015, but then made the shutdown permanent and terminated 162 workers on January 9, 2016 due to "business circumstances."

133. The Optima Schemes included at least the following fraudulent misappropriation. Unless otherwise indicated, each of the identified entities were

[29] As noted above, Corey Steel emerged from bankruptcy under new ownership in 2017.

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owned and/or controlled by the UBOs, and PrivatBank received no consideration in exchange for the misappropriated loan proceeds.

134. On June 25, 2013, Bolroot Commercial Ltd. ("Bolroot Commercial"), another Cypriot entity formed by Cypriot Law Firm Sofocleous & Co. and owned or controlled by, and/or associated with, the UBOs, drew down $66.6 million in loan proceeds from PrivatBank Cyprus for "replenishment of floating assets for payments according to contracts, including for purchase of shares." However, the proceeds were not used for this purpose.

135. Instead, $500,000 of the proceeds were comingled with other funds, derived upon information and belief from further PrivatBank loans, and laundered in 12 transactions involving seven Laundering Accounts, including those of Defendant Kolomoisky's Divot Enterprises and Logarinvest, before a total of $4.5 million arrived in the account of Defendant Kolomoisky's Querella Holdings. The UBOs and their co-conspirators then used Querella Holdings to misappropriate and transfer the combined $4.5 million in loan proceeds to the U.S. bank account of Warren Steel Holdings.

D. Optima International of Miami, Inc.

136. Optima International of Miami, Inc. is owned equally by Defendant Korf and the UBOs, and is a parent company of Optima Ventures. From 2008

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through 2012, Optima International received approximately $50 million in misappropriated loan proceeds.

137. The Optima Schemes included at least the following fraudulent misappropriation schemes. Unless otherwise indicated, each of the identified entities were owned and/or controlled by, or affiliated with, the UBOs and PrivatBank received no consideration in exchange for the misappropriated loan proceeds:

i. *August 2008: $16.5 Million in Misappropriated Proceeds Used To Acquire Motorola Campus in Harvard, Illinois*

138. On August 1, 2008, Avias VTF TOV and Akvalayf TOV, two Ukrainian entities owned or controlled by, and/or associated with, the UBOs, drew down $60 million and $46.5 million from PrivatBank Ukraine, respectively. Both loan agreements provided that the proceeds were to be used for the borrowers' "financing of current business activities of entity." However, the proceeds were not used for this purpose.

139. Instead the proceeds were laundered in sixty-three transactions through a maze of the PrivatBank Ukraine and PrivatBank Cyprus accounts of thirty-one Laundering Accounts, including the accounts of Defendant Kolomoisky's Ralkon Commercial, and UBOs' Alexton Holdings, Blisont, Brotstone, Cameas Development, Couttenmax Holdings, Demelza Holdings, Dolemia Consulting, Geveld Holdings, Polistex Enterprises, Profetis Enterprises, Quadco Investments,

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Revelio Holdings, Romastar Holding, Rosmore Consulting, Rougella Properties, Sonerio Holdings, Stretting Investments, and Tinola Commercial. Within hours of the loan proceeds being reaggregated into Defendant Kolomoisky's Pavanti Enterprises, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer at least $16.5 million of these proceeds into the U.S. to the First American Title Insurance Company to purchase the 1.5 million square foot former Motorola Campus at 2001 N. Division Street in Harvard, Illinois, on behalf of Optima International.[30]

ii. *September 2009: $12.5 Million in Misappropriated Proceeds Transferred to Optima International*

140. On September 28, 2009, NZF VAT, a Ukrainian company owned or controlled by, and/or associated with, the UBOs, drew down $30 million in loan proceeds from PrivatBank Ukraine. According to the loan documentation, the proceeds were to be used for the borrower's "financing current activities." However, the loan proceeds were not used to finance NZF VAT's current activities.

141. Rather, within just over an hour, the proceeds were laundered through three Laundering Accounts, including Defendant Bogolyubov's Chemstar Products (Delaware LLC) and Defendant Kolomoisky's Divot Enterprises. Six minutes after

[30] The Motorola Campus was sold at online auction in 2016 after Optima allowed the property to fall into disrepair and failed to pay property and utilities bills and a private equity group in Chicago secured a tax lien on the property.

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reaggregating the proceeds into an account in the name of Ravenscroft Holdings Ltd. ("Ravenscroft Holdings"), the UBOs and their co-conspirators misappropriated at least $12.5 million of those loan proceeds by transferring them from Ravenscroft Holdings to the U.S. bank account of Optima International.[31]

iii. *December 2009: $7.1 Million in Misappropriated Proceeds Transferred to Optima International*

142. On December 24 and 25, 2009, Dailing TOV, a Ukrainian entity owned or controlled by, and/or associated with, the UBOs, drew down UAH 155.6 million in loan proceeds from PrivatBank Ukraine for the borrower's "financing of current business activities." However, the proceeds did not go to that purpose.

143. Rather, the proceeds were laundered in six transactions involving four Laundering Accounts and combined with other funds derived, upon information and belief, from additional PrivatBank loans, before $7.1 million of the loan proceeds were aggregated in Ravenscroft Holdings. Less than one minute after Ravenscroft Holdings received the funds, the UBOs and their co-conspirators misappropriated at

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[31] The corporate paperwork of Ravenscroft Holdings contains multiple indications that the UBOs ultimately owned and controlled the entity. Like many of the UBOs' other shell entities involved in the money laundering schemes, Ravenscroft Holdings was incorporated by one of the UBOs' Cypriot law firms of choice—Sofocleous & Co. Additionally, one of the directors of Ravenscroft Holdings—Christina Michaelidou—was also a director or beneficiary of twenty-six other shell entities ultimately beneficially owned by Defendant Kolomoisky. Moreover, the purported owner of Ravenscroft Holdings—Tetyana Akimova—has played an active and longstanding role in business activities carried out for the benefit the UBOs and has served as their nominee beneficial stockholder.

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least $7.1 million of these loan proceeds by transferring them from Ravenscroft Holdings to the U.S. account of Optima International.

iv. *February 2011: $9.1 Million in Misappropriated Proceeds Transferred to Optima International*

144. On February 3, 2011, Dniproazot OJSC, a Ukrainian entity owned or controlled by, and/or associated with, the UBOs, drew down $24.4 million in loan proceeds from PrivatBank Ukraine. The loan proceeds were to be used for "financing of current business activities" of the borrower, but did not go to that purpose.

145. Instead, the proceeds were laundered through two Laundering Accounts to the account of Ravenscroft Holdings. The UBOs and their co-conspirators then misappropriated at least $9.1 million of those loan proceeds by transferring them from Ravenscroft Holdings to the U.S. account of Optima International.

v. *February 2012: $1.1 Million in Misappropriated Proceeds Transferred to Optima International*

146. On February 24, 2012, Densitron Enterprises Ltd. ("Densitron Enterprises")—an entity owned or controlled by, or affiliated with, the UBOs—and the UBOs' Arran Continental drew down $56.4 million and $71 million in loan proceeds from PrivatBank Cyprus. According to the loan documentation, Densitron Enterprises was to use the loan proceeds for "replenishment of floating assets for

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payment according to contracts, including for shares." Arran Continental was to use the loan proceeds for "replenishment of floating assets for payment according to contracts, including for ferro alloys." The proceeds were not used for the stated purposes.

147. Instead, the proceeds were combined and laundered in seven transactions involving five Laundering Accounts, including Defendant Kolomoisky's Divot Enterprises and Pavanti Enterprises. On the same day that Pavanti Enterprises received the funds, the UBOs and their co-conspirators misappropriated at least $1.1 million of the loan proceeds by transferring them from Pavanti Enterprises to the U.S. account of Optima International.

E. Additional Potentially Laundered Funds To Optima Conspirators

148. In addition to the transactions identified above, another $170+ million in proceeds—potentially originating from misappropriated PrivatBank loans—were transferred to the Optima Conspirators. The method by which the funds were transferred into the United States, as well as other suspicious characteristics, share the strong indicia of money laundering exhibited in the transfers described above, including the involvement of many of the same Laundering Accounts. Thus, these transactions appear to be part of the Optima Schemes.

149. In connection with the specific transfer to the Optima Conspirators, the related documentation oftentimes refers to the purchase of stock or fees paid under

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a management services agreement. To the best of Plaintiff's knowledge, the transfer descriptions are fictitious and were intended to conceal the Optima Schemes, among other things, and PrivatBank never received any consideration in respect of these transfers.

i. *September-October 2007: $12 Million Transfer To Optima International*

150. On September 19, 2007, an account at an unknown bank transferred $400 million to the PrivatBank Cyprus account of Defendant Bogolyubov's Palmary Enterprises. On October 19, 2007 an account at the Bank of New York transferred $2.2 million to the PrivatBank Cyprus account of the UBOs' Ferrost. On October 22, 2007, $40 million of the proceeds of the transfer to Palmary Enterprises and $2.1 million of the proceeds of the transfer to Ferrost were combined in the PrivatBank Cyprus account of Defendant Kolomoisky's Divot Enterprises. Of these proceeds, $12 million was transferred on to the PrivatBank Cyprus account of Albroath International Corp. ("Albroath International").

151. Albroath International shared a director/stockholder named Savvidis Neofytos with fourteen other shell entities owned and controlled by one or both of the UBOs. Another purported owner of Albroath International—Iryna Trykulych—holds or has held managerial positions at multiple entities owned and controlled by the UBOs and has acted as a nominee beneficial owner on behalf of the UBOs.

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152. Within just over two hours of having received the $12 million, Albroath International transferred the entire sum to the U.S. account of Optima International. In account documentation held at PrivatBank Cyprus, each of the transfers are described as a series of loan repayments, until Albroath International's transfer to Optima International, ostensibly "for PAYMENT FOR THE INSCRIBED ORDINARY SHARES UNDER CNTR A0-09 DD0.1.10.07."

ii. ***October 2007: $12 Million Transfer To Optima International***

153. Between October 19 and 24, 2007, seventeen outside accounts, including two at AS PrivatBank, transferred a combined $13.2 million to the PrivatBank Cyprus accounts of four shell entities owned and controlled by the UBOs. The proceeds of these transfers were then laundered in fifteen transactions involving the PrivatBank Ukraine and PrivatBank Cyprus accounts of six more shell entities, including Defendant Kolomoisky's Divot Enterprises, Defendant Bogolyubov's Bonique, and the UBOs' Ferrost, Privateast8, Solmex, and Visic Investments. Eventually, $12 million was sent to the account of Albroath International.

154. On October 24, 2007, Albroath transferred the $12 million to the U.S. account of Optima International, again, "for PAYMENT FOR THE INSCRIBED ORDINARYSHARES UNDER CNTR A0-09 DD0.1.10.07."

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155. In multiple instances, transfers were made back and forth between the same entities before being transferred on towards Albroath. Moreover, Mr. Sofocleous, of the Cypriot law firm Sofocleous & Co., and Ms. Hadjipapa and Christofi Charalambdiou, of the Cypriot law firm Marangos & Hadjipapa, appear in the corporate paperwork of Crownshill Trading Ltd., a BVI entity whose account was involved in the laundering process.

iii. *November & December 2007: $10.5 Million Transfer To Optima International*

156. On December 3, 2007, an outside account transferred $17.2 million to the PrivatBank Cyprus account of Milbert Ventures, Inc. ("Milbert Ventures"). Milbert Ventures then transferred $10 million to the PrivatBank Cyprus account of Albroath International, where $500,000 was added from an unidentified source. Just over an hour later, Albroath International transferred $10.5 million to the U.S. account of Optima International, again, "for PAYMENT FOR THE INSCRIBED ORDINARYSHARES UNDER CNTR A0-09 DD0.1.10.07."

iv. *August 2009: $1.2 Million Transfer To Optima International*

157. On August 20, 2009, two outside accounts transferred a combined $1.3 million to the PrivatBank Cyprus accounts of Demeter Diversified and Plasstex Ltd. The $1.3 million was then combined in the PrivatBank Cyprus account of Defendant Kolomoisky's Logarinvest and then transferred onto Defendant Kolomoisky's Divot Enterprises. On August 21, 2009, Divot Enterprises transferred $1.2 million into the

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U.S. to Optima International "for MANAGEMENT AGREEMENT NUMBER MTPQ/01-2009 DD 23 MARCH 2009."

v. *May 2010: $7 Million Transfer To Optima International*

158. Between May 19 and 28, 2010, three outside accounts, one U.S. bank, and PrivatBank Cyprus (pursuant to a deposit agreement), transferred a combined $37.5 million to the PrivatBank Cyprus accounts of four shell entities, including the UBOs' Locken account. The proceeds of these transfers were then laundered in thirteen transactions using seven additional Laundering Accounts, before $7 million arrived in the account of Ravenscroft Holdings. Within four hours of Ravenscroft Holdings having received the $7 million, the UBOs and their co-conspirators transferred the $7 million worth of proceeds from Ravenscroft Holdings to the U.S. account of Optima International ostensibly for "PURCHASE AND SALE OF SECURITIES OR-03/10 DD 01.03.10."

159. In multiple instances, portions of funds in question were transferred in complete circles. For instance, funds transferred from Belbay Properties Inc. ("Belbay Properties") flowed through Hangli International Holdings, Garstang Financial Inc., Albroath International, and back to Belbay Properties. Additionally, Belbay Properties transferred funds to the PrivatBank Cyprus account of its European affiliate bearing the same name, and the European Belbay Properties transferred a portion back on the same day.

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vi. *June 2010: $20 Million Transfer To Optima Ventures*

160. On June 7, 2010, an outside account transferred $22.6 million and $3.9 million to Defendant Kolomoisky's Ralkon Commercial. Ralkon Commercial then transferred $26.5 million through the PrivatBank Cyprus accounts of three shell entities, including Defendant Kolomoisky's Divot Enterprises, Kadis Holdings, and Pavanti Enterprises. Within one hour of the arrival of the funds into Pavanti Enterprises, the UBOs and their co-conspirators used Pavanti Enterprises to transfer $20 million to the U.S. bank account of Optima Ventures ostensibly for "PAYMENT ACC TO LOAN AGR.DD 08.06.2010."

161. One week later, on June 14, 2010, upon information and belief, the UBOs and their co-conspirators used at least $18.5 million of the laundered proceeds related to these transfers to acquire the Huntington Building in Cleveland Ohio through Optima Ventures and Optima 925.[32]

vii. *July - August 2010: $22.5 Million Transfer To Optima Ventures For One Cleveland Center Refinancing & Penton Building Acquisition*

162. Between July 30 and August 12, 2010, two outside accounts, one United States based correspondent bank and a Ukrainian account, transferred a combined $26.8 million to the PrivatBank Cyprus accounts of three shell entities,

[32] After Defendants allowed the Huntington Building to fall into disrepair and it became nearly entirely vacant, Defendants sold the building in June 2015 for $22 million.

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including the UBOs' Locken. The proceeds of these transfers were then laundered in seventeen transactions involving eight additional Laundering Accounts, including the accounts of Defendant Kolomoisky's Divot Enterprises and Pavanti Enterprises, and the UBOs' Larabay, and Pricehill Overseas. Within thirty minutes of reaggregating the funds into Pavanti Enterprises, the UBOs and their co-conspirators used Pavanti Enterprises to transfer $22.5 million of these proceeds to the U.S. account of Optima Ventures, ostensibly "FOR ONE CLEVELAND CENTER REFINANCING AND PENTON BUILDING ACQUISITION."

163. At one point in the laundering process, funds were transferred in a loop from Carnton Commercial Ltd. ("Carnton Commercial"), through four other PrivatBank Cyprus accounts of shell entities, and then back to Carnton Commercial, before heading onwards towards Defendant Kolomoisky's Pavanti Enterprises.

164. On August 16, 2010, and upon information and belief, the UBOs and their co-conspirators used the $22.5 million in proceeds to purchase the AECOM Building, formerly known as the Penton Media Building, located at 1300 East 9th Street in Cleveland, Ohio, through Optima 1300.[33]

[33] The AECOM Building was purchased by the New Jersey-based real estate company Rugby Realty in June 2018 for $38 million—after Defendants' mismanagement resulted in high levels of vacancy.

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viii. ***August 2010: $1.5 Million Transfer To Optima International***

165. On August 6, 2010, outside accounts transferred a combined $89.7 million to the PrivatBank Cyprus accounts of Defendant Kolomoisky's Effentery Holdings and Ralkon Commercial. Then, a portion of the proceeds was laundered through the PrivatBank Cyprus accounts of four shell entities, before $14 million of the proceeds arrived in the account of Defendant Kolomoisky's Divot Enterprises. Within thirty minutes of Divot Enterprises having received the $14 million, the UBOs and their co-conspirators used Divot Enterprises to transfer $1.5 million of the proceeds into the U.S. account of Optima International ostensibly for "MANAGEMENT AGREEMENT NUMBER MTPQ/01-2010."

ix. ***August 2010: $5.4 Million Transfer To Optima International***

166. On August 9, 2010, an outside account transferred $10.1 million to the account of Claresholm Marketing, a BVI entity owned or controlled by, and/or affiliated with, the UBOs. On August 13, 2010, Claresholm Marketing then transferred $5.4 million to Ravenscroft Holdings, which, in turn transferred $5.4 million into the U.S. account of Optima International ostensibly for an "AGREEMENT OF PURCHASE AND SALE OF SECURITIES OR-07/10 DD JULY15, 2010."

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x. *November 2010: $4.5 Million Transfer To Warren Steel*

167. Prior to November 17, 2010, an unverified source transferred funds to a PrivatBank account for Ukrtatnaft TPPK PAT, the UBOs' entity, and the PrivatBank Cyprus account of Brimmilton.[34] The proceeds of these transfers were then laundered in nine transactions involving the PrivatBank Ukraine and PrivatBank Cyprus accounts of six shell entities, including Defendant Kolomoisky's Divot Enterprises, and the UBOs' Halliwel Assets. Halliwel Assets then transferred $4.5 million of these proceeds into the U.S. account of Warren Steel ostensibly for "CONTRIBUTION TO THE SHARE CAPITAL ACC. TO THE RESOLUTION FROM 09/01/08."

xi. *February 2011: $1.2 Million Transfer To Optima Acquisitions*

168. Between January 11 and February 11, 2011, outside accounts transferred a combined $22.8 million to the PrivatBank Cyprus accounts of three shell entities, including the account of the UBOs' Unimain Holdings. The proceeds of these transfers were then laundered in eight transactions involving five Laundering Accounts, including Defendant Kolomoisky's Pavanti Enterprises. On February 17, 2011, Pavanti Enterprises transferred $1.2 million of these proceeds to

[34] The purported owner of Brimmilton—Yulia Likhacheva—has played an active and longstanding role in business activities carried out for the benefit of the UBOs and has served as their nominee beneficial owner.

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the U.S. account of Optima Acquisitions ostensibly "FOR REFINANCING OF OA FEES AS PER LOAN AGREEMENT DD 14.02.2011."

xii. ***May 2011: $1.5 Million Transfer To Optima International***

169. On May 16 and 17, 2011, outside accounts transferred a combined $8.5 million to the PrivatBank Cyprus accounts of the UBOs' Arran Continental and Locken. The proceeds of these transfers were then laundered in four transactions involving the PrivatBank Cyprus accounts of Defendant Kolomoisky's Logarinvest and Divot Enterprises, and the UBOs' Haftseek Investments. Twenty-two minutes after the funds were aggregated into the account of Haftseek Investments, the UBOs used Haftseek Investments to transfer the $1.5 million in proceeds to the U.S. account of Optima International ostensibly for "MANAGEMENT AGREEMENT NUMBER MPTQ/01-2010 DD 14 APRIL 2011."

xiii. ***December 2011: $58 Million Transfer To Optima Acquisitions***

170. On June 2, 2011 and November 29, 2011, two outside accounts transferred EUR 14 million and USD 15.5 million to the PrivatBank Cyprus accounts of two shell entities. Those proceeds of these transfers were then laundered in seventeen transactions involving eleven Laundering Accounts, including Defendant Kolomoisky's personal account and the accounts of Kolomoisky's Divot Enterprises, Kadis Holdings, Remeno, and Pavanti Enterprises. Pavanti Enterprises then transferred those proceeds (after combining with other funds) to the U.S.

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account of Optima Acquisitions ostensibly for "PAYMENT ACCORDING TO LOAN AGREEMENT.W/N DATED 01/12/2011."

171. On information and belief, on December 6, 2011, less than one week after $58 million had been transferred to Optima Acquisitions, the UBOs and their co-conspirators used the proceeds of these transfers to acquire the Niagara LaSalle building though Optima Acquisitions.[35]

xiv. ***July 2012: $5.6 Million Transfer To Optima International***

172. Between July 10 and 23, 2012, ten outside accounts and the PrivatBank Ukraine account of TD DNIPRO PLAST Ltd. transferred a combined $39.5 million to the PrivatBank Cyprus accounts of seven shell entities. The proceeds of these transfers were then laundered in twenty-one transactions involving nine additional Laundering Accounts, including Defendant Kolomoisky's Divot Enterprises, Pavanti Enterprises, and the UBOs' ZAO Ukrtransitservice. On July 24, 2012, Pavanti Enterprises transferred $5.6 million of these funds to the U.S. account of Optima International ostensibly for "PAYMENT ACCORDING TO LOAN AGREEMENT W.N DATED 03/04/2012."

[35] As noted above, Niagara LaSalle emerged from bankruptcy under new ownership in 2017.

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xv. *September 2012: $6.7 Million Transfer To Felman Trading*

173. Between September 14 and 19, 2012, three outside accounts transferred a combined $11.7 million to the PrivatBank Cyprus accounts of the Claresholm Marketing, a BVI entity owned or controlled by the UBOs, and the UBOs' Locken. The proceeds of these transfers were then laundered in six transactions involving four Laundering Accounts, including Defendant Kolomoisky's Divot Enterprises and Defendant Bogolyubov's Chemstar Products (a Delaware LLC).

174. On September 20, the UBOs used Chemstar Products to transfer $6.7 million of the proceeds to the U.S. account of Felman Trading.

xvi. *December 30, 2013: $5 Million Transfer To Optima Ventures*

175. On December 27, 2013, an AS PrivatBank account under the name of Stalmag SP ZOO transferred $5.3 million to the PrivatBank Cyprus account of Mexirom Ventures Ltd. The proceeds of these transfers were laundered through the PrivatBank Cyprus accounts of Birgminton Investing Inc. ("Birgminton Investing")[36] and Defendant Kolomoisky's Divot Enterprises and Pavanti Enterprises. On December 30, 2013, Pavanti Enterprises transferred $5 million of these proceeds to the U.S. account of Optima Ventures ostensibly for "PAYMENT

[36] The purported owner of Birgminton Investing—Pavlo Rzhevskiy—has played a longstanding active role in business activities carried out for the benefit of the UBOs and has served as their nominee beneficial owner.

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ACCORDING TO LOAN AGREEMENT DATED 23/02/2011 AND SUPPLEMENTAL AGREEMENT DD 06/12/13."

* * *

176. As set forth above, based on information analyzed to date, Defendants laundered approximately $622.8 million worth of fraudulently obtained loan proceeds into the Optima Conspirators, including $188.1 million to Optima Group, $162.3 million to Optima Ventures, $153.7 million to Optima Acquisitions, $103 million to Optima International, $9 million to Warren Steel Holdings, and $6.7 million to Felman Trading. PrivatBank received no consideration in exchange for these transfers and the loans associated with the transfers were not repaid in full.

VI. FRAUDULENT CONCEALMENT / THE LOAN RECYCLING SCHEMES

177. As mentioned above, to sustain and conceal the Optima Schemes, the UBOs, the Shadow Bank, and their conspirators devised and deployed loan recycling transactions whereby the UBOs caused PrivatBank to continuously issue new loans to entities owned or controlled by the UBOs, the proceeds of which were then used to purport to pay off the earlier existing loans plus accrued interest. Thus, while it appeared as if PrivatBank's corporate loan book was adequately performing, in reality the loans were not actually being paid off. They were simply recast as new loans to other UBO-controlled entities.

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A. The Recycling Schemes Utilized to Conceal the Optima Schemes

178. The loan recycling schemes utilized to conceal the Optima Schemes involved the issuance of large loans that were systematically provided to the UBOs' Ukrainian (and Cypriot) entities, which oftentimes had limited, if any, prior transaction history and few tangible assets. The funds from these loans were, in part, channeled through shell accounts at PrivatBank Ukraine and the Laundering Accounts at PrivatBank Cyprus and used to "repay" the previously issued illegitimate loans.

179. The loan recycling transactions involved a network of shell entity accounts at both PrivatBank Ukraine and PrivatBank Cyprus. The UBOs and their co-conspirators controlled the shell entity accounts and used them over a long period of time to disguise the ultimate destination of the proceeds and to hide the fact that loan proceeds were used to repay existing loans and to further enrich the UBOs. The UBOs and their co-conspirators also used the shell entities to mask the misappropriation of loan proceeds on a periodic basis. The shell entities used for loan recycling had no immediately identifiable proper business or operations whatsoever and did not appear to transact with any other parties other than other shell entities. The UBOs' shell entities engaged, as explained in more detail below, predominantly in "throughput" transactions. All significant fund receipts were

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moved swiftly on to accounts held by other UBO shell entities, with no apparent economic rationale or consideration.

180. The loan recycling transactions maintained the illusion that the loan portfolio was legitimate and properly-performing, when in reality it was similar to a Ponzi scheme designed to conceal and sustain the ongoing fraud. PrivatBank's ability to continue bringing in new money from external sources was key to the continuation of the recycling schemes.

181. There were numerous instances where the total value of the loans repaid in one particular month was identical to the value of the new loans issued in that month, which suggested that all of the new loan proceeds in those months were in fact used to repay loans previously issued by PrivatBank. Within these months, loans were issued and repaid on specific days and on certain days numerous loans were issued with the apparent sole purpose of repaying other loans.

182. To maintain the recycling scheme, the UBOs and their co-conspirators disguised the origin and destination of loan funds ultimately used to repay outstanding loans. Looking at only one transaction in isolation from the chain of transactions, an independent person could be led to believe that the transaction related to a bona fide transaction. However, when looked at as a whole, it becomes clear that the transactions were simply a part of the recycling schemes.

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B. Shell Entities Involved In The Recycling Schemes

183. From January 2006 through December 2016, the total movement of funds (credits) into the UBOs' Laundering Accounts at PrivatBank Cyprus was $470 billion, which amounts to approximately double the Gross Domestic Product of Cyprus during the same period. Further details on shell entities involved in the recycling scheme are provided below.

Companies With The Largest Value of Transactions With Other Accounts at PrivatBank Cyprus

Shell Entity	Total paid to other PrivatBank Cyprus customers (USD Billion)	Total received from other PrivatBank Cyprus customers (USD Billion)	Payments to other PrivatBank Cyprus accounts as % of total payments	Receipts from other accounts at PrivatBank Cyprus as % of total receipts
Brimmilton Limited	27.61	27.62	96	96
Divot Enterprises Limited	25.23	25.2	98	98
Birgminton Investing Inc.	16.78	16.68	95	95
Albroath International Corp.	16.52	16.54	94	94
Grammel Holdings Inc	15.59	15.23	93	91
Hangli International Holdings Limited	13.71	13.86	96	97
Carnton Commercial Ltd	11.34	11.35	95	95
Halefield Holdings	10.41	10.29	92	91

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Shell Entity	Total paid to other PrivatBank Cyprus customers (USD Billion)	Total received from other PrivatBank Cyprus customers (USD Billion)	Payments to other PrivatBank Cyprus accounts as % of total payments	Receipts from other accounts at PrivatBank Cyprus as % of total receipts
Limited				
Craentex Investments Ltd	9.3	9.23	96	96
Crispex Inc	8.42	8.42	97	98
Ravenscroft Holdings Ltd	5.63	5.66	99	99
Bonham Business Corp	5.57	5.74	85	88
Rossyn Investing Corp.	5.05	7.1	50	67
Logarinvest Limited	4.72	4.77	95	96
Brotstone Ltd	4.42	4.34	93	91
Newell Industries Limited	4.18	4.33	90	93
Ballioti Enterprises Ltd	4.16	4.13	99	98
Hetterington Group Ltd	4.13	3.89	76	74
Kalten Trade S.A.	3.89	5.08	30	38
Bonique Limited	3.59	3.58	98	98
Total 20 Largest	**200.25**	**203.04**		

C. Examples of Loan Recycling Utilized in the Optima Schemes

184. The following are illustrative of the Loan Recycling Schemes related to the Optima Schemes.

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i. *Recycling Example 1: September Through October 2009*

185. Between September 28 and October 19, 2009, multiple PrivatBank Ukraine accounts of NZF VAT drew down a combined UAH 351.2 million in loan proceeds from new PrivatBank Ukraine loans. The proceeds from these new loans were to be used for "general corporate financing" of NZF VAT. However, the proceeds did not go to this purpose.

186. Rather, $10.7 million in proceeds from three loans drawn down by a PrivatBank Ukraine NZF VAT account was combined with: (i) $7.4 million in proceeds from two loans drawn down from a second PrivatBank Ukraine NZF VAT account; (ii) $12.8 million in proceeds from a loan drawn down by a third PrivatBank Ukraine NZF VAT account, and (iii) $4.7 million in funds from outside accounts. The total combined funds from these sources was $35.6 million.

187. Between September 29 and October 27, 2009, $34.7 million from these combined funds was transferred—in fourteen separate transactions—to "repay" three prior PrivatBank Ukraine loans to NZF VAT. The prior loans had been drawn down by NZF VAT, funneled through multiple Laundering Accounts, and ultimately transferred by Ravenscroft Holdings to the U.S. account of Optima International on September 28, 2009.

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188. Thus, while it appeared that the initial PrivatBank Ukraine loans to NZF VAT had been repaid from funds from that entity, in reality funds came from newly issued loans by PrivatBank Ukraine.

ii. *Recycling Example 2: March 2011*

189. On March 4, 2011 a PrivatBank Ukraine account of NZF VAT drew down UAH 71.3 million in loan proceeds from a new PrivatBank Ukraine loan. The proceeds from this new loan were to be used for "general corporate financing" of NZF VAT. However, the proceeds did not go to this purpose. Rather, $9 million of the new proceeds were immediately transferred to a second NZF VAT account at PrivatBank Ukraine, and then transferred on the same day back to PrivatBank Ukraine to pay down an earlier loan taken out by NZF VAT. That prior loan had been drawn down by NZF VAT and the proceeds were transferred through multiple PrivatBank Cyprus shell accounts, and ultimately were transferred by Defendant Kolomoisky's Pavanti Enterprises to the U.S. account of Optima Ventures on February 24, 2011.

190. Thus, while it appeared that the initial PrivatBank Ukraine loans to NZF VAT had been repaid from funds from that entity, in reality the funds came from newly issued loans by PrivatBank Ukraine.

191. Each of the above recycling schemes was intended to give the appearance that the initial PrivatBank loans were repaid by the indebted entities

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when, in fact, the UBOs and their co-conspirators were using proceeds from new PrivatBank loans to fund these repayments.

VII. NBU IS FORCED TO NATIONALIZE PRIVATBANK

192. In October 2016, after an initial period of inspection, the NBU commenced a further inspection of PrivatBank to monitor the bank's capital position. Although the UBOs continued to actively conceal their long-running frauds, the NBU became concerned that many corporate loans appeared to be inadequately collateralized, among other things, and/or made to entities affiliated with the UBOs.

193. In the following months, the NBU engaged in repeated efforts to stabilize PrivatBank—all while PrivatBank was still under the direction and control of the UBOs. Despite repeated assurances from the UBOs that the corporate loan book would be restructured to address the NBU's concerns, PrivatBank, under the direction of the UBOs, failed to take necessary action.

194. In December 2016, PrivatBank experienced a sharp decline in liquidity and the NBU declared PrivatBank insolvent. In the following days, the Ukrainian State took the necessary steps to nationalize PrivatBank to protect PrivatBank's 20 million customers and "preserv[e] the stability of the financial system" in the country. This process culminated later in December 2016, when liabilities owed to

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certain creditors were bailed-in and the shares in PrivatBank were sold to the Ukrainian State (the Ministry of Finance of Ukraine) for UAH 1.

195. Following nationalization, PrivatBank's recapitalization was carried out through the contribution of Treasury bonds on behalf of the Ukrainian State. As a direct result of the UBOs' loan misappropriation and recycling schemes, including but not limited to those used to facilitate the Optima Schemes, PrivatBank suffered substantial losses.

VIII. THE CORRUPT ENTERPRISE

196. As described above, the Defendants formed a fraudulent enterprise that was made up of the following persons and entities: the Defendant UBOs who orchestrated and directed the overall scheme; the Shadow Bank (with Timur Novikov) which helped to implement, facilitate, and conceal the scheme; the Cypriot lawyers who helped to form and operate the various shell entities (and the bank accounts at PrivatBank Cyprus) instrumental to the money laundering and obfuscation of the transfer of funds; Korf, Laber, and Schochet who acted as the UBOs' trusted lieutenants in the United States to carry out the Optima Schemes, and the Defendant Delaware Entities and Defendant Non-Delaware Entities—owned and controlled by the UBOs—which were specifically established to participate in the fraud and knowingly received the misappropriated loan proceeds and invested them in U.S. companies and real estate assets throughout the United States for the

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benefit of the UBOs and their co-conspirators. Each was instrumental to the fraudulent enterprise. The Optima Schemes required all entities within the enterprise to work together and could not have been accomplished without the enterprise.

197. As described in more detail below, the Defendants committed multiple violations of law in connection with these schemes, including, money laundering and wire fraud in connection with each transfer into and from the Defendant Delaware Entities and Defendant Non-Delaware Entities.

FIRST CAUSE OF ACTION
For Unjust Enrichment
(All Defendants)

198. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

199. Defendants were unjustly enriched when they retained funds fraudulently obtained from Plaintiff.

200. Defendants were enriched by receipt of funds obtained from PrivatBank under false pretenses and transferred to Defendants without PrivatBank's knowledge or consent.

201. Plaintiff was impoverished by the transfer of loaned funds from its creditors to Defendants.

202. Plaintiff was further impoverished by the use of its loaned funds by Defendants for unauthorized purposes.

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203. Plaintiff's impoverishment was effectuated and furthered by Defendants' enrichment, including because Defendants' enrichment scheme was intended to launder and conceal Plaintiff's loaned funds.

204. Plaintiff was further impoverished by the retention of its loaned funds by Defendants.

205. Plaintiff's impoverishment, as described, was directly related to Defendants' enrichment because Defendants' enrichment scheme directly caused Plaintiff's impoverishment.

206. Defendants' enrichment at Plaintiff's expense was wholly without justification because the loaned funds were fraudulently obtained from Plaintiff, fraudulently transferred to Defendants, and illegally laundered and fraudulently concealed from Plaintiff and from relevant authorities by Defendants. As outlined above, Defendants, through a series of fraudulent transfers through shell entities, used the misappropriated PrivatBank loan proceeds to acquire businesses and assets in the United States with no intention to return the misappropriated PrivatBank loan proceeds.

207. As alleged herein, Defendants actively and fraudulently concealed their unjust enrichment by, among other things, exercising their control over PrivatBank to prevent discovery of the fraudulent transfers, executing loan documents with PrivatBank to make the lending of funds appear legitimate, laundering the loaned

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funds through a series of entities, using fraudulently obtained loaned funds to purportedly "repay" previously fraudulently obtained loaned funds, through a series of fraudulent transfers, and laundering the funds through real estate transactions. The Defendants' fraudulent concealment made it impossible for PrivatBank to discover the Defendants' unjust enrichment until PrivatBank was nationalized in late 2016, as a result of which the UBOs were removed from control of PrivatBank and PrivatBank was able to discover the Defendants' unjust enrichment following an extensive investigation over many months to uncover the schemes.

208. Plaintiff has no adequate remedy at law to recover against the Defendants.

209. Wherefore, Plaintiff respectfully requests that the Court grant it an accounting of the assets of Defendants that are proceeds of the Optima Schemes, constructive trust over the property of the Defendants including property purchased and held by the Defendant Delaware Entities with funds received through fraudulent, illegal, and other unjust means to the impoverishment of the Plaintiff, together with interest, fees, and costs, as permitted by law, and all other such further relief as the Court may deem just and proper.

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SECOND CAUSE OF ACTION
For Fraudulent Transfers
(All Defendants)

210. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

211. The UBOs and their agents created the Defendant Delaware Entities for the purposes of transferring the misappropriated loan proceeds into those entities so that U.S. companies and commercial real estate could be acquired for the benefit of the UBOs and their Optima Conspirators.

212. Plaintiff was a creditor of the UBO-Controlled Loan Borrowers by virtue of providing corporate loans to those entities. The UBO-Controlled Loan Borrowers were owned, controlled, and beholden to the UBOs. The UBOs, by virtue of their control over PrivatBank and the Laundering Entities and Laundering Accounts, caused the misappropriated loan proceeds to be transferred to the Defendant Delaware Entities and Defendant Non-Delaware Entities.

213. The UBOs transferred the misappropriated loan proceeds to the Defendant Delaware Entities and Defendant Non-Delaware Entities with actual intent to defraud Plaintiff.

214. The UBOs' transfers of the misappropriated loan proceeds to the Defendant Delaware Entities and Defendant Non-Delaware Entities were insider and related party transactions because the UBOs controlled the UBO-Controlled Loan

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Borrowers, the Laundering Accounts and Laundering Entities, and the Defendant Delaware Entities and Defendant Non-Delaware Entities.

215. The UBOs and their Optima Conspirators endeavored to conceal the transfers through laundering transactions.

216. The UBOs caused the transfer of the misappropriated loan proceeds to the Defendant Delaware Entities and Defendant Non-Delaware Entities for no consideration and no reasonably equivalent value.

217. The UBOs actively and fraudulently concealed the fraudulent transfers by, among other things, exercising their control over PrivatBank to prevent discovery of the fraudulent transfers, executing loan documents with PrivatBank to make the lending of funds appear legitimate, laundering the loaned funds through the Laundering Accounts and Laundering Entities, and using fraudulently obtained loaned funds to repay previously fraudulently obtained loaned funds, through the recycling scheme. The UBOs and their conspirators' fraudulent concealment made it impossible for PrivatBank to discover the fraudulent transfers until PrivatBank was nationalized in late 2016, as a result of which the UBOs were removed from control of PrivatBank and PrivatBank was able to subsequently discover the fraudulent transfers through the assistance of an extensive investigation.

218. Plaintiff has no adequate remedy at law to recover against the Defendants.

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219. Plaintiff seeks imposition of a constructive trust over the assets purchased with the fraudulently transferred funds.

220. Plaintiff respectfully requests that the court grant it a constructive trust over the misappropriated loan proceeds that the UBOs fraudulently transferred to the Defendant Delaware Entities and Defendant Non-Delaware Entities and a constructive trust over the property purchased with the misappropriated loan proceeds fraudulently transferred by the UBOs to the Defendant Delaware Entities or Defendant Non-Delaware Entities, or alternatively damages from the Defendants in an amount not less than the misappropriated loan proceeds fraudulently transferred to the Defendant Delaware Entities and Defendant Non-Delaware Entities and all damages resulting to Plaintiff from the Defendants' fraudulent transfers, together with interest, fees, and costs, as permitted by law, and all other such further relief as the Court may deem just and proper.

221. In addition, Plaintiff is entitled to avoid the fraudulent transfers and to recover their value from the entities for whose benefit such fraudulent transfers were made. Plaintiff is entitled to an attachment, injunction, or any other relief the circumstances may require.

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THIRD CAUSE OF ACTION
For Violations of Ohio Corrupt Practices Act (Ohio R.C. § 2923.32(A)(1))
(Against Individual Defendants and the Ohio RICO Entities)

222. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

223. Ohio Revised Code § 2923.32(A)(1) provides: "No person employed by, or associated with, any enterprise shall conduct or participate in, directly or indirectly, the affairs of the enterprise through a pattern of corrupt activity or the collection of an unlawful debt."

224. Ohio Revised Code § 2923.31(C) defines "Enterprise" as "any individual, sole proprietorship, partnership, limited partnership, corporation, trust, union, government agency, or other legal entity, or any organization, association, or group of persons associated in fact although not a legal entity. 'Enterprise' includes illicit as well as licit enterprises."

225. Ohio Revised Code § 2923.31(E) defines "Pattern of Corrupt Activity as "two or more incidents of corrupt activity, whether or not there has been a prior conviction, that are related to the affairs of the same enterprise, are not isolated, and are not so closely related to each other and connected in time and place that they constitute a single event."

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226. The Individual Defendants and the Ohio RICO Entities (together, the "Ohio RICO Defendants") are each "persons" as defined under Ohio Revised Code § 2323.31(G).

227. The Ohio RICO Defendants are associates and conducted the affairs of an enterprise or an association in-fact enterprise ("Optima Enterprise"), as defined by the Ohio Revised Code § 2923.31(C), through a pattern of racketeering.

228. The Optima Enterprise began as early as 2006. From 2006 through the date of filing this complaint, the Optima Enterprise engaged in a scheme to injure PrivatBank by, among other things, misappropriating PrivatBank's funds and using those misappropriated funds to surreptitiously and unlawfully fund businesses and assets located in Ohio and throughout the United States. Between 2006 and the date of filing this complaint, the Ohio RICO Defendants engaged in multiple unlawful and corrupt activities, as alleged herein, including several transactions where the Ohio RICO Defendants knowingly conducted or attempted to conduct transactions by using unlawfully misappropriated proceeds from PrivatBank to purchase real properties and businesses within Ohio and the United States with the intent to conceal or disguise the nature, location, source, ownership, or control of the misappropriated loan proceeds.

229. The Optima Enterprise functioned as a continuous unit, with a framework for making or carrying out decisions, which was separate and apart from

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the pattern of racketeering activity in which the Optima Enterprise engaged, *i.e.*, the underlying pattern of related racketeering activity alleged herein and discussed below. The Defendants Igor Valeryevich Kolomoisky and Gennadiy Borisovich Bogolyubov controlled the Optima Enterprise by, among other things, directing the organization, making decisions on behalf of the organization, and directing and facilitating the underlying misappropriation of funds used to effectuate the Optima Schemes. Defendants Korf, Schochet, and Laber served as the UBOs' trusted lieutenants by executing the UBOs' instructions and directions in the United States and abroad. The Ohio RICO Entities were used to receive the unlawfully misappropriated loan proceeds and use the misappropriated loan proceeds to purchase, fund, and take title to the businesses and real properties located in Ohio and the United States.

230. From at least 2006 and continuing through today, the Ohio RICO Defendants have conducted and participated in a pattern of corrupt activity (as defined Ohio Revised Code § 2923.31(I)) to conduct the Optima Enterprise's affairs including, among other things:

- violations of Ohio Revised Code §1315.55 by engaging in transactions that use unlawfully misappropriated loan proceeds from PrivatBank to purchase businesses and real property in Ohio with the specific intent of concealing the location, source, ownership, or control of the misappropriated loan proceeds;

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- wire fraud in violation of Ohio Revised Code § 2913.05 and 18 U.S.C. § 1343 by using the telephone and emails to execute or otherwise further the Optima Schemes of unlawfully misappropriating loan proceeds from PrivatBank and using those funds to purchase businesses and real properties in Ohio in order to conceal the location, source, ownership, or control of the misappropriated loan proceeds;[37] and
- violations of 18 U.S.C. § 1956 through the improper transmission of a monetary instrument or funds across a United States border to promote unlawful activity including the corrupt acts set forth above, as well as additional unlawful activity including, but not limited to, the specified unlawful activity of engaging in an offense with respect to which the United States would be obligated by a multilateral treaty (*e.g.*, the United Nations Convention Against Transnational Organized Crime and the Protocols Thereto ("UNTOC")), either to extradite the alleged offender or to submit the case for prosecution, if the offender were found within the territory of the United States.

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[37] The Ohio RICO Defendants spoke on the phone and used electronic mail and U.S. mail regularly to conduct the activities of the Optima Enterprise, causing direct injury to Plaintiff. The total number of phone calls, e-mails, and mailings, and the identities of all enterprise members is not yet known, but each such call, e-mail, and U.S. mailing constitutes a separate mail or wire communication in furtherance of the Optima Enterprise's fraudulent scheme.

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231. The pattern of corrupt activity that the Optima Enterprise engaged in constituted a common course of conduct intended to misappropriate PrivatBank's funds and use those misappropriated funds to surreptitiously and unlawfully purchase businesses and assets located throughout the United States.

232. The pattern of corrupt activity that the Optima Enterprise engaged in constituted multiple criminal episodes, including to purchase separate and distinct properties and businesses throughout the United States, in which each scheme's proceeds were laundered by the Optima Enterprise as alleged herein.

233. The Ohio RICO Defendants' unlawful conduct in violation of Ohio Revised Code § 2923.32(A)(1) has proximately caused and continues to cause PrivatBank to suffer substantial injuries.

234. These violations caused Plaintiff to suffer direct injury through losses caused by the Optima Enterprise's wrongful actions described herein. Plaintiff, therefore, is entitled to recover from the Ohio RICO Defendants the amount in which Plaintiff has been damaged, to be trebled in accordance with Ohio Revised Code § 2923.34(E), together with interest and costs of this suit, including reasonable attorneys' fees.

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FOURTH CAUSE OF ACTION
For Violations of Ohio Corrupt Practices Act (Ohio R.C. § 2923.32(A)(2))
(Against Ohio RICO Defendants)

235. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

236. Ohio Revised Code § 2923.32(A)(2) provides: "No person, through a pattern of corrupt activity or the collection of an unlawful debt, shall acquire or maintain, directly or indirectly, any interest in, or control of, any enterprise or real property."

237. The Ohio RICO Defendants acquired and maintain business enterprises and real property—including the business enterprises and real property described in paragraphs 87 and 88 above—through a pattern of corrupt activity as alleged herein, including:

- violations of Ohio Revised Code §1315.55 by engaging in transactions that use unlawfully misappropriated loan proceeds from PrivatBank to purchase businesses and real property in Ohio with the specific intent of concealing the location, source, ownership, or control of the misappropriated loan proceeds;
- wire fraud in violation of Ohio Revised Code § 2913.05 and 18 U.S.C. § 1343 by using the telephone and emails to execute or otherwise further the Optima Schemes of unlawfully misappropriating loan proceeds from PrivatBank and using those funds to purchase businesses and real properties in Ohio in order

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to conceal the location, source, ownership, or control of the misappropriated loan proceeds;[38] and

- violations of 18 U.S.C. § 1956 through the improper transmission of a monetary instrument or funds across a United States border to promote unlawful activity including the corrupt acts set forth above, as well as additional unlawful activity including, but not limited to, the specified unlawful activity of engaging in an offense with respect to which the United States would be obligated by a multilateral treaty (*e.g.*, the United Nations Convention Against Transnational Organized Crime and the Protocols Thereto ("UNTOC")), either to extradite the alleged offender or to submit the case for prosecution, if the offender were found within the territory of the United States.

238. Ohio Revised Code § 2923.34(A) provides a civil remedy for violations of Ohio R.C. § 2923.32(A)(2).

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[38] The Ohio RICO Defendants spoke on the phone and used electronic mail and U.S. mail regularly to conduct the activities of the Optima Enterprise, causing direct injury to Plaintiff. The total number of phone calls, e-mails, and mailings, and the identities of all enterprise members is not yet known, but each such call, e-mail, and U.S. mailing constitutes a separate mail or wire communication in furtherance of the Optima Enterprise's fraudulent scheme.

AMERICAN OVERSIGHT

239. The Ohio RICO Defendants' unlawful conduct in violation of Ohio Revised Code § 2923.32(A)(2) has proximately caused and continues to cause PrivatBank to suffer substantial injuries.

240. These violations caused Plaintiff to suffer direct injury through losses caused by the Optima Enterprise's wrongful actions described herein. Plaintiff, therefore, is entitled to recover from the Ohio RICO Defendants the amount in which Plaintiff has been damaged, to be trebled in accordance with Ohio Revised Code § 2923.34(E), together with interest and costs of this suit, including reasonable attorneys' fees.

FIFTH CAUSE OF ACTION
For Violations of Ohio Corrupt Practices Act (Ohio R.C. § 2923.32(A)(3))
(Against Ohio RICO Defendants)

241. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

242. Ohio Revised Code Section 2923.32(A)(3) provides: "No person, who knowingly has received any proceeds derived, directly or indirectly, from a pattern of corrupt activity or the collection of any unlawful debt, shall use or invest, directly or indirectly, any part of those proceeds, or any proceeds derived from the use or investment of any of those proceeds, in the acquisition of any title to, or any right, interest, or equity in, real property or in the establishment or operation of any enterprise."

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243. Defendants Kolomoisky, Bogolyubov, Korf, Schochet, and Laber knowingly received proceeds derived from a pattern of corrupt activity, as described above. These defendants knew that the proceeds were derived from a pattern of corrupt activity because they controlled and directed the pattern of corrupt activity that the Optima Enterprise engaged in, including the common course of conduct intended to misappropriate PrivatBank's funds and use those misappropriated funds to surreptitiously and unlawfully purchase businesses and assets located throughout the United States.

244. The Ohio RICO Entities knowingly received proceeds derived from a pattern of corrupt activity, as described above. These Defendants knew that the proceeds were derived from a pattern of corrupt activity for reasons including their control by the UBOs, the lack of any consideration provided for the proceeds, and their existence as sole purpose entities to launder fraudulently obtained proceeds.

245. The Ohio RICO Defendants used and invested the proceeds knowingly derived from their pattern of corrupt activity to invest in the acquisition of right, title, equity, and interest in real property, including the real property described in paragraph 93 above.

246. The Ohio RICO Defendants used and invested the proceeds knowingly derived from their pattern of corrupt activity to establish and operate the enterprise, as alleged herein.

AMERICAN OVERSIGHT

247. The Ohio RICO Defendants' unlawful conduct in violation of Ohio Revised Code § 2923.32(A)(3) has proximately caused and continues to cause PrivatBank to suffer substantial injuries.

248. The Ohio RICO Defendants' unlawful conduct in violation of Ohio Revised Code § 2923.32(A)(3) has proximately caused and continues to cause PrivatBank to suffer substantial injuries.

249. These violations caused Plaintiff to suffer direct injury through losses caused by the Optima Enterprise's wrongful actions described herein. Plaintiff, therefore, is entitled to recover from the Ohio RICO Defendants the amount in which Plaintiff has been damaged, to be trebled in accordance with Ohio Revised Code § 2923.34(E), together with interest and costs of this suit, including reasonable attorneys' fees.

SIXTH CAUSE OF ACTION
For Civil Conspiracy
(Against All Defendants)

250. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

251. The UBOs combined together to control PrivatBank and defraud and equitably defraud Plaintiff.

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252. The UBOs combined with the other Individual Defendants, Defendant Delaware Entities, and Defendant Non-Delaware Entities, to defraud and equitably defraud Plaintiff.

253. The Defendants combined together and amongst themselves to commit the illegal acts described herein, including in paragraphs 57 through 197, and detailed in the counts above.

254. The illegal acts described herein, including in paragraphs 57 through 197, and detailed in the counts above were committed in furtherance of the conspiracy to defraud and equitably defraud Plaintiff.

255. The illegal acts performed by the conspiratorial combinations of the Defendants were performed maliciously including because they were performed purposefully, with no lawful excuse, and to the injury of the Plaintiff.

256. The illegal acts required the combinations of the UBOs, other Individual Defendants, the Defendant Delaware Entities and the Defendant Non-Delaware Entities to successfully defraud and equitably defraud Plaintiff including because the UBOs needed to combine together to control PrivatBank and the UBOs needed to combine with Korf, Schochet, and Laber and the Defendant Delaware Entities and Defendant Non-Delaware Entities to carry out the Optima Schemes.

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257. As a direct and proximate result of the Defendants' conspiracy to defraud and equitably defraud Plaintiff, Defendants caused actual damage to Plaintiff to be proven at trial.

SEVENTH CAUSE OF ACTION
For Alter Ego / Piercing the Corporate Veil
(Against All Defendants)

258. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

259. The UBOs are the ultimate beneficial owners, controlling stockholders, and dominant stakeholders of the Defendant Delaware Entities. The UBOs and/or their agents created the Defendant Delaware Entities for the sole purpose of implementing and furthering fraudulent and illegal schemes, as described above and in more detail below.

260. The UBOs utterly dominated the Defendant Delaware Entities to the extent that the Defendant Delaware Entities had no separate mind, will, or existence of their own.

261. The UBOs exercised their control over the Defendant Delaware Entities to implement the fraudulent and illegal schemes perpetuated by the UBOs, including by laundering the money derived from those fraudulent and illegal schemes into United States assets and enterprises ultimately owned and controlled by the UBOs.

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262. On information and belief, the Defendant Delaware Entities were inadequately capitalized to carry on their operations.

263. The Defendant Delaware Entities failed to observe corporate formalities.

264. The Defendant Delaware Entities acted to siphon the loaned funds from PrivatBank into assets owned by the UBOs and the UBOs siphoned and diverted funds and property from the Delaware Defendant Entities for their own use and benefit.

265. The Defendant Delaware Entities are merely a façade for the operations of the UBOs—who control the Defendant Delaware Entities and were the controllers of PrivatBank at the time that they used the Defendant Delaware Entities to fraudulently and illegally transfer the misappropriated PrivatBank loan proceeds in the United States.

266. The UBOs should not be allowed to hide behind the Defendant Delaware Entities to avoid liability for the fraudulent and illegal schemes they implemented through the Defendant Delaware Entities to siphon, steal, fraudulently transfer, and illegally launder loaned funds from PrivatBank and that resulted in injury to the Plaintiff.

267. Wherefore, Plaintiff respectfully request that the court find that the Defendant Delaware Entities are the alter egos of the UBOs and that any causes of

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actions or relief available against the Defendant Delaware Entities are available against the UBOs and that the UBOs are joint and severally liable for all damages awarded to the Plaintiff and against the Defendant Delaware Entities arising from the allegations and claims set forth above.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment as follows:

A. Awarding Plaintiff compensatory damages in an amount to be determined at trial together with pre-and post-judgment interest as provided by law; or in the alternative providing Plaintiff with restitution;

B. Awarding Plaintiff statutory damages, including treble damages;

C. Awarding Plaintiff an accounting of Defendants' assets derived from Defendants' misconduct;

D. Awarding Plaintiff a constructive trust over the properties and proceeds derived from Defendants' misconduct;

E. Awarding Plaintiff reasonable costs, including attorneys' fees;

F. Awarding Plaintiff punitive damages against Defendants for their willful and fraudulent conduct;

G. Declaring that Defendants engaged in the unjust enrichment, Ohio RICO violations, a civil conspiracy, and other misconduct as alleged above; and

H. Awarding such other relief, including equitable or injunctive relief, as

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is just and proper under the circumstances.

Respectfully submitted,

/s/ Michael A. Barlow

Michael A. Barlow (#3928)
ABRAMS & BAYLISS LLP
20 Montchanin Road, Suite 200
Wilmington, Delaware 19807
Tel: (302) 778-1000
Fax: (302) 778-1001

Attorneys for Joint Stock Company Commercial Bank PrivatBank

Of Counsel:

William A. Burck
Alexander J. Merton
QUINN EMANUEL URQUHART & SULLIVAN, LLP
1300 I Street NW, Suite 900
Washington, DC 20005-3314
Tel: (202) 538-8000
Fax: (202) 538-8100

Rollo C. Baker
QUINN EMANUEL URQUHART & SULLIVAN, LLP
51 Madison Ave., 22nd Floor
New York, New York 10010
Tel: (212) 849-7000
Fax: (212) 849-7100

Dated: May 21, 2019

AMERICAN OVERSIGHT

DOCUMENT 5

From: McCormack, Brian
To: Buchan, Samuel
Subject: FW: [EXTERNAL] Fwd: Ukraine - boom, NBU/Privatbank file complaint in Delaware against Mr K
Date: Thursday, May 23, 2019 5:02:00 PM
Attachments: 5-21-19 Verified Complaint (file-stamped) (00607747xACD46).pdf

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From: Kurt Volker (b)(6)
Sent: Thursday, May 23, 2019 4:49 PM
To: sondlandgd (b)(6); lydia_westlake@ (b)(6) McCormack, Brian (b)(6) Anderson, Christopher J (b)(6) (U) Vindman, Alexander S (Kyiv | EOP) (b)(6)
Subject: [EXTERNAL] Fwd: Ukraine - boom, NBU/Privatbank file complaint in Delaware against Mr K

Very interesting... - kv

Amb. Kurt Volker
Executive Director
McCain Institute for International Leadership
Arizona State University

ASU Barrett & O'Connor Center
1800 I Street NW, Suite 600, Washington, DC 20006
(b)(6)

www.McCainInstitute.org
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---------- Forwarded message ---------
From: **Timothy Ash (BLUEBAY ASSET MANAGE)** (b)(6)
Date: Thu, May 23, 2019 at 7:56 AM
Subject: Ukraine - boom, NBU/Privatbank file complaint in Delaware against Mr K
To:

That might be called "touche"....

With his lawyer Bogdan otherwise engaged, this suggests that K is going to have his hands full for a while....

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This message does not originate from a known Department of Energy email system.
Use caution if this message contains attachments, links or requests for information.

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CL-2020-00010 06/15/20 000129

EFiled: May 21 2019 04:57PM EDT
Transaction ID 63283684
Case No. 2019-0377-

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

JOINT STOCK COMPANY COMMERCIAL BANK PRIVATBANK

Plaintiff,

v.

IGOR VALERYEVICH KOLOMOISKY; GENNADIY BORISOVICH BOGOLYUBOV; MORDECHAI KORF; CHAIM SCHOCHET; URIEL TZVI LABER; CHEMSTAR PRODUCTS LLC; GEORGIAN AMERICAN ALLOYS, INC.; OPTIMA ACQUISITIONS, LLC; STEEL ROLLING HOLDINGS, INC.; OPTIMA GROUP LLC; OPTIMA VENTURES LLC; OPTIMA 55 PUBLIC SQUARE, LLC; OPTIMA ONE CLEVELAND CENTER, LLC; OPTIMA 1375, LLC; OPTIMA 1375 II, LLC; OPTIMA 1300, LLC; OPTIMA 777, LLC; OPTIMA STEMMONS, LLC; OPTIMA 7171, LLC; OPTIMA 500, LLC; OPTIMA 925, LLC; WARREN STEEL HOLDINGS, LLC; OPTIMA INTERNATIONAL OF MIAMI, INC.; FELMAN TRADING, INC.; VERONI ALLOYS, LLC

Defendants.

C.A. No. _____

VERIFIED COMPLAINT

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Plaintiff Joint Stock Company Commercial Bank PrivatBank ("PrivatBank"), by and through its undersigned attorneys, brings this action against Defendants Igor Valeryevich Kolomoisky, Gennadiy Borisovich Bogolyubov, Mordechai Korf, Chaim Schochet, Uriel Tzvi Laber, Chemstar Products, LLC, Georgian American Alloys, Inc., Optima Acquisitions, LLC, Steel Rolling Holdings, Inc., Optima Group, LLC, Optima Ventures, LLC, Optima 55 Public Square, LLC, Optima One Cleveland Center, LLC, Optima 1375, LLC, Optima 1375 II, LLC, Optima 1300, LLC, Optima 777, LLC, Optima Stemmons, LLC, Optima 7171, LLC, Optima 500, LLC, Optima 925, LLC, Warren Steel Holdings, LLC, Optima International of Miami, Inc., Felman Trading, Inc., and Veroni Alloys LLC (collectively, "Defendants") for hundreds of millions of dollars of damages arising in connection with claims for alter ego liability and piercing the corporate veil, for unjust enrichment, for fraudulent transfer under state laws (including Delaware and Ohio), for violations of Ohio's RICO statute, and for civil conspiracy.

NATURE OF ACTION

1. This case arises out of a series of brazen fraudulent schemes orchestrated by Ukrainian oligarchs and Defendants Igor Valeryevich Kolomoisky and Gennadiy Borisovich Bogolyubov (together, the Ultimate Beneficial Owners or the "UBOs") and their agents in the United States and abroad, to acquire hundreds of millions of dollars-worth of U.S. assets through the laundering and

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misappropriation of corporate loan proceeds issued by PrivatBank (the "Optima Schemes"). As reported as recently as April 7, 2019, the FBI is investigating Defendant Kolomoisky regarding financial crimes, including money laundering into the United States.[1]

2. From at least 2006 through December 2016, the UBOs were the majority and controlling stockholders of PrivatBank, one of Ukraine's largest privately-held commercial banks. During that time period, the UBOs used PrivatBank as their own personal piggy bank—ultimately stealing billions of dollars from PrivatBank and using United States entities to launder hundreds of millions of dollars' worth of PrivatBank's misappropriated loan proceeds into the United States to enrich themselves and their co-conspirators.

3. Through the Optima Schemes, the UBOs exploited their positions of power and trust at PrivatBank to cause PrivatBank to issue hundreds of millions of dollars' worth of illegitimate, inadequately-secured loans to corporate entities also owned and/or controlled by the UBOs and/or their affiliates (the "Optima Scheme Loans").[2] To facilitate and fraudulently conceal the Optima Schemes from

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[1] *See* https://www.thedailybeast.com/billionaire-ukrainian-oligarch-ihor-kolomoisky-under-investigation-by-fbi (last accessed April 11, 2019).

[2] This action seeks to redress harm from the loans utilized in the Optima Schemes, which funded the acquisition of the US assets as alleged herein. These claims are different from the fraudulent loans which are the subject of other proceedings brought by the Claimant in England (Claim No. BL-2017-000665) ("the

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discovery, the UBOs created and utilized a secretive business unit within PrivatBank's operations (the "Shadow Bank") to fund the fraudulent loans and launder those loan proceeds through a sophisticated money laundering process.

4. The stated purpose for each loan involved in the Optima Schemes was typically for financing the activities of the ostensible corporate borrower. The Optima Scheme Loans, however, were sham arrangements and the proceeds were not in fact used for that purpose. Instead, sometimes within minutes of being disbursed, the loan proceeds were cycled through dozens of UBO-controlled or affiliated bank accounts at PrivatBank's Cyprus branch ("PrivatBank Cyprus") before being disbursed to one of multiple Delaware limited liability companies or corporations (or other United States-based entities), all of which were also owned and/or controlled by the UBOs. The misappropriated loan proceeds laundered into the United States were ultimately used to acquire and support various United States businesses and commercial real estate in Cleveland, Ohio, Dallas, Texas, and elsewhere—all for the benefit and under the control of the UBOs.

5. While the UBOs pilfered the funds for the Optima Schemes from PrivatBank, they also directly oversaw and controlled the money laundering efforts

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English Proceedings"). There is accordingly no duplication between the claims advanced in this Complaint and those pursued in the English Proceedings. PrivatBank is pursuing different claims in different jurisdictions in respect of different frauds and losses it has suffered.

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in the United States. In Delaware, Ohio and throughout the United States, a network of co-conspirators and affiliated companies knowingly and materially assisted the UBOs in laundering and misappropriating the PrivatBank loan proceeds in the United States. Within the United States, the UBOs' Optima Schemes had a particularly profound impact in Delaware (where many of the UBOs' United States entities were incorporated or organized for the purposes of facilitating the fraud) and in Ohio (where the UBOs used their Delaware entities to acquire hundreds of millions of dollars' worth of commercial real estate). The Optima Schemes were so pervasive that the UBOs—through various Delaware entities owned and controlled by the UBOs—became the largest commercial real estate holders in Cleveland, Ohio. Moreover, the UBOs also funneled hundreds of millions of dollars of misappropriated loan proceeds into the United States to acquire strategically important steel and ferroalloy production facilities located in Warren, Ohio, Detroit, Michigan, New Haven, West Virginia, and Calvert City, Kentucky, among other places.

6. This action seeks to redress the hundreds of millions of dollars in losses that the UBOs, their various Delaware- and United States-based companies, and their United States-based agents Mordechai Korf, Uriel Laber, and Chaim Schochet caused PrivatBank through the Optima Schemes. Each of the Defendants was unjustly enriched, engaged in fraudulent transfers, committed racketeering activities

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in violation of Ohio State law, and engaged in a civil conspiracy. They are liable to PrivatBank for hundreds of millions of dollars in losses.[3]

PARTIES

I. PLAINTIFF PRIVATBANK

7. Plaintiff PrivatBank is one of the largest commercial banks in Ukraine with headquarters in Dnipro, south-east Ukraine. In March 1992, PrivatBank was incorporated by the UBOs and former Vice Prime Minister of Ukraine, Serhiy Tihipko, as a limited liability company under the laws of Ukraine. From at least 2006 through December 2016, PrivatBank was controlled and majority owned by the UBOs. In December 2016, however, the Ukrainian State was forced to nationalize PrivatBank as a result of the UBOs' illicit conduct, including the Optima Schemes, and to inject the equivalent of more than $5.5 billion in funds into the bank to avoid its collapse. In June 2018, PrivatBank reverted to being a private joint-stock company and changed its name to Joint-Stock Company Commercial Bank "PrivatBank."

II. THE INDIVIDUAL DEFENDANTS

8. Defendant Igor Valeryevich Kolomoisky ("Kolomoisky") is a billionaire businessman and 'oligarch' who was born in Ukraine and is reputed to

[3] As set out above, the claim made in this Complaint is concerned with the losses arising from the Optima Schemes and the Optima Scheme Loans.

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hold Ukrainian, Israeli, and Cypriot citizenship, as well as Swiss residence. Kolomoisky lived for several years in Geneva, Switzerland, before reportedly fleeing Switzerland for Israel in late 2018 due to his fear of an ongoing FBI/DOJ investigation into his activities (believing that he would be safer there from the reach of the United States Government). Kolomoisky is now reported to have made a return to Ukraine for the first time in several years,[4] a decision which is believed to be linked to the recent victory in the Ukrainian presidential election of the television star and comedian Mr. Volodymyr Zelenskiy, behind whom Kolomoisky is widely reported as being the principal power and financial backer.[5] Press reports speculate that there is a deal between Mr. Kolomoisky and Mr. Zelenskiy: in exchange for Kolomoisky's support, Mr. Zelenskiy will ensure the return of PrivatBank to the ownership of Mr. Kolomoisky in order to circumvent any pending or threatened litigation against Kolomoisky.[6]

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[4] https://www.occrp.org/en/27-ccwatch/cc-watch-briefs/9757-president-s-oligarch-friend-suspected-of-theft-returns-to-ukraine.

[5] *See, e.g.,* Matthias Williams and Natalia Zinets, *Comedian faces scrutiny over oligarch ties in Ukraine presidential race*, Reuters (April 1, 2019), https://www.reuters.com/article/us-ukraine-election-zelenskiy-oligarch/comedian-faces-scrutiny-over-oligarch-ties-in-ukraine-presidential-race-idUSKCN1RD30L?feedType=RSS&feedName=topNews.

[6] *See* Luck Fitzgeorge-Parker, *The battle for PrivatBank: part two*, Euromoney (Feb. 20, 2019), https://www.euromoney.com/article/b1d6xgg73xntrm/the-battle-for-privatbank-part-two; *see also* Dominik Istrate, *Ukrainian presidential candidates accuse each*

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9. Despite his period of absence from Ukraine, Kolomoisky continues to own and control very substantial business interests in Ukraine and exercises great influence and control in Ukraine.[7]

10. Defendant Gennadiy Borisovich Bogolyubov ("Bogolyubov") is a billionaire businessman and 'oligarch' who was born in Ukraine and is reputed to hold Ukrainian, Israeli, and Cypriot citizenships. As with Mr. Kolomoisky, Mr. Bogolyubov also has Swiss residence, but also reportedly fled from Switzerland to Israel in late 2018 for fear of an ongoing FBI/DOJ investigation. Bogolyubov is also reported to have made a return to Ukraine "*just days before Kolomoisky.*"[8]

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other of illegal financing, Emerging Europe (March 21, 2019), https://emerging-europe.com/news/ukrainian-presidential-candidates-accuse-each-other-of-illegal-financing/.

[7] The UBOs are well-known throughout the region and in international press for their willingness to resort to violence to achieve their desired ends, earning them the moniker, the "Raiders." Reports indicate that the UBOs have used "quasi-military forces" to effect violent seizures of their opponents' assets. In one instance, the UBOs are alleged to have employed an "army of thugs" to descend upon a competitor's plant with baseball bats, gas, rubber pistols, iron bars, and chainsaws. Credible news sources also report that the UBOs, in more than one instance, have acquired minority stakes in a company and then used strong-arm tactics to replace the remaining directors with individuals loyal to PrivatGroup (*i.e.*, the UBOs' massive, amorphous non-public global holding syndicate that they use to own or control billions of dollars' worth of corporate entities in the United States, Europe, Ukraine, Russia, and elsewhere). Indeed, this improper conduct caused an English judge to comment that Defendant Kolomoisky has a reputation of having taken over a rival Ukrainian company "at gunpoint."

[8] https://en.hromadske.ua/posts/privat-empire-what-does-oligarch-ihor-kolomoisky-own-in-ukraine.

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11. From at least 2006 through December 2016, Kolomoisky and Bogolyubov were, directly and indirectly, the majority and controlling stockholders of PrivatBank and sat on and effectively controlled (at least until April 2015) PrivatBank's Supervisory Board—the Board that was a key decision-making instrument in respect of the issuance of new loans by the bank and approved of the corporate loans utilized in the Optima Schemes. In addition, as set forth herein, Kolomoisky and Bogolyubov (either individually or together) own and/or control various entities involved in the Optima Schemes.

12. Defendant Mordechai Korf ("Korf") is an individual who resides in Miami, Florida. Over the last decade, he has worked closely with, and at the direction of, the UBOs. Korf jointly owns various United States entities with the UBOs, including Defendants Optima Acquisitions, LLC; Optima Ventures, LLC; and Optima International of Miami, Inc. Mr. Korf is also the Registered Agent and Partner for Optima International of Miami, Inc.

13. In addition, Korf currently is, or at one time was, a director, manager, partner, registered agent, and/or officer of the following entities owned and/or controlled by the UBOs: Optima Specialty Steel, Inc.; Felman Trading, Inc.; Felman Production, Inc.; Georgian American Alloys, Inc.; Optima Ventures; Optima Acquisitions; Optima Stemmons, LLC; Optima International; Niagara LaSalle,

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Corp.; Kentucky Electric Steel; Warren Steel Holdings, LLC; CC Metals and Alloys, LLC; and Optima Fixed Income, LLC.

14. Korf also currently is, or at one time was, the manager, director, organizer, and/or president of the Delaware entities that hold (or held) the UBOs' commercial properties in Cleveland, Ohio and Dallas, Texas, including Optima 1375, LLC; Optima 1375 II, LLC; Optima One Cleveland Center, LLC; Optima 55 Public Square, LLC; Optima 1300, LLC; Optima Stemmons, LLC; Optima 7171, LLC; Optima 500, LLC; and Optima 925, LLC.

15. With respect to those Delaware entities, Korf solicited and received instruction directly from the UBOs in carrying out both strategic and routine business decisions.

16. Also, Korf is (and has been for many years) a stockholder of AS PrivatBank in Latvia ("AS PrivatBank"),[9] which was a key money laundering and

[9] *See, e.g.,* AS PrivatBank's Annual Report and Consolidated Annual Report for Year 2016, *available at* https://www.privatbank.lv/wp-content/uploads/2018/06/PB_2016_EN.pdf (identifying "Korf Mordechai", of the USA, as a shareholder of AS PrivatBank as of December 31, 2016); *see also* AS PrivatBank's Annual Report and Consolidated Annual Report for Year 2015, *available at* https://www.privatbank.lv/wp-content/uploads/2018/06/PB_2015_ENG.pdf (identifying "Korf Mordechai Yehudah" of the USA, as a shareholder of AS PrivatBank as of December 31, 2015); *see also* AS PrivatBank's Annual Report and Consolidated Annual Report for Year 2014, *available at* https://www.privatbank.lv/wp-content/uploads/2018/06/Gada_parskats_2014_ENG.pdf (identifying "Korf Mordechai Yehudah", of the USA, as a shareholder of AS PrivatBank as of December 31, 2014).

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fraud center for the UBOs during their period of ownership and control over PrivatBank.

17. Defendant Chaim Schochet ("Schochet") is an individual who resides in Miami, Florida. Schochet is Korf's brother-in-law. Schochet reports to Korf and the UBOs, manages Defendant Optima Ventures LLC, and has been the UBOs' front man in the Optima Schemes' purchase and management of commercial real estate in Cleveland, Ohio and throughout the United States.

18. Since at least 2008, Schochet directly oversaw and executed each of the UBOs' acquisitions of real estate in Cleveland, Ohio—which was funded (in whole or in part) by the laundered and misappropriated loan proceeds from PrivatBank through the Optima Schemes. In 2012, a popular Cleveland newspaper published an article titled "The most important guy you've never heard of: Chaim Schochet, 25, builds downtown Cleveland empire" highlighting Schochet's central role in the Cleveland acquisitions.[10] The article reported that, while Schochet "was circumspect about discussing how the company is structured or who the major investors are," he remained "one of downtown's largest landlords, an investment executive responsible for roughly 2.8 million square feet of office space owned by

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10 https://www.cleveland.com/business/2012/02/the_most_important_guy_youve_n.html

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U.S. investors and principals of a Ukrainian business conglomerate [*i.e.*, the UBOs' PrivatGroup]."[11]

19. Defendant Uriel Tzvi Laber ("Laber") is an individual who resides in Miami, Florida. Laber jointly owns various United States entities with the UBOs and/or Korf, including Defendants Optima Group, LLC, Optima International of Miami, Inc, and Optima Ventures, LLC. He founded Optima International of Miami, Inc. with Korf in 1995.

20. Laber currently is, or at one time was, a director, manager, partner, and/or officer of the following entities owned and/or controlled by the UBOs: Optima International of Miami, Inc., Optima Acquisitions, Inc.; Georgian American Alloys, Inc., Optima Specialty Steel Inc., and Niagara LaSalle Corp. He also is, or at one time was, a member of the Board of Directors and/or Supervisory Board of

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[11] The article further explains that:

(i) Within the United States, the UBOs "focused on steel and raw materials. Through various companies, Optima International controls businesses including Warren Steel Holdings, a casting mill northwest of Youngstown; Felman Production Inc., a West Virginia plant that produces additives to purify steel; and manufacturing facilities spread from New York to Texas."

(ii) "In 2007, the investors launched Optima Ventures to diversify into U.S. commercial real estate, though the group recently put money into a daily-deal website called 1SaleADay."

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PJSC Ukrnafta, the Ukrainian oil and natural gas extracting company in which the UBOs hold a minority interest.

21. Kolomoisky, Bogolyubov, Korf, Schochet, and Laber are collectively referred to herein as the "Individual Defendants."

22. On information and belief, in exchange for their participation in the Optima Schemes, Korf, Schochet, and Laber were richly rewarded and granted ownership interests in various entities owned and/or controlled by the UBOs. On information and belief, by virtue of their leadership roles in the Optima Schemes, Korf, Schochet, and Laber received substantial financial remuneration which they used to acquire millions of dollars' worth of property in Miami, Florida.

III. THE DEFENDANT DELAWARE ENTITIES

23. Defendant Chemstar Products LLC ("Chemstar Products") is a limited liability Company organized under the laws of Delaware on October 1, 2003 and used in the Optima Schemes to, among other things, launder money. According to account opening documentation held at the bank, Defendant Bogolyubov is the ultimate beneficial owner of Chemstar Products. Chemstar Products maintained an account at PrivatBank Cyprus which was repeatedly used in the Optima Schemes, including to launder money.

24. Defendant Georgian American Alloys, Inc. ("Georgian American Alloys") is a Delaware corporation organized under the laws of Delaware on

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February 14, 2012 and has participated in the Optima Schemes, including to launder money. Georgian American Alloys is directly or indirectly owned by, among others, the UBOs, Korf, and Laber. Georgian American Alloys in turn wholly owns: (i) non-party CC Metals and Alloys LLC ("CC Metals"), a Delaware limited liability company with a high-grade ferrosilicon plant in Calvert City, Kentucky; (ii) non-party Felman Production, LLC ("Felman Production"), a Delaware limited liability company with a ferrosilicomanganese plant in New Haven, West Virginia; and (iii) Defendant Felman Trading, Inc., a New Jersey corporation and global supplier of manganese and silicon ferroalloys with warehouses in Alabama, Arkansas, California, Florida, Illinois, Louisiana, Maryland, Michigan, Mississippi, Missouri, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, West Virginia, and other places outside of the United States.

25. Defendant Optima Acquisitions, LLC ("Optima Acquisitions") is a limited liability company organized under the laws of Delaware on June 25, 2008 to participate in the Optima Schemes, including to launder money. Upon information and belief, Optima Acquisitions is owned in thirds by the UBOs and Korf. Optima Acquisitions was the primary vehicle used by the UBOs and Korf to acquire United States metallurgical assets with the misappropriated loan proceeds. Optima Acquisitions used misappropriated funds to acquire non-party Optima Specialty Steel, Inc. ("Optima Specialty") and Steel Rolling Holdings, Inc., which became

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wholly-owned subsidiaries of Optima Acquisitions, alongside non-party KES Acquisition Company, d/b/a Kentucky Electric, a steel mill located in Ashland, Kentucky.

26. Defendant Steel Rolling Holdings, Inc. ("Steel Rolling") is a corporation organized under the laws of Delaware on May 22, 2006 and has participated in the Optima Schemes, including to launder money. On May 25, 2006, Steel Rolling acquired the 600,000-square-foot Detroit Cold Rolling Facility, in Gibraltar, Michigan, for $20 million and operated the plant from 2009 until March 2015, when it sold the plant to non-party Ferragon Steel Rolling for an undisclosed sum.

27. Defendant Optima Group, LLC ("Optima Group") is a limited liability company organized under the laws of Delaware on August 8, 2008 to participate in the Optima Schemes, including to launder money. It is an affiliate of Optima Ventures LLC and Optima Acquisitions. Optima Group is owned directly or indirectly by the UBOs, Korf, and Laber.

28. Defendant Optima Ventures LLC ("Optima Ventures") is a limited liability company organized under the laws of Delaware on January 1, 2008 to participate in the Optima Schemes, including to launder money. Optima Ventures was the primary vehicle through which the UBOs acquired commercial real estate in the United States with the misappropriated loan proceeds. Optima Ventures is

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owned in thirds by the UBOs and Korf, and managed on a day-to-day basis by Schochet. Optima Ventures became the largest holder of commercial real estate in Cleveland, Ohio through various affiliated Delaware entities.

29. Defendant Optima 55 Public Square, LLC ("Optima 55 Public Square") is a limited liability company organized under the laws of Delaware on April 29, 2008 to participate in the Optima Schemes, including to launder money. In 2017, Korf executed a mortgage on behalf of Optima 55 Public Square, as the "Manager of Optima Ventures, LLC." Optima Ventures was identified as a "Member of Optima 55 Public Square LLC." The UBOs used Optima 55 Public Square to acquire the building at 55 Public Square in Cleveland, Ohio.

30. Defendant Optima One Cleveland Center, LLC ("Optima One") is a limited liability company organized under the laws of Delaware on April 29, 2008 to participate in the Optima Schemes, including to launder money. The UBOs used Optima One to originally acquire the One Cleveland Center building.

31. Defendant Optima 1375, LLC ("Optima 1375") is a limited liability company organized under the laws of Delaware on July 26, 2010 to participate in the Optima Schemes, including to launder money. In 2010, Korf executed a mortgage on behalf of Optima 1375, as the "Manager" of Optima Ventures. Optima Ventures was identified as the "Manager" of Optima 1375. In 2010, Optima 1375

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received ownership of One Cleveland Center from Optima One Cleveland Center, LLC without adequate consideration.

32. Defendant Optima 1375 II, LLC ("Optima 1375 II") is a limited liability company organized under the laws of Delaware on September 7, 2017 to receive ownership of One Cleveland Center from Optima 1375. In 2017, Korf executed a mortgage as the "Manager" of Optima 1375 II.

33. Defendant Optima 1300, LLC ("Optima 1300") is a limited liability company organized under the laws of Delaware on July 21, 2010 to participate in the Optima Schemes, including to launder money. In 2010, Korf executed a mortgage on behalf of Optima 1300, as the "Manager" of Optima Ventures. Optima Ventures was identified as the "Manager" of Optima 1300. The UBOs used Optima 1300 to acquire the AECOM Building (formerly known as the Penton Media Building) in Cleveland, Ohio.

34. Defendant Optima 777, LLC ("Optima 777") is a limited liability company organized under the laws of Delaware on June 3, 2011 to participate in the Optima Schemes, including to launder money. The UBOs used Optima 777 to acquire an ownership stake in the Crowne Plaza Hotel (now known as the Westin Hotel) in Cleveland, Ohio.

35. Defendant Optima Stemmons, LLC ("Optima Stemmons") is a limited liability company organized under the laws of Delaware on May 14, 2008 to

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participate in the Optima Schemes, including to launder money. In 2017, Korf executed a deed of trust on behalf of Optima Stemmons, as the "Manager of Optima Ventures, LLC." Optima Ventures was identified as the "Manager of Optima Stemmons, LLC." The UBOs used Optima Stemmons to acquire the Stemmons Tower building at 8777 North Stemmons Freeway in Dallas, Texas.

36. Defendant Optima 7171, LLC ("Optima 7171") is a limited liability company organized under the laws of Delaware on November 10, 2010 to participate in the Optima Schemes, including to launder money. The UBOs used Optima 7171 to acquire the former CompuCom System Headquarters and adjoining vacant lot located at 7505 Forest Lane in Dallas, Texas 75230.

37. Defendant Optima 500, LLC ("Optima 500") is a limited liability company organized under the laws of Delaware on November 10, 2010 to participate in the Optima Schemes, including to launder money. The sole member of Optima 500 is Optima Ventures. The UBOs used Optima 500 to acquire the PNC Plaza Building at 500 West Jefferson Street in Louisville, Kentucky.

38. Defendant Optima 925, LLC ("Optima 925") is a limited liability company organized under the laws of Delaware on May 14, 2010 to participate in the Optima Schemes, including to launder money. The UBOs used Optima 925 to acquire the Huntington Building at 925 Euclid Avenue in Cleveland, Ohio.

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39. Defendant Warren Steel Holdings, LLC ("Warren Steel") is a limited liability company organized under the laws of Delaware on November 19, 2001 and has participated in the Optima Schemes, including to launder money. Warren Steel is owned directly or indirectly by the UBOs and a third individual. Kolomoisky and Bogolyubov hold their interests in Warren Steel through a BVI entity called Halliwel Assets, Inc. and a Jersey, Channel Islands trust called Marigold Trust Asset Management, respectively. Warren Steel ran a steel mill in Warren, Ohio.

40. The above Defendant Delaware entities are collectively referred to herein as the "Defendant Delaware Entities." Each of the Defendant Delaware Entities was established, acquired, or specifically utilized by the UBOs, or individuals working under their direction, for the specific purpose of participating in the Optima Schemes, including to unlawfully misappropriate and launder loan proceeds. Many of the Defendant Delaware Entities share the same registered agent.[12] Throughout the relevant time period, each of the Defendant Delaware

[12] Warren Steel, Steel Rolling Holdings, Optima Acquisitions, Optima Group, and Georgian American Alloys all share the same registered agent—Corporate Creations Network Inc. Chemstar Products' registered agent is Worldwide Incorporators Ltd., which is located at the same address and in the same suite as Corporate Creations Network Inc.—3411 Silverside Road Tatnall Building, Ste 104, Wilmington, DE 19810. Cogency Global Inc. is the registered agent of Optima Ventures, Optima 55 Public Square, Optima One Cleveland Center, Optima Stemmons, Optima 1375, Optima 7171, Optima 500 and Optima 925. Optima 777's registered agent is The Corporation Trust Company, and Optima 1375 II's registered agent is Vcorp Services Ltd.

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Entities was ultimately owned and/or controlled by the UBOs, and individuals operating in the United States were acting as agents for the UBOs and/or were under the complete control and direction of the UBOs, who exercised such control and direction to effectuate and further the Optima Schemes.

41. Defendants Optima Ventures, Optima 55 Public Square, Optima One, Optima 1375, Optima 1375 II, Optima 1300, Optima 777, Optima 925, and Warren Steel are collectively referred to herein as the "Ohio RICO Entities."

IV. THE DEFENDANT NON-DELAWARE ENTITIES

42. Defendant Optima International of Miami, Inc. ("Optima International") is a Florida limited liability company and is purportedly affiliated with Optima Ventures. It is owned by Korf and Laber, but, upon information and belief, is effectively controlled by the UBOs. The UBOs and Korf used Optima International to acquire the former Motorola Campus in Harvard, Illinois as well as to misappropriate and launder millions of dollars in the Optima Schemes. Optima International worked closely with Optima Acquisition, Georgian American Alloys and other Delaware entities—all of which were ultimately owned and controlled by the UBOs and under the day-to-day management of Korf—to effectuate and coordinate the Optima Schemes, including to launder money in the United States.

43. Defendant Felman Trading, Inc. is a New Jersey corporation and a wholly owned subsidiary of Defendant Georgian American Alloys, a Delaware

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corporation. It is the sole distributor of ferroalloys for Felman Production, CC Metals, and Georgian Manganese LLC—each of which is also wholly owned by Georgian American Alloys—and is ultimately owned and controlled by the UBOs and under the day-to-day management of Korf.

44. Defendant Veroni Alloys LLC ("Veroni Alloys") is a limited liability company organized under the laws of Oregon on September 30, 2003 and used to participate in the Optima Schemes, including to launder money. Veroni Alloys is ultimately owned and/or controlled by the UBOs. Veroni Alloys maintained an account at PrivatBank Cyprus to launder money for the Optima Schemes. Veroni Alloy's PrivatBank Cyprus account was used to launder and misappropriate PrivatBank's funds that were ultimately disbursed to the Delaware Defendant Entities.

45. Optima International, Felman Trading, and Veroni Alloys are collectively referred to herein as the "Defendant Non-Delaware Entities."

46. Kolomoisky, Bogolyubov, Korf, Laber, Schochet, the Defendant Delaware Entities, and the Defendant Non-Delaware Entities are collectively referred to herein as the "Optima Conspirators." As alleged herein, the Optima Conspirators engaged in a conspiracy to defraud PrivatBank by surreptitiously using Delaware entities, among some others, to launder and misappropriate hundreds of millions of dollars of PrivatBank's corporate loan proceeds into the United States,

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including by using those funds to acquire hundreds of millions of dollars' worth of real property and assets throughout the United States. The Optima Conspirators knew or had reason to know that the acts in Delaware or the acts outside Delaware would have an effect in Delaware because the Optima Schemes were structured to specifically facilitate the illicit conduct through Delaware entities or through entities that are wholly owned by or closely affiliated with the Delaware Entities. Accordingly, the illicit conduct in Delaware, or the effect on Delaware, was a direct and foreseeable result of each Optima Conspirator's illicit conduct in furtherance of the conspiracy because, among other things, the Optima Schemes were structured to be facilitated through or into Delaware entities.

JURISDICTION AND VENUE

47. This Court has jurisdiction over this action because Plaintiff seeks equitable relief as alleged herein.

48. The Defendant Delaware Entities are subject to this Court's jurisdiction because each of the Defendant Delaware Entities was established under Delaware law as a Delaware corporation or Delaware limited liability company.

49. The Defendant Non-Delaware Entities are subject to this Court's jurisdiction pursuant to 10 *Del. C.* § 3104(c) and their participation in the conspiracy described herein.

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50. The Individual Defendants are subject to this Court's jurisdiction pursuant to 10 *Del. C.* § 3104(c) and their participation in the conspiracy described herein.

51. Venue is proper before this Court because the majority of Defendants are organized under the laws of Delaware, all Defendants conspired specifically to perpetuate the Optima Schemes by establishing and maintaining the Defendant Delaware Entities, all Defendants conspired to ensure that the Defendant Delaware Entities hold title to the majority of real property assets at issue in this action, and because Plaintiff seeks relief under Delaware law.

FACTUAL BACKGROUND

I. THE UBOS AND PRIVATBANK

52. PrivatBank is and has been at all relevant times one of the largest banks in Ukraine and of systemic importance to the Ukrainian financial system and economy since at least 2015. From at least 2006 through its nationalization in December 2016, PrivatBank was majority owned and controlled by the UBOs.

53. Throughout the duration of the Optima Schemes, the UBOs and their associates controlled PrivatBank's Supervisory Board, and thus controlled PrivatBank's significant decisions, including all significant corporate lending decisions. Within PrivatBank, the UBOs' reputation as ruthless and aggressive (and, according to some, violent) businessmen compelled total loyalty to the UBOs. As a

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result, executives and employees of PrivatBank carried out the UBOs' instructions, even where such actions were plainly unlawful, contrary to PrivatBank's internal policies and interests, and/or undertaken solely for the benefit of the UBOs and/or their affiliates.

II. PRIVATBANK'S CORPORATE LOAN BOOK

54. During the relevant time period, PrivatBank's principal asset was its corporate loan book. From 2006 to 2016, under the UBOs' ownership and control, PrivatBank's corporate loan book realized an over 700% increase (in UAH terms) from UAH 27 billion (USD 5.3 billion) in December 2006 to UAH 195 billion (USD 8.1 billion) on December 31, 2015 (the Bank's financial year end). During the same period, PrivatBank's total liabilities relating to its customer accounts increased from UAH 24 billion (USD 4.8 billion) to UAH 192 billion (USD 8 billion)—an eight-fold increase in UAH terms.

55. To fund this expansion (*i.e.*, to be in a position to issue more and more corporate loans), PrivatBank—under the direction and control of the UBOs—predominately raised funds by public debt issuances and by attracting new deposits domestically from both retail and corporate customers. PrivatBank attracted new deposits by offering interest rates on its USD and Euro deposit accounts in Ukraine that were considerably above the market average. Innocent Ukrainian citizens and

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businesses looking to protect their funds in a safe place at favorable deposit interest rates deposited their money at PrivatBank.

56. As it turned out, however, the overwhelming majority of the loans in the vastly expanding corporate loan book were to entities owned, controlled, or affiliated with the UBOs and used by them to facilitate massive, systematic, and fraudulent loan misappropriation and loan recycling schemes, including those used to facilitate the Optima Schemes.

III. THE LOAN MISAPPROPRIATION AND MONEY LAUNDERING SCHEMES

57. As relevant here, the central pillar of the Optima Schemes was the use of funds originated from PrivatBank's corporate loan book (specifically from the Optima Scheme Loans) to purchase assets and to finance business enterprises in the United States for the benefit of the UBOs and their Optima Conspirators.

58. Although incredibly complex in implementation, the basic design of the Optima Schemes was as follows:

- **Step 1—Funding Under False Pretenses:** The UBOs, with the assistance of the Shadow Bank (as described below), caused PrivatBank to fund hundreds of millions of dollars' worth of illegitimate corporate loans (the Optima Scheme Loans) to entities that the UBOs own and/or control ("the UBO-Controlled Loan Borrowers") through false and inaccurate loan documentation.

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- **Step 2—Money Laundering:** The UBOs, with the assistance of the Shadow Bank and various other conspirators, deployed sophisticated money laundering schemes to disguise the origin, nature, control, and destination of billions of dollars of loan proceeds, including from the Optima Scheme Loans. To do so, the funds were routed through the bank accounts of various UBO-controlled and/or owned companies (generally offshore companies with no proper business, operations or management) at PrivatBank Cyprus, generally in a matter of minutes or hours through a sophisticated money laundering process.
- **Step 3—Misappropriation and Use:** The UBOs, with direct assistance from the Shadow Bank and the Optima Conspirators, ultimately transferred the stolen funds through the money laundering process to the Optima Conspirators—all owned and/or controlled or working at the behest of the UBOs—to purchase commercial real estate and metallurgical assets in the United States for the benefit of the UBOs and their co-conspirators.
- **Step 4—Fraudulent Concealment/Loan Recycling:** To sustain and fraudulently conceal the Optima Schemes and associated loan misappropriation transactions, the UBOs, again with assistance from the Shadow Bank and other co-conspirators, devised and deployed a loan recycling scheme similar to a Ponzi scheme. To give the appearance that the

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principal balance of the initial loans plus accrued interest were being paid down by the UBO-Controlled Loan Borrowers, the UBOs would cause PrivatBank Ukraine to issue new loans to new borrowers also owned, controlled, and/or affiliated with the UBOs. The proceeds from the new PrivatBank Ukraine loans were then laundered through various accounts at PrivatBank Cyprus to disguise the origin of the funds (*i.e.*, a new loan from PrivatBank), and then used to purport to pay down the initial loans plus accrued interest. On paper, this appeared to be a repayment, but in reality, it was a sham and fraud, as PrivatBank was repaying itself and increasing its outstanding liabilities in the process. This process was carried out over and over again, over a period of many years, giving the appearance that PrivatBank's corporate loan book was performing when, in fact, new loans were being continually issued to new UBO-controlled parties to "pay down" the prior, existing loans. As a result, the size of the "hole" in PrivatBank's corporate loan book grew and grew, with each iteration of a loan plus interest being "repaid" through the issuance of a new loan, which accrued interest itself before being "repaid" through the issuance of yet a further new loan, and so on.

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A. Step 1—Funding Under False Pretenses: The UBOs And Shadow Bank Cause PrivatBank To Fund The Illegitimate Loans In The Optima Schemes

59. The Shadow Bank was comprised of dozens of embedded senior-level managers and other PrivatBank employees all of whom were loyal to, and working under the direction of, the UBOs. The Shadow Bank's purpose appears to have been administering the related-party corporate loan portfolio, processing and moving proceeds of hundreds of improper loans worth billions of dollars for the UBOs to entities related to the UBOs, and fabricating supporting paperwork for the fraudulent loans in order to avoid detection and to facilitate (among other things) the UBOs' acquisition of hundreds of millions of dollars in American assets.

60. One of the senior managers within the UBOs' Shadow Bank was Timur Novikov ("Novikov"), the UBOs' trusted lieutenant and right-hand-man (frequently referred to as the "Kolomoisky Treasurer"). Novikov served as the Head of PrivatBank's Investment Business and as First Deputy Chairman of PrivatBank's Management Board from 2002 until December 2016. Novikov took direction directly from the UBOs, approved a large number of documents essential to the schemes, liaised with PrivatBank Cyprus, and acted as the UBOs' mouthpiece in the Shadow Bank. Like other members of the Shadow Bank, Novikov was dismissed from PrivatBank upon nationalization. Others at the Shadow Bank who supported

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Novikov also held high-level management positions at PrivatBank, were close to the UBOs, and avoided detection at PrivatBank by reporting directly to the UBOs.

61. Under the Shadow Bank's direction and the UBOs' control, the UBOs would cause PrivatBank Ukraine (or at times PrivatBank Cyprus) to issue new loans to Ukrainian or offshore entities controlled, owned and/or affiliated with the UBOs. Individuals within the Shadow Bank prepared credit files for each loan—rather than being prepared by the purported borrowers—including loan applications falsely identifying the purported purpose for each loan. Generally, the stated purpose was for "general corporate financing" (*i.e.*, working capital) of the loan recipient. The loan recipient would establish a corporate account, usually at PrivatBank Cyprus.

62. There was no indication in the loan application or credit file for the Optima Scheme Loans that the loan proceeds would be used by the UBOs to acquire assets and fund businesses with the Optima Conspirators in the United States. Yet that is exactly what occurred. And although many of the loan documents indicated that the loans would be collateralized, this was in fact illusory.

B. Step 2: Money Laundering

63. Once the UBOs caused PrivatBank Ukraine (or at times PrivatBank Cyprus) to issue a new loan to the loan recipient, the Shadow Bank—under the direction of the UBOs—then commenced Step 2 of the Optima Schemes. Step 2 consisted of complex money laundering transactions whereby the UBOs used a

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highly sophisticated process and a web of UBO-controlled, owned and/or affiliated money laundering entities (the "Laundering Entities") to funnel the loan proceeds from Step 1 through various bank accounts held at PrivatBank Cyprus (the "Laundering Accounts"). By deploying this process, the UBOs were able to disguise the origin, nature, control, and ultimate destination of those proceeds.

64. The UBOs and their operatives within the Shadow Bank (who also controlled the management and operations of PrivatBank Cyprus) used PrivatBank Cyprus to, among other things, conceal the activities from the Ukrainian banking regulator (NBU) during periodic inspections of PrivatBank (in Ukraine).

i. ***The Laundering Accounts At PrivatBank Cyprus***

65. To manufacture the documentation necessary to establish the Laundering Accounts, the UBOs and their agents typically relied on the Cypriot law firms Marangos & Hadjipapa, LLC ("Marangos & Hadjipapa") and Andreas Sofocleous & Co., LLC ("Sofocleous & Co.") (together, the "Cypriot Law Firms").

66. In addition to assisting with account opening documentation, the Cypriot Law Firms appointed their own employees as officers and directors of many of the Laundering Entities. In exchange for these services, the Cypriot law firms

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received substantial fees, sometimes paid by Mr. Novikov—the UBOs' trusted lieutenant and the "Kolomoisky Treasurer"—using his personal credit card.[13]

67. In many instances, the UBOs themselves were expressly identified as the beneficial owners of the entities holding the Laundering Accounts in the relevant documentation held at PrivatBank Cyprus. As indicated above, however, PrivatBank Cyprus refused to provide customer information to the NBU during inspections (ostensibly under the guise of Cypriot data protection laws).

68. According to account documentation at PrivatBank Cyprus, Defendant Kolomoisky beneficially owns, owned, or held a stake in the following Laundering Entities: Divot Enterprises Ltd. ("Divot Enterprises"), Effentery Holdings Ltd. ("Effentery Holdings"), Kadis Holding Ltd. ("Kadis Holding"), Logarinvest Ltd. ("Logarinvest"), Pavanti Enterprises LLC ("Pavanti Enterprises"), Querella Holdings Ltd. ("Querella Holdings"), Ralkon Commercial Ltd. ("Ralkon Commercial"), Remeno Ltd. ("Remeno"), and Telford Investments Ltd. ("Telford Investments").

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[13] The UBOs have close financial and business ties with each of the Cypriot Law Firms. For example, Andreas Marangos, a name partner of Marangos & Hadjipapa, owns a stake in Consolidated Minerals Ltd. ("CosMin"), a Jersey-registered mining company beneficially owned by Defendant Bogolyubov. Likewise, according to a 2016 annual report for AS PrivatBank, Andreas Sofocleous, the name partner of Sofocleous & Co., is a stockholder of AS PrivatBank along with the UBOs. And the Marangos firm was located in the same building as PrivatBank Cyprus in Limassol, Cyprus.

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69. Likewise, according to account documentation at PrivatBank Cyprus, Defendant Bogolyubov beneficially owns, owned, or held a stake in the following Laundering Entities: Bonique Ltd. ("Bonique"), Chemstar Products LLC;[14] and Palmary Enterprises Ltd. ("Palmary Enterprises;" formerly Consolidated Minerals Ltd.).

70. Per account documentation at PrivatBank Cyprus, the UBOs together beneficially own, owned, or held stakes in the following Laundering Entities: Adelain Ltd. ("Adelain"), Alexton Holdings Ltd. ("Alexton Holdings"), Arran Continental S.A. ("Arran Continental"), Barat Enterprises S.A. ("Barat Enterprises"), Blisont Capital Corp. ("Blisont Capital"), Brotstone Ltd ("Brotstone"), Cameas Development Ltd. ("Cameas Development"), Couttenmax Holdings Ltd. ("Couttenmax Holdings"), Dalcom Consulting Ltd. ("Dalcom Consulting"), Demelza Holdings Ltd. ("Demelza Holdings"), Dolemia Consulting Ltd. ("Dolemia Consulting"), Eurotyre S.A. ("Eurotyre"), Ferrost LLC ("Ferrost"), Haftseek Investments Ltd. ("Haftseek Investments"), Geveld Holdings Inc. ("Geveld Holdings"), International Port Services Group ("International Port"), Kadis Holding Ltd. ("Kadis Holding"), Larabay Ltd. ("Larabay"), Locken Corp. ("Locken"), Nuwell Commercial Ltd. ("Nuwell Commercial"), Polistex Enterprises

[14] Chemstar Products is a Delaware limited liability company and one of the Defendant Delaware Entities.

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Ltd. ("Polistex Enterprises"), Pricehill Overseas S.A. ("Pricehill Overseas"), Privateast8 Ltd. ("Privateast8"), Profetis Enterprises Ltd. ("Profetis Enterprises"), Quadco Investments Ltd. ("Quadco Investments"), Revelio Holdings Ltd. ("Revelio Holdings"), Rexand Ventures Ltd. ("Rexand Ventures"), Romastar Holding Ltd. ("Romastar Holding"), Rosmore Consulting Ltd. ("Rosmore Consulting"), Rotex Holdings Ltd. ("Rotex Holdings"), Rougella Properties Ltd. ("Rougella Properties"), Solmex LLC ("Solmex"), Sonerio Holdings Ltd. ("Sonerio Holdings"), Stretting Investments Ltd. ("Stretting Investments"), Sunbass Holdings Ltd. ("Sunbass Holdings"), Tamora Trading Ltd. ("Tamora Trading"), Terminal Logistics Alliance Corp. ("Terminal Logistics"), Tinola Commercial Ltd. ("Tinola Commercial"), Unimain Holdings Ltd. ("Unimain Holdings"), Visic Investments Ltd. ("Visic Investments"), and ZAO Ukrtransitservice Ltd. (Nevis) ("ZAO Ukrtransitservice").

71. Even though the Laundering Entities had billions of dollars moving in and out of their accounts, in reality, the entities had no business, assets, operations, or employees and were shell entities deployed for money laundering purposes.

72. A rotating group of repeat players, operating under the direction of the UBOs, constantly appeared as the authorized persons, founders, managers, directors, nominees, and beneficial owners of dozens of Laundering Entities and Laundering Accounts.

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ii. *The Laundering of Funds*

73. Once the illegitimate Optima Scheme Loan was approved, the loan recipient would draw down on the loan proceeds. The loan proceeds would then be immediately split among several Laundering Accounts, and then funneled through a dozen or more other Laundering Accounts, only to be routed back together and ultimately disbursed to an Optima Conspirator. This entire process would sometimes occur within a very short period of time (*i.e.*, at times within minutes), and was intended to disguise the origin, nature, ownership, control, and destination of the loan proceeds so that the UBOs could ultimately acquire assets in the United States for their own and their co-conspirators' benefit.

74. The movement of funds was highly complex and highly coordinated. Given the size, scope, and nature of the scheme, which on any given day involved hundreds of transfers of funds to hundreds of Laundering Accounts within minutes, the money laundering transactions relied on a highly sophisticated process.

C. Step 3: Misappropriation and Use of the Loan Proceeds

75. After the Optima Scheme Loan proceeds had been laundered through the maze of Laundering Accounts, the proceeds would be recombined or otherwise funneled into one last Laundering Account, also beneficially owned and/or controlled by, or affiliated with, one or both of the UBOs.

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76. The Optima Scheme Loan proceeds were then transferred to a person or entity situated in the United States but acting under the direction, control, and for the benefit of the UBOs ("U.S. Conspirator"). Of course, the loan documentation did not authorize the funds to be laundered to a U.S. Conspirator; the loan proceeds were supposed to be used by the borrower for general corporate financing or other ostensibly proper purposes. The U.S. Conspirator would in turn, under the direction, control, and for the benefit of the UBOs, then invest the misappropriated loan proceeds in commercial real estate and metallurgical assets located throughout the United States.

D. Step 4: Fraudulent Concealment/Loan Recycling

77. Eventually, the initial loan taken out by the UBOs' controlled and/or owned entity would become due. To give the false appearance that the loan was paid off, the UBOs would cause PrivatBank Ukraine to issue new loans to other entities controlled and/or owned by the UBOs, the proceeds of which would be used to pay down the original loans plus accrued interest. To disguise the origin of the funds, the UBOs and their conspirators again used Laundering Accounts—funneling the newly issued loan proceeds through dozens of such accounts before ultimately depositing funds in the initial borrower's account to purport to satisfy the pre-existing loan obligation.

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78. In effect, the UBOs utilized a Ponzi-type scheme: old loans issued by PrivatBank would be "repaid" (along with the accrued interest) with new loans issued by PrivatBank, and those new loans issued by PrivatBank would then be repaid with a new round of loans. The UBOs and their co-conspirators continuously carried out this process to conceal their frauds. Thus, proceeds from new PrivatBank loans were used to give the appearance that the initial PrivatBank loans (along with the accrued interest) were repaid by the borrower when in fact there was no actual repayment.

79. Meanwhile, as detailed below, over a roughly ten-year period, the UBOs were able to launder hundreds of millions of dollars of misappropriated PrivatBank loan proceeds to the Optima Conspirators—each transfer of which constituted at least wire fraud, unjust enrichment, and fraudulent transfers.

IV. THE UBOS EXERCISED COMPLETE CONTROL OVER OPTIMA CONSPIRATORS

80. The UBOs are no strangers to U.S. litigation, having been involved in several § 1782 proceedings and in commercial disputes involving their United States assets. In connection with these litigations, the UBOs have gone through great lengths to conceal their ownership and control over U.S. assets.

81. For example, the UBOs and Korf were involved in litigation in West Virginia concerning Felman Production, LLC ("Felman Production")—a Delaware limited liability company wholly owned by Georgian American Alloys and

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indirectly owned by the UBOs and Korf. Korf also serves as the President and Chief Executive Officer of Felman Production. Felman Production produces ferrosilicomanganese at a plant in New Haven, West Virginia, and is a sister company to Felman Trading.

82. In April 2011, the U.S. District Court for the Southern District of West Virginia found that Felman Production was under the direct control of the UBOs, Mr. Martynov, and Mr. Korf, among others at PrivatGroup.[15] The West Virginia Federal Court also found that the UBOs and their agents had demonstrated "an extreme lack of candor" with the court, had misled the court, had filed frivolous motions, and had "permanently destroyed evidence material to this case."

83. Much of this misconduct occurred in response to the opposing party's efforts to discover documents relevant to Felman Production's ownership structure. Despite the fact that Felman Production had "actively concealed its relationship with Privat[Group]," the Court determined that the UBOs and their agents at PrivatGroup were "the controlling entity with respect to all decisions relating to Felman."

84. The Court's conclusions with regard to the UBOs' control of Felman Production is bolstered by a series of emails in 2008 between the Felman Production plant manager, Steven Pragnel, and a PrivatGroup manager, Katiana Vatutina. Ms.

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[15] *Felman Product, Inc. v. Industrial Risk Insurers*, 2011 WL 4547012 (S.D.W.Va. Sept. 29, 2011).

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Vatutina informed Mr. Pragnel that he was to report to Defendant Bogolyubov, and Mr. Pragnel replied, "I work for [Defendant] Bogolyubov and as such I will of course commit myself to any path that he or the Company sees fit."

85. Due to the pervasive and egregious nature of the discovery misconduct, the Court entered the ultimate sanction against Felman Production – dismissal of its cause of action with prejudice.[16]

86. The level of control exercised by the UBOs over Felman Production is consistent with the UBOs' control and oversight over the other Optima Conspirators. Indeed, on information and belief, every strategic undertaking by the Optima Conspirators (including real estate acquisitions, investment decisions, budget planning, major capital improvements, etc.) required the approval of either or both of the UBOs or of the "Kolomoisky Treasurer", Mr. Novikov, on their behalf.

87. In 2011, one of the UBOs' most-trusted conspirators and agents within the Shadow Bank, Timur Novikov, prepared a "know your customer" email detailing the UBOs' various U.S. holdings at the time. Novikov explained that the UBOs "***controlled*** real estate investment company Optima Ventures LLC," a Delaware limited liability company, which "owns mainly office buildings in Ohio, Kentucky,

[16] In August 2013, Felman Production laid off 100 workers and then, on December 21, 2015, it laid off an additional 115 workers.

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Texas." According to the email, through Defendant Optima Ventures, the UBOs "c***ontrolled***" the following properties:

- One Cleveland Center, a 31-story office building in Cleveland, Ohio, which is the fifth tallest skyscraper in Cleveland;
- 55 Public Square, a 22-story skyscraper in Cleveland, Ohio;
- The Huntington Bank Building, a high-rise office building with more than 30 acres of floor space in Cleveland, Ohio;
- The former CompuCom Systems world headquarters and an adjacent vacant lot in Dallas, Texas;
- Penton Media Building, now known as the AECOM Building, a 21-story commercial high-rise building in Cleveland, Ohio;
- The former Motorola Campus, a sprawling corporate campus originally built by Motorola in 1997 for $100 million in Harvard, Illinois; and
- Stemmons Tower, an approximately 100,000 square foot commercial office building in Dallas, Texas.

88. According to the same email, as of 2011, the UBOs "***controlled*** metallurgical assets," as follows:

- Felman Production Inc., a Delaware entity that operates a ferroalloys plant located at 4442 Graham Station Road, Letart, WV 25253;

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- Felman Trading Inc., a New Jersey entity that is the sole trader and distributer of the ferroalloys produced by Felman Productions, CC Metals and Alloys, and a Georgian entity called Georgian Manganese, LLC;
- Warren Steel Holdings LLC, a Delaware entity that owned and operated a steelmaking facility located at 4000 Mahoning Avenue, Warren, OH 44483;
- Steel Rolling Holdings Inc., a Delaware entity that owned and operated the Detroit Cold Rolling Facility located at 28000 W. Jefferson Street, Gibraltar, MI 48173;
- CC Metals and Alloys, LLC, a Delaware entity that owns and operates a ferrosilicon production plant located at 1542 North Main Street, Calvert City, KY 42038; and
- Michigan Seamless Tube, LLC, a Delaware entity that owns and operates a seamless cold-drawn pipe and tube production facility located at 400 McMunn Street, South Lyon, MI 48178.

V. EXAMPLES OF THE OPTIMA SCHEMES

89. What follows are examples of the fraudulent schemes devised and utilized to facilitate the Optima Schemes. These transactions have been identified through a multi-year examination of account statements and other banking records and supporting documents (such as credit files and "know your client" files) at

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PrivatBank Ukraine and PrivatBank Cyprus.[17] Additional discovery, including from the Optima Conspirators, is likely to produce, among other things, additional examples of misappropriated proceeds. For ease of reference, the transfers are organized by U.S. Conspirator (*i.e.*, the recipient of the proceeds) and chronologically.

90. On information and belief, none of the loans associated with these transactions were ultimately repaid by any sources other than recycled PrivatBank loans (*i.e.*, by new loans issued by the bank, to repay the existing loans). In addition, with respect to each transfer, the Optima Conspirator provided no consideration (let alone reasonably equivalent consideration) to PrivatBank in exchange for the misappropriated loan proceeds.

A. Optima Ventures LLC

91. Defendant Optima Ventures is two-thirds owned by the UBOs, one-third owned by Mr. Korf, and managed on a day-to-day basis by Korf's brother-in-law, Chaim Schochet.

92. Through Optima Ventures, the UBOs, Korf, and Schochet, and their related property management company, Optima Management Group, established

[17] The approach of identifying the origin of funds and following value through the myriad transactions involved in the Optima Schemes is applied herein to support PrivatBank's claims for equitable relief, among other things, including its requests for constructive trust.

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Delaware limited liability companies as special purpose vehicles to acquire commercial real estate in Ohio, Illinois, and Texas through the use of the loan proceeds misappropriated from PrivatBank.

93. Through this fraudulent scheme, the UBOs acquired the following properties in Cleveland, Ohio:

- One Cleveland Center: This property is located at 1375 East 9th Street, Cleveland, Ohio 44114. It was purchased for $86.3 million on May 15, 2008 through Optima One Cleveland Center, LLC, and later transferred to Optima 1375 LLC and then Optima 1375 II, LLC.
- 55 Public Square, Cleveland, Ohio 44113: This property was purchased on July 29, 2008 for $34 million through Optima 55 Public Square, LLC.
- Huntington Building: This property is located at 925 Euclid Avenue, Cleveland, Ohio 44115. It was purchased in June 14, 2010 for $18.5 million through Optima 925, LLC.
- AECOM/Penton Media Building: This property is located at 1300 East 9th Street, Cleveland, Ohio 44114. It was purchased in August 16, 2010 for $46.5 million through Optima 1300, LLC.
- Crowne Plaza Building: This property is located at 777 St. Clair Avenue, Cleveland, Ohio 44114. It was purchased in October 7, 2011 through Optima 777, LLC. The deal was done through a joint venture with Denver-based Sage

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Hospitality Group, and the two invested $9 million in the acquisition. In 2014, the Crowne Plaza Building was substantially remodeled and rechristened as the Westin Hotel.

94. Through these acquisitions, Optima Ventures became the largest holder of commercial real estate in Cleveland.

95. During the same time period, Optima Ventures—and its affiliate Optima International—acquired large commercial real estate assets outside of Ohio, including the 2008 purchase of the 1.5 million square foot former Motorola manufacturing facility in Harvard, Illinois; the 2008 purchase of the 100,000 square foot Stemmons Tower in Dallas, Texas; the 2010 purchase of the former CompuCom headquarters in Dallas Texas; and the 2011 purchase of PNC Plaza for $77 million in Louisville, Kentucky.

96. As indicated in a 2011 email from the UBOs' agent to UBS Bank—which was prepared under the direction of the UBOs' trusted lieutenant and the head of the Shadow Bank, Timur Novikov—the UBOs "controlled" Optima Ventures and "controlled … One Cleveland Center, 55 Public Square, The Huntington Bank Building, [the former] CompuCom World Headquarters Campus, Penton Media Building, the [former] Motorola Campus in Harvard[, Illinois], [and the] Stemmons Tower, etc."

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97. The Optima Schemes included at least the following fraudulent misappropriation schemes. Unless otherwise indicated, each of the identified entities was owned and/or controlled by, or affiliated with, the UBOs, and PrivatBank received no consideration or collateral in exchange for the transfers.

i. *March 2008: $7.6 Million Misappropriated For Stemmons Tower*

98. On March 12, 2008, Demeter Diversified LLC ("Demeter Diversified"), a Delaware limited liability entity formed by Cypriot Law firm Sofocleous & Co. and ultimately owned or controlled by the UBOs,[18] drew down $200,000 from PrivatBank Ukraine under a letter of credit. The funds were then comingled with $7.4 million in funds from other sources that, upon information and belief, also were associated with PrivatBank loan proceeds, and were laundered in eighteen transactions involving six Laundering Accounts, including Defendant Kolomoisky's Divot Enterprises, Logarinvest, Ralkon Commercial, and Pavanti Enterprises.

[18] Demeter Diversified LLC ("Demeter") is a shipping company that ships ferromanganese for Felman Trading. Demeter's sole initial member, Menelaos Sazos, is a known business associate of the UBOs and was the registered owner of 100% of the statutory capital of Fransiano Investments Limited—an entity through which the UBOs indirectly owned interests in PrivatBank. The nominal subsequent owner of Demeter Diversified—Olena Kravchenko—has served as a member of the supervisory board or audit committee of multiple entities owned and controlled by the UBOs and has acted as the UBOs' nominee beneficial stockholder.

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99. On May 23, 2008, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate the combined $7.6 million of loan proceeds by transferring that amount into the U.S. to Benchmark Title Services for the purchase of the Stemmons Tower building at 8777 North Stemmons Freeway in Dallas, Texas on behalf of Optima Stemmons. Optima Ventures is identified as Optima Stemmons' governing organization, and Mr. Korf serves as Optima Ventures' President.

ii. *April 2008: $36.1 Million Misappropriated For One Cleveland Center*

100. On April 29 and 30, 2008, ZFZ VAT and NZF VAT,[19] two Ukrainian entities owned or controlled by, and/or affiliated with, the UBOs, drew down $2.7 million and $4.3 million in loan proceeds from PrivatBank Ukraine. The purpose of the loans was "financing of current business activities of the entity." On April 30, 2008, Bocatoro Enterprises Ltd. ("Bocatoro Enterprises"), a Cypriot entity owned or controlled by, and/or affiliated with, the UBOs, drew down $40 million in loan proceeds from PrivatBank Cyprus for "replenishment of floating assets for payments according to contracts, including purchase of shares."

101. However, the loan proceeds were not used for their stated purposes. Instead, the loan proceeds were combined with funds from other sources linked to

[19] ZFZ VAT stands for Joint Stock Company Zaporizhzhia Ferroalloy Plant and NFZ VAT stands for Joint Stock Company Nikopol Ferroalloy Plant.

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the UBOs (which upon information and belief originated from other PrivatBank loans) and laundered in forty-two transactions through fifteen Laundering Accounts, including the accounts of Defendant Kolomoisky's Divot Enterprises, Ralkon Commercial, and Pavanti Enterpirses, as well as Defendant Bogolyubov's Bonique, and UBOs' Blisont Capital and Brotstone accounts. On information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer a combined $36.1 million (at least $9 million of which came from the April 29 and 30 loans) into the U.S. to the Multi-State Title Agency Ltd. to fund the acquisition of One Cleveland Place through Optima One Cleveland Center for Optima Ventures.

iii. *June 2008: $12.9 Million Misappropriated For 55 Public Square*

102. On June 27, 2008, Pivd GZK VAT,[20] a Ukrainian entity owned or controlled by, and/or affiliated with the UBOs, drew down UAH 136.1 million from PrivatBank Ukraine for "[f]inancing of current business activities of the entity." However, these loan proceeds were not used for that purpose.

103. Instead, the loan proceeds were comingled with funds from other sources and laundered in thirty-one transactions through ten Laundering Accounts at PrivatBank Cyprus, including Defendant Kolomoisky's Pavanti Enterprises.

[20] Pivd GZK VAT stands for Joint Stock Company Southern Mining Factory.

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Thirty-six minutes after Pavanti Enterprises received 12.9 million in laundered loan proceeds, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer the $12.9 million into the U.S. to Fidelity National Title Insurance to purchase 55 Public Square in Cleveland for Optima 55 Public Square.

iv. *December 2010: $15.2 Million Misappropriated For Property In Dallas, Texas*

104. Between December 8 and December 22, 2010, OGZK VAT, SZF VAT,[21] and ZFZ VAT, three Ukrainian entities owned or controlled by, and/or affiliated with, the UBOs, drew down $25 million, $58 million, and $10 million from PrivatBank Ukraine, respectively. The loan agreements provided that the proceeds were for "financing of current business activities of the entity," but the proceeds did not go to that use.

105. Instead, the proceeds were laundered in thirty-two transactions involving eleven Laundering Accounts, including Defendant Kolomoisky's Logarinvest and Pavanti Enterprises and Defendant Bogolyubov's Chemstar Products (a Delaware LLC).

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[21] OGZK VAT refers to Open Joint Stock Company Ordzhonikidze Mining Factory, currently known as Public Joint Stock Company Pokrovsky Mining Factory. SZF VAT refers to Open Joint Stock Company Stakhanov Ferroalloy Plant, currently known as Public Joint Stock Company Stakhanov Ferroalloy Plant.

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106. On December 22, 2010, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer $15.2 million of the loan proceeds to Optima Ventures' U.S. bank account to acquire the former CompuCom Systems Headquarters property and an adjoining vacant lot located at 7505 Forest Lane in Dallas, Texas through Optima 7171, a Delaware subsidiary of Optima Management Group.

v. *February 2011: $25 Million Misappropriated For "Optima E-Commerce and Financing"*

107. On February 24, 2011, OGZK VAT and NZF VAT, two Ukrainian companies owned or controlled by, and/or affiliated with, the UBOs, drew down $40 million and $11.7 million, respectively, from PrivatBank Ukraine. According to the documentation for each loan, the proceeds were to be used for the "financing of current activities." However, the loan proceeds were not used for that purpose.

108. Instead, within just over an hour, the misappropriated proceeds were laundered in six transactions through four Laundering Accounts, including Defendant Bogolyubov's Chemstar Products (a Delaware LLC) and Defendant Kolomoisky's Divot Enterprises, Kadis Holding, and Pavanti Enterprises. Fourteen minutes later, upon information and belief and to be confirmed through discovery, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and launder $25 million worth of those loan proceeds into the U.S. by transferring those

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proceeds to Optima Ventures under the guise of an investment into "Optima E-Commerce and financing."

109. Optima E-Commerce LLC ("Optima E-Commerce") is a Delaware limited liability company established on December 10, 2010. It has no online profile.

vi. *September 2011: $15.6 Million Misappropriated For Purchase of PNC Plaza & Crowne Plaza Hotel*

110. On September 19, 2011, three Ukrainian entities owned or controlled by, and/or affiliated with, the UBOs, drew down $11.1 million, $3.7 million, and $12.8 million, respectively. Each loan agreement provided that the proceeds were for "financing of current business activities." However, the proceeds were not used for the stated purpose.

111. Instead, the proceeds were laundered in twenty-five transactions involving eight Laundering Accounts, including Defendant Bogolyubov's Chemstar Products, Defendant Kolomoisky's Divot Enterprises, Kadis Holding, Pavanti Enterprises, and Logarinvest, as well as the UBOs' Arran Continental and Locken.

112. Upon information and belief, the UBOs and their co-conspirators used Defendant Kolomoisky's Pavanti Enterprises to misappropriate and transfer $15.6 million of those loan proceeds into the U.S. to the bank account of Optima Ventures for the October 2011 acquisition of the 472-room Crowne Plaza hotel (subsequently renamed the Westin Cleveland Hotel) and parking garage at 777 St. Clair Avenue in

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Cleveland, Ohio. Likewise, upon information and belief, on September 21, 2011, the UBOs and their co-conspirators used misappropriated loan proceeds from PrivatBank to acquire the PNC Plaza building at 500 West Jefferson Street in Louisville, Kentucky though Optima 500.

vii. *August/September 2013: $2.4 Million Misappropriated For Investment At Westin Cleveland Hotel*

113. On August 28, 2013, Ukrainian entity NZF VAT drew down a combined $15 million in proceeds from two PrivatBank Ukraine loans. NZF VAT was to use the loan proceeds for "[f]inancing of current business activities of the entity." However, the loan proceeds were not used for this purpose.

114. Rather, the proceeds were laundered in three transactions involving the Laundering Accounts of Defendant Bogolyubov's Chemstar Products and Defendant Kolomoisky's Divot Enterprises, Kadis Holding, and Pavanti Enterprises. Upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer at least $2.4 million of those loan proceeds to Optima Ventures' U.S. bank account to refurbish the Westin Cleveland Hotel.

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viii. *Additional Acquisitions By Optima Ventures During This Time Period*

115. In addition, on June 14, 2010, Optima 925, LLC ("Optima 925"), a Delaware subsidiary of Optima Management Group, acquired the Huntington Building at 924 Euclid Avenue in Cleveland, Ohio for $18.5 million.

116. At this stage, PrivatBank has not directly reconciled misappropriated loan proceeds with this additional acquisition. Formal discovery, however, is reasonably likely to reveal evidence to show that these additional acquisitions were financed through funds misappropriated from PrivatBank.

B. Optima Acquisitions, LLC

117. Optima Acquisitions is a Delaware limited liability company owned in thirds by Defendant Bogolyubov, Defendant Kolomoisky, and Defendant Korf.[22] The UBOs used Optima Acquisitions as the primary vehicle to invest misappropriated loan proceeds into U.S. metallurgical assets. At times, Optima Acquisitions made these investments through its wholly-owned subsidiaries, Optima Specialty and Steel Rolling.

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[22] As stated in Mr. Korf's 2016 sworn declaration submitted in a bankruptcy proceeding, Optima Specialty "is wholly-owned by Optima Acquisitions, LLC, a privately-owned U.S.-based investment firm. The equity of Optima Acquisitions, LLC, is owned directly or indirectly by three individuals: Mordechai Korf (33%), Gennadiy Bogolyubov (33%) and Igor Kolomoisky (33%)."

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118. Optima Specialty was formed in Delaware on June 25, 2008 to invest misappropriated loan proceeds in the U.S. steel industry under the day-to-day management of Mr. Korf, who served as the Chairman of its Board. It acquired multiple steel production facilities on behalf of Defendant Bogolyubov, Defendant Kolomoisky, and Defendant Korf.[23]

119. Steel Rolling was incorporated in Delaware on May 22, 2006. On May 25, 2006, Steel Rolling acquired the 600,000-square-foot Detroit Cold Rolling Facility, in Gibraltar, Michigan, for $20 million and operated the plant from 2009 until March 2015, when it sold the plant to Ferragon Steel Rolling for an undisclosed sum.

120. The Optima Schemes included at least the following fraudulent misappropriation schemes. Unless otherwise indicated, each of the identified entities were owned and/or controlled by, or affiliated with, the UBOs and PrivatBank received no consideration in exchange for the transfers:

[23] Optima Specialty and its subsidiaries, Michigan Seamless Tube and Pipe ("Michigan Seamless"), Niagara LaSalle Corporation ("Niagara LaSalle"), Corey Steel Company ("Corey Steel"), Kentucky Electric Steel ("Kentucky Electric"), filed for bankruptcy in 2016. On November 16, 2017, these entities emerged from bankruptcy, under new ownership, as Specialty Steel Works Inc.

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i. *June 2008: $74.5 Million Misappropriated For Acquisition Of Michigan Seamless*

121. On June 26, 2008, Centaura Trading, a Cypriot entity owned or controlled by, and/or associated with, the UBOs and formed by Sofocleous & Co., drew down $28 million from PrivatBank Cyprus for "replenishment of floating assets for payment for shares according to contracts including # CB-23/07 dd 24/06/2008 with company Brimmilton." On the same day and the following day, Apriori TOV and LVIV Chemical Plant, two Ukrainian entities owned or controlled by, or affiliated with, the UBOs, drew down a total of UAH 230 million and $1.5 million in loan proceeds from PrivatBank. The proceeds were intended to be used for "financing current activities." However, none of the entities used the proceeds for the stated purposes.

122. Instead, between June 26 and 27, 2008, the misappropriated proceeds were laundered in twenty-eight transactions involving the PrivatBank Ukraine and PrivatBank Cyprus accounts of sixteen Laundering Entities, including Defendant Kolomoisky's Divot Enterprises, the UBOs' Barat Enterprises, Blisont Capital, and Brotstone, and Halliwel Assets (another entity beneficially owned by the UBOs).

123. On June 27, 2008, on information and belief, the UBOs and their co-conspirators used Halliwel Assets to misappropriate and transfer $29.5 million of those loan proceeds along with an additional $45 million of further misappropriated loan proceeds (at least $74.5 million in total) into the U.S. to Metal Resources LLC

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for the July 2008 acquisition of Michigan Seamless and its 320,000 square foot facility in South Lyon, Michigan, from Atlas Holdings LLC for Optima Specialty.[24]

ii. *March 2011: $188.1 Million Misappropriated To Acquire Steel Assets*

124. On March 14, 2011, Marganetsky GZK VAT,[25] NZF VAT, SZF VAT, and ZFZ VAT, four Ukrainian companies owned or controlled by, and/or affiliated with, the UBOs, drew down a combined $187 million from PrivatBank Ukraine. According to the documentation for each loan, the proceeds were to be used by the borrowers for "financing current activities." However, the loan proceeds were not used to finance any of the four entities' current activities.

125. Rather, within approximately five hours, the misappropriated proceeds were laundered in twenty-four transactions involving seven Laundering Accounts, including Defendant Bogolyubov's Chemstar Products (a Delaware LLC) and Defendant Kolomoisky's Divot Enterprises and Pavanti Enterprises. Next, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises

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[24] Michigan Seamless is a manufacturer of high-quality carbon and alloy seamless cold-drawn tube and pipe for a variety of different key industries including aerospace, mining, construction, automotive and agriculture. It is capable of producing 40,000 tons of pipe and tube, annually. In October 2014, Michigan Seamless acquired the rights to the Blue Diamond brand of A106 seamless pressure pipes and became the sole domestic producer of this specialty pipe to the North American Steel Market.

[25] This refers to Open Joint Stock Company Marganets Ore Enrichment Plant, currently known as Public Joint Stock Company Marganets Ore Enrichment Plant."

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to misappropriate and transfer to the U.S. the $187 million of loan proceeds along with an additional $1.1 million of further misappropriated loan proceeds (at least $188.1 million in total) to Optima Group LLC, an affiliate of Optima Acquisitions. The proceeds were used to acquire CC Metals and Alloys LLC (CC Metals) and its facility in Calvert City, Kentucky on behalf of Optima Acquisitions, and Defendant Korf was appointed President and Chief Executive Officer of CC Metals. CC Metals was the largest producer and supplier of high-grade ferrosilicon to the North American Steel Industry.[26]

iii. *February 2013: $20 Million Misappropriated To Support Acquisition Of Kentucky Electric*

126. On February 4, 2013, Defendant Veroni Alloys (an Oregon entity) drew down $20 million in loan proceeds from PrivatBank Cyprus, ostensibly for the replenishment of floating assets and for payments under contracts. However, the proceeds were not used for that purpose.

127. Instead, the funds were laundered in seventeen transactions through 12 Laundering Accounts, including Defendant Kolomoisky's Logarinvest, Divot Enterprises, Telford Investments, and Pavanti Enterprises. On information and

[26] In April 2011, the Optima group of companies commenced a corporate restructuring, pursuant to which a 100% interest in CC Metals, among other ferroalloys assets, was transferred to Georgian American Alloys (a Delaware Corporation). The UBOs are the ultimate beneficial owners of Georgian American Alloys, and Defendant Korf serves as a Director.

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belief, the UBOs and their co-conspirators then used Pavanti Enterprises to misappropriate and transfer the $20 million in loan proceeds to the U.S. bank account of Optima Acquisitions for the acquisition of KES Acquisition Company d/b/a Kentucky Electric—a 450,000 square foot steel mill located in Ashland, Kentucky—for Optima Specialty (a wholly owned subsidiary of Optima Acquisitions).[27]

iv. *Additional Acquisitions by Optima Acquisitions*

128. On December 6, 2011, Optima Specialty acquired the Niagara LaSalle—including its five specialty steel production facilities in Buffalo, New York; Hammond, Indiana; Midlothian, Texas; South Holland, Illinois; Griffith, Illinois; and Warren, Michigan—from New York private equity firm Kohlberg & Co. LLC for $236.1 million.[28] Mr. Korf was the Chief Executive Officer of each facility. According to Korf's sworn declaration submitted in connection with a bankruptcy proceeding, the Niagara acquisition was funded by debt and "an

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[27] Mr. Korf was the Chief Executive Officer, Director, and Chairman of the Board of Optima Specialty. According to Korf's 2016 sworn declaration he submitted in connection with a bankruptcy proceeding, Optima Specialty acquired KES Acquisition Company through debt and "an ***additional contribution of capital from its corporate parent and indirect shareholders for $20 million***" and other sources of funds. Additionally, as noted above, Kentucky Electric emerged from bankruptcy in 2017 under new ownership.

[28] In July 2014, Niagara LaSalle sold the operating and commercial assets of its Griffith facility to PTC Alliance and ceased its operations in Griffith. In August 2015, Niagara LaSalle closed its Buffalo facility and terminated 49 employees due to "persistent challenging market conditions."

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additional contribution to capital from its corporate parent and indirect shareholders of $85,000,000." The "corporate parent" is a reference to Optima Acquisitions.

129. In early 2015, Optima Acquisitions' subsidiary, Optima Specialty, acquired Corey Steel, a 380,000 square foot steel plan in Cicero, Illinois, for $43.5 million.[29]

130. At this stage, PrivatBank has not yet directly reconciled misappropriated loan proceeds to these additional acquisitions. Formal discovery, however, is reasonably likely to reveal evidence to show that these additional acquisitions were financed through funds misappropriated from PrivatBank.

C. Warren Steel Holdings—June 2013: $4.5 Million Misappropriated For Use By Warren Steel Holdings

131. Warren Steel Holdings ("Warren Steel") was incorporated in Delaware on November 19, 2001 and equally owned by Defendant Bogolyubov, Defendant Kolomoisky, and a third individual, through their joint ownership of Halliwel Assets.

132. Warren Steel ran a steel plant in Warren, Ohio. It shut down temporarily on November 30, 2015, but then made the shutdown permanent and terminated 162 workers on January 9, 2016 due to "business circumstances."

133. The Optima Schemes included at least the following fraudulent misappropriation. Unless otherwise indicated, each of the identified entities were

[29] As noted above, Corey Steel emerged from bankruptcy under new ownership in 2017.

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owned and/or controlled by the UBOs, and PrivatBank received no consideration in exchange for the misappropriated loan proceeds.

134. On June 25, 2013, Bolroot Commercial Ltd. ("Bolroot Commercial"), another Cypriot entity formed by Cypriot Law Firm Sofocleous & Co. and owned or controlled by, and/or associated with, the UBOs, drew down $66.6 million in loan proceeds from PrivatBank Cyprus for "replenishment of floating assets for payments according to contracts, including for purchase of shares." However, the proceeds were not used for this purpose.

135. Instead, $500,000 of the proceeds were comingled with other funds, derived upon information and belief from further PrivatBank loans, and laundered in 12 transactions involving seven Laundering Accounts, including those of Defendant Kolomoisky's Divot Enterprises and Logarinvest, before a total of $4.5 million arrived in the account of Defendant Kolomoisky's Querella Holdings. The UBOs and their co-conspirators then used Querella Holdings to misappropriate and transfer the combined $4.5 million in loan proceeds to the U.S. bank account of Warren Steel Holdings.

D. Optima International of Miami, Inc.

136. Optima International of Miami, Inc. is owned equally by Defendant Korf and the UBOs, and is a parent company of Optima Ventures. From 2008

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through 2012, Optima International received approximately $50 million in misappropriated loan proceeds.

137. The Optima Schemes included at least the following fraudulent misappropriation schemes. Unless otherwise indicated, each of the identified entities were owned and/or controlled by, or affiliated with, the UBOs and PrivatBank received no consideration in exchange for the misappropriated loan proceeds:

i. *August 2008: $16.5 Million in Misappropriated Proceeds Used To Acquire Motorola Campus in Harvard, Illinois*

138. On August 1, 2008, Avias VTF TOV and Akvalayf TOV, two Ukrainian entities owned or controlled by, and/or associated with, the UBOs, drew down $60 million and $46.5 million from PrivatBank Ukraine, respectively. Both loan agreements provided that the proceeds were to be used for the borrowers' "financing of current business activities of entity." However, the proceeds were not used for this purpose.

139. Instead the proceeds were laundered in sixty-three transactions through a maze of the PrivatBank Ukraine and PrivatBank Cyprus accounts of thirty-one Laundering Accounts, including the accounts of Defendant Kolomoisky's Ralkon Commercial, and UBOs' Alexton Holdings, Blisont, Brotstone, Cameas Development, Couttenmax Holdings, Demelza Holdings, Dolemia Consulting, Geveld Holdings, Polistex Enterprises, Profetis Enterprises, Quadco Investments,

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Revelio Holdings, Romastar Holding, Rosmore Consulting, Rougella Properties, Sonerio Holdings, Stretting Investments, and Tinola Commercial. Within hours of the loan proceeds being reaggregated into Defendant Kolomoisky's Pavanti Enterprises, upon information and belief, the UBOs and their co-conspirators used Pavanti Enterprises to misappropriate and transfer at least $16.5 million of these proceeds into the U.S. to the First American Title Insurance Company to purchase the 1.5 million square foot former Motorola Campus at 2001 N. Division Street in Harvard, Illinois, on behalf of Optima International.[30]

ii. *September 2009: $12.5 Million in Misappropriated Proceeds Transferred to Optima International*

140. On September 28, 2009, NZF VAT, a Ukrainian company owned or controlled by, and/or associated with, the UBOs, drew down $30 million in loan proceeds from PrivatBank Ukraine. According to the loan documentation, the proceeds were to be used for the borrower's "financing current activities." However, the loan proceeds were not used to finance NZF VAT's current activities.

141. Rather, within just over an hour, the proceeds were laundered through three Laundering Accounts, including Defendant Bogolyubov's Chemstar Products (Delaware LLC) and Defendant Kolomoisky's Divot Enterprises. Six minutes after

[30] The Motorola Campus was sold at online auction in 2016 after Optima allowed the property to fall into disrepair and failed to pay property and utilities bills and a private equity group in Chicago secured a tax lien on the property.

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reaggregating the proceeds into an account in the name of Ravenscroft Holdings Ltd. ("Ravenscroft Holdings"), the UBOs and their co-conspirators misappropriated at least $12.5 million of those loan proceeds by transferring them from Ravenscroft Holdings to the U.S. bank account of Optima International.[31]

iii. *December 2009: $7.1 Million in Misappropriated Proceeds Transferred to Optima International*

142. On December 24 and 25, 2009, Dailing TOV, a Ukrainian entity owned or controlled by, and/or associated with, the UBOs, drew down UAH 155.6 million in loan proceeds from PrivatBank Ukraine for the borrower's "financing of current business activities." However, the proceeds did not go to that purpose.

143. Rather, the proceeds were laundered in six transactions involving four Laundering Accounts and combined with other funds derived, upon information and belief, from additional PrivatBank loans, before $7.1 million of the loan proceeds were aggregated in Ravenscroft Holdings. Less than one minute after Ravenscroft Holdings received the funds, the UBOs and their co-conspirators misappropriated at

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[31] The corporate paperwork of Ravenscroft Holdings contains multiple indications that the UBOs ultimately owned and controlled the entity. Like many of the UBOs' other shell entities involved in the money laundering schemes, Ravenscroft Holdings was incorporated by one of the UBOs' Cypriot law firms of choice—Sofocleous & Co. Additionally, one of the directors of Ravenscroft Holdings—Christina Michaelidou—was also a director or beneficiary of twenty-six other shell entities ultimately beneficially owned by Defendant Kolomoisky. Moreover, the purported owner of Ravenscroft Holdings—Tetyana Akimova—has played an active and longstanding role in business activities carried out for the benefit the UBOs and has served as their nominee beneficial stockholder.

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least $7.1 million of these loan proceeds by transferring them from Ravenscroft Holdings to the U.S. account of Optima International.

iv. *February 2011: $9.1 Million in Misappropriated Proceeds Transferred to Optima International*

144. On February 3, 2011, Dniproazot OJSC, a Ukrainian entity owned or controlled by, and/or associated with, the UBOs, drew down $24.4 million in loan proceeds from PrivatBank Ukraine. The loan proceeds were to be used for "financing of current business activities" of the borrower, but did not go to that purpose.

145. Instead, the proceeds were laundered through two Laundering Accounts to the account of Ravenscroft Holdings. The UBOs and their co-conspirators then misappropriated at least $9.1 million of those loan proceeds by transferring them from Ravenscroft Holdings to the U.S. account of Optima International.

v. *February 2012: $1.1 Million in Misappropriated Proceeds Transferred to Optima International*

146. On February 24, 2012, Densitron Enterprises Ltd. ("Densitron Enterprises")—an entity owned or controlled by, or affiliated with, the UBOs—and the UBOs' Arran Continental drew down $56.4 million and $71 million in loan proceeds from PrivatBank Cyprus. According to the loan documentation, Densitron Enterprises was to use the loan proceeds for "replenishment of floating assets for

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payment according to contracts, including for shares." Arran Continental was to use the loan proceeds for "replenishment of floating assets for payment according to contracts, including for ferro alloys." The proceeds were not used for the stated purposes.

147. Instead, the proceeds were combined and laundered in seven transactions involving five Laundering Accounts, including Defendant Kolomoisky's Divot Enterprises and Pavanti Enterprises. On the same day that Pavanti Enterprises received the funds, the UBOs and their co-conspirators misappropriated at least $1.1 million of the loan proceeds by transferring them from Pavanti Enterprises to the U.S. account of Optima International.

E. Additional Potentially Laundered Funds To Optima Conspirators

148. In addition to the transactions identified above, another $170+ million in proceeds—potentially originating from misappropriated PrivatBank loans—were transferred to the Optima Conspirators. The method by which the funds were transferred into the United States, as well as other suspicious characteristics, share the strong indicia of money laundering exhibited in the transfers described above, including the involvement of many of the same Laundering Accounts. Thus, these transactions appear to be part of the Optima Schemes.

149. In connection with the specific transfer to the Optima Conspirators, the related documentation oftentimes refers to the purchase of stock or fees paid under

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a management services agreement. To the best of Plaintiff's knowledge, the transfer descriptions are fictitious and were intended to conceal the Optima Schemes, among other things, and PrivatBank never received any consideration in respect of these transfers.

i. *September-October 2007: $12 Million Transfer To Optima International*

150. On September 19, 2007, an account at an unknown bank transferred $400 million to the PrivatBank Cyprus account of Defendant Bogolyubov's Palmary Enterprises. On October 19, 2007 an account at the Bank of New York transferred $2.2 million to the PrivatBank Cyprus account of the UBOs' Ferrost. On October 22, 2007, $40 million of the proceeds of the transfer to Palmary Enterprises and $2.1 million of the proceeds of the transfer to Ferrost were combined in the PrivatBank Cyprus account of Defendant Kolomoisky's Divot Enterprises. Of these proceeds, $12 million was transferred on to the PrivatBank Cyprus account of Albroath International Corp. ("Albroath International").

151. Albroath International shared a director/stockholder named Savvidis Neofytos with fourteen other shell entities owned and controlled by one or both of the UBOs. Another purported owner of Albroath International—Iryna Trykulych—holds or has held managerial positions at multiple entities owned and controlled by the UBOs and has acted as a nominee beneficial owner on behalf of the UBOs.

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152. Within just over two hours of having received the $12 million, Albroath International transferred the entire sum to the U.S. account of Optima International. In account documentation held at PrivatBank Cyprus, each of the transfers are described as a series of loan repayments, until Albroath International's transfer to Optima International, ostensibly "for PAYMENT FOR THE INSCRIBED ORDINARY SHARES UNDER CNTR A0-09 DD0.1.10.07."

ii. ***October 2007: $12 Million Transfer To Optima International***

153. Between October 19 and 24, 2007, seventeen outside accounts, including two at AS PrivatBank, transferred a combined $13.2 million to the PrivatBank Cyprus accounts of four shell entities owned and controlled by the UBOs. The proceeds of these transfers were then laundered in fifteen transactions involving the PrivatBank Ukraine and PrivatBank Cyprus accounts of six more shell entities, including Defendant Kolomoisky's Divot Enterprises, Defendant Bogolyubov's Bonique, and the UBOs' Ferrost, Privateast8, Solmex, and Visic Investments. Eventually, $12 million was sent to the account of Albroath International.

154. On October 24, 2007, Albroath transferred the $12 million to the U.S. account of Optima International, again, "for PAYMENT FOR THE INSCRIBED ORDINARYSHARES UNDER CNTR A0-09 DD0.1.10.07."

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155. In multiple instances, transfers were made back and forth between the same entities before being transferred on towards Albroath. Moreover, Mr. Sofocleous, of the Cypriot law firm Sofocleous & Co., and Ms. Hadjipapa and Christofi Charalambdiou, of the Cypriot law firm Marangos & Hadjipapa, appear in the corporate paperwork of Crownshill Trading Ltd., a BVI entity whose account was involved in the laundering process.

iii. *November & December 2007: $10.5 Million Transfer To Optima International*

156. On December 3, 2007, an outside account transferred $17.2 million to the PrivatBank Cyprus account of Milbert Ventures, Inc. ("Milbert Ventures"). Milbert Ventures then transferred $10 million to the PrivatBank Cyprus account of Albroath International, where $500,000 was added from an unidentified source. Just over an hour later, Albroath International transferred $10.5 million to the U.S. account of Optima International, again, "for PAYMENT FOR THE INSCRIBED ORDINARYSHARES UNDER CNTR A0-09 DD0.1.10.07."

iv. *August 2009: $1.2 Million Transfer To Optima International*

157. On August 20, 2009, two outside accounts transferred a combined $1.3 million to the PrivatBank Cyprus accounts of Demeter Diversified and Plasstex Ltd. The $1.3 million was then combined in the PrivatBank Cyprus account of Defendant Kolomoisky's Logarinvest and then transferred onto Defendant Kolomoisky's Divot Enterprises. On August 21, 2009, Divot Enterprises transferred $1.2 million into the

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U.S. to Optima International "for MANAGEMENT AGREEMENT NUMBER MTPQ/01-2009 DD 23 MARCH 2009."

v. *May 2010: $7 Million Transfer To Optima International*

158. Between May 19 and 28, 2010, three outside accounts, one U.S. bank, and PrivatBank Cyprus (pursuant to a deposit agreement), transferred a combined $37.5 million to the PrivatBank Cyprus accounts of four shell entities, including the UBOs' Locken account. The proceeds of these transfers were then laundered in thirteen transactions using seven additional Laundering Accounts, before $7 million arrived in the account of Ravenscroft Holdings. Within four hours of Ravenscroft Holdings having received the $7 million, the UBOs and their co-conspirators transferred the $7 million worth of proceeds from Ravenscroft Holdings to the U.S. account of Optima International ostensibly for "PURCHASE AND SALE OF SECURITIES OR-03/10 DD 01.03.10."

159. In multiple instances, portions of funds in question were transferred in complete circles. For instance, funds transferred from Belbay Properties Inc. ("Belbay Properties") flowed through Hangli International Holdings, Garstang Financial Inc., Albroath International, and back to Belbay Properties. Additionally, Belbay Properties transferred funds to the PrivatBank Cyprus account of its European affiliate bearing the same name, and the European Belbay Properties transferred a portion back on the same day.

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vi. *June 2010: $20 Million Transfer To Optima Ventures*

160. On June 7, 2010, an outside account transferred $22.6 million and $3.9 million to Defendant Kolomoisky's Ralkon Commercial. Ralkon Commercial then transferred $26.5 million through the PrivatBank Cyprus accounts of three shell entities, including Defendant Kolomoisky's Divot Enterprises, Kadis Holdings, and Pavanti Enterprises. Within one hour of the arrival of the funds into Pavanti Enterprises, the UBOs and their co-conspirators used Pavanti Enterprises to transfer $20 million to the U.S. bank account of Optima Ventures ostensibly for "PAYMENT ACC TO LOAN AGR.DD 08.06.2010."

161. One week later, on June 14, 2010, upon information and belief, the UBOs and their co-conspirators used at least $18.5 million of the laundered proceeds related to these transfers to acquire the Huntington Building in Cleveland Ohio through Optima Ventures and Optima 925.[32]

vii. *July - August 2010: $22.5 Million Transfer To Optima Ventures For One Cleveland Center Refinancing & Penton Building Acquisition*

162. Between July 30 and August 12, 2010, two outside accounts, one United States based correspondent bank and a Ukrainian account, transferred a combined $26.8 million to the PrivatBank Cyprus accounts of three shell entities,

[32] After Defendants allowed the Huntington Building to fall into disrepair and it became nearly entirely vacant, Defendants sold the building in June 2015 for $22 million.

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including the UBOs' Locken. The proceeds of these transfers were then laundered in seventeen transactions involving eight additional Laundering Accounts, including the accounts of Defendant Kolomoisky's Divot Enterprises and Pavanti Enterprises, and the UBOs' Larabay, and Pricehill Overseas. Within thirty minutes of reaggregating the funds into Pavanti Enterprises, the UBOs and their co-conspirators used Pavanti Enterprises to transfer $22.5 million of these proceeds to the U.S. account of Optima Ventures, ostensibly "FOR ONE CLEVELAND CENTER REFINANCING AND PENTON BUILDING ACQUISITION."

163. At one point in the laundering process, funds were transferred in a loop from Carnton Commercial Ltd. ("Carnton Commercial"), through four other PrivatBank Cyprus accounts of shell entities, and then back to Carnton Commercial, before heading onwards towards Defendant Kolomoisky's Pavanti Enterprises.

164. On August 16, 2010, and upon information and belief, the UBOs and their co-conspirators used the $22.5 million in proceeds to purchase the AECOM Building, formerly known as the Penton Media Building, located at 1300 East 9th Street in Cleveland, Ohio, through Optima 1300.[33]

[33] The AECOM Building was purchased by the New Jersey-based real estate company Rugby Realty in June 2018 for $38 million—after Defendants' mismanagement resulted in high levels of vacancy.

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viii. ***August 2010: $1.5 Million Transfer To Optima International***

165. On August 6, 2010, outside accounts transferred a combined $89.7 million to the PrivatBank Cyprus accounts of Defendant Kolomoisky's Effentery Holdings and Ralkon Commercial. Then, a portion of the proceeds was laundered through the PrivatBank Cyprus accounts of four shell entities, before $14 million of the proceeds arrived in the account of Defendant Kolomoisky's Divot Enterprises. Within thirty minutes of Divot Enterprises having received the $14 million, the UBOs and their co-conspirators used Divot Enterprises to transfer $1.5 million of the proceeds into the U.S. account of Optima International ostensibly for "MANAGEMENT AGREEMENT NUMBER MTPQ/01-2010."

ix. ***August 2010: $5.4 Million Transfer To Optima International***

166. On August 9, 2010, an outside account transferred $10.1 million to the account of Claresholm Marketing, a BVI entity owned or controlled by, and/or affiliated with, the UBOs. On August 13, 2010, Claresholm Marketing then transferred $5.4 million to Ravenscroft Holdings, which, in turn transferred $5.4 million into the U.S. account of Optima International ostensibly for an "AGREEMENT OF PURCHASE AND SALE OF SECURITIES OR-07/10 DD JULY15, 2010."

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x. *November 2010: $4.5 Million Transfer To Warren Steel*

167. Prior to November 17, 2010, an unverified source transferred funds to a PrivatBank account for Ukrtatnaft TPPK PAT, the UBOs' entity, and the PrivatBank Cyprus account of Brimmilton.[34] The proceeds of these transfers were then laundered in nine transactions involving the PrivatBank Ukraine and PrivatBank Cyprus accounts of six shell entities, including Defendant Kolomoisky's Divot Enterprises, and the UBOs' Halliwel Assets. Halliwel Assets then transferred $4.5 million of these proceeds into the U.S. account of Warren Steel ostensibly for "CONTRIBUTION TO THE SHARE CAPITAL ACC. TO THE RESOLUTION FROM 09/01/08."

xi. *February 2011: $1.2 Million Transfer To Optima Acquisitions*

168. Between January 11 and February 11, 2011, outside accounts transferred a combined $22.8 million to the PrivatBank Cyprus accounts of three shell entities, including the account of the UBOs' Unimain Holdings. The proceeds of these transfers were then laundered in eight transactions involving five Laundering Accounts, including Defendant Kolomoisky's Pavanti Enterprises. On February 17, 2011, Pavanti Enterprises transferred $1.2 million of these proceeds to

[34] The purported owner of Brimmilton—Yulia Likhacheva—has played an active and longstanding role in business activities carried out for the benefit of the UBOs and has served as their nominee beneficial owner.

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the U.S. account of Optima Acquisitions ostensibly "FOR REFINANCING OF OA FEES AS PER LOAN AGREEMENT DD 14.02.2011."

xii. ***May 2011: $1.5 Million Transfer To Optima International***

169. On May 16 and 17, 2011, outside accounts transferred a combined $8.5 million to the PrivatBank Cyprus accounts of the UBOs' Arran Continental and Locken. The proceeds of these transfers were then laundered in four transactions involving the PrivatBank Cyprus accounts of Defendant Kolomoisky's Logarinvest and Divot Enterprises, and the UBOs' Haftseek Investments. Twenty-two minutes after the funds were aggregated into the account of Haftseek Investments, the UBOs used Haftseek Investments to transfer the $1.5 million in proceeds to the U.S. account of Optima International ostensibly for "MANAGEMENT AGREEMENT NUMBER MPTQ/01-2010 DD 14 APRIL 2011."

xiii. ***December 2011: $58 Million Transfer To Optima Acquisitions***

170. On June 2, 2011 and November 29, 2011, two outside accounts transferred EUR 14 million and USD 15.5 million to the PrivatBank Cyprus accounts of two shell entities. Those proceeds of these transfers were then laundered in seventeen transactions involving eleven Laundering Accounts, including Defendant Kolomoisky's personal account and the accounts of Kolomoisky's Divot Enterprises, Kadis Holdings, Remeno, and Pavanti Enterprises. Pavanti Enterprises then transferred those proceeds (after combining with other funds) to the U.S.

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account of Optima Acquisitions ostensibly for "PAYMENT ACCORDING TO LOAN AGREEMENT.W/N DATED 01/12/2011."

171. On information and belief, on December 6, 2011, less than one week after $58 million had been transferred to Optima Acquisitions, the UBOs and their co-conspirators used the proceeds of these transfers to acquire the Niagara LaSalle building though Optima Acquisitions.[35]

xiv. ***July 2012: $5.6 Million Transfer To Optima International***

172. Between July 10 and 23, 2012, ten outside accounts and the PrivatBank Ukraine account of TD DNIPRO PLAST Ltd. transferred a combined $39.5 million to the PrivatBank Cyprus accounts of seven shell entities. The proceeds of these transfers were then laundered in twenty-one transactions involving nine additional Laundering Accounts, including Defendant Kolomoisky's Divot Enterprises, Pavanti Enterprises, and the UBOs' ZAO Ukrtransitservice. On July 24, 2012, Pavanti Enterprises transferred $5.6 million of these funds to the U.S. account of Optima International ostensibly for "PAYMENT ACCORDING TO LOAN AGREEMENT W.N DATED 03/04/2012."

[35] As noted above, Niagara LaSalle emerged from bankruptcy under new ownership in 2017.

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xv. *September 2012: $6.7 Million Transfer To Felman Trading*

173. Between September 14 and 19, 2012, three outside accounts transferred a combined $11.7 million to the PrivatBank Cyprus accounts of the Claresholm Marketing, a BVI entity owned or controlled by the UBOs, and the UBOs' Locken. The proceeds of these transfers were then laundered in six transactions involving four Laundering Accounts, including Defendant Kolomoisky's Divot Enterprises and Defendant Bogolyubov's Chemstar Products (a Delaware LLC).

174. On September 20, the UBOs used Chemstar Products to transfer $6.7 million of the proceeds to the U.S. account of Felman Trading.

xvi. *December 30, 2013: $5 Million Transfer To Optima Ventures*

175. On December 27, 2013, an AS PrivatBank account under the name of Stalmag SP ZOO transferred $5.3 million to the PrivatBank Cyprus account of Mexirom Ventures Ltd. The proceeds of these transfers were laundered through the PrivatBank Cyprus accounts of Birgminton Investing Inc. ("Birgminton Investing")[36] and Defendant Kolomoisky's Divot Enterprises and Pavanti Enterprises. On December 30, 2013, Pavanti Enterprises transferred $5 million of these proceeds to the U.S. account of Optima Ventures ostensibly for "PAYMENT

[36] The purported owner of Birgminton Investing—Pavlo Rzhevskiy—has played a longstanding active role in business activities carried out for the benefit of the UBOs and has served as their nominee beneficial owner.

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ACCORDING TO LOAN AGREEMENT DATED 23/02/2011 AND SUPPLEMENTAL AGREEMENT DD 06/12/13."

* * *

176. As set forth above, based on information analyzed to date, Defendants laundered approximately $622.8 million worth of fraudulently obtained loan proceeds into the Optima Conspirators, including $188.1 million to Optima Group, $162.3 million to Optima Ventures, $153.7 million to Optima Acquisitions, $103 million to Optima International, $9 million to Warren Steel Holdings, and $6.7 million to Felman Trading. PrivatBank received no consideration in exchange for these transfers and the loans associated with the transfers were not repaid in full.

VI. FRAUDULENT CONCEALMENT / THE LOAN RECYCLING SCHEMES

177. As mentioned above, to sustain and conceal the Optima Schemes, the UBOs, the Shadow Bank, and their conspirators devised and deployed loan recycling transactions whereby the UBOs caused PrivatBank to continuously issue new loans to entities owned or controlled by the UBOs, the proceeds of which were then used to purport to pay off the earlier existing loans plus accrued interest. Thus, while it appeared as if PrivatBank's corporate loan book was adequately performing, in reality the loans were not actually being paid off. They were simply recast as new loans to other UBO-controlled entities.

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A. The Recycling Schemes Utilized to Conceal the Optima Schemes

178. The loan recycling schemes utilized to conceal the Optima Schemes involved the issuance of large loans that were systematically provided to the UBOs' Ukrainian (and Cypriot) entities, which oftentimes had limited, if any, prior transaction history and few tangible assets. The funds from these loans were, in part, channeled through shell accounts at PrivatBank Ukraine and the Laundering Accounts at PrivatBank Cyprus and used to "repay" the previously issued illegitimate loans.

179. The loan recycling transactions involved a network of shell entity accounts at both PrivatBank Ukraine and PrivatBank Cyprus. The UBOs and their co-conspirators controlled the shell entity accounts and used them over a long period of time to disguise the ultimate destination of the proceeds and to hide the fact that loan proceeds were used to repay existing loans and to further enrich the UBOs. The UBOs and their co-conspirators also used the shell entities to mask the misappropriation of loan proceeds on a periodic basis. The shell entities used for loan recycling had no immediately identifiable proper business or operations whatsoever and did not appear to transact with any other parties other than other shell entities. The UBOs' shell entities engaged, as explained in more detail below, predominantly in "throughput" transactions. All significant fund receipts were

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moved swiftly on to accounts held by other UBO shell entities, with no apparent economic rationale or consideration.

180. The loan recycling transactions maintained the illusion that the loan portfolio was legitimate and properly-performing, when in reality it was similar to a Ponzi scheme designed to conceal and sustain the ongoing fraud. PrivatBank's ability to continue bringing in new money from external sources was key to the continuation of the recycling schemes.

181. There were numerous instances where the total value of the loans repaid in one particular month was identical to the value of the new loans issued in that month, which suggested that all of the new loan proceeds in those months were in fact used to repay loans previously issued by PrivatBank. Within these months, loans were issued and repaid on specific days and on certain days numerous loans were issued with the apparent sole purpose of repaying other loans.

182. To maintain the recycling scheme, the UBOs and their co-conspirators disguised the origin and destination of loan funds ultimately used to repay outstanding loans. Looking at only one transaction in isolation from the chain of transactions, an independent person could be led to believe that the transaction related to a bona fide transaction. However, when looked at as a whole, it becomes clear that the transactions were simply a part of the recycling schemes.

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B. Shell Entities Involved In The Recycling Schemes

183. From January 2006 through December 2016, the total movement of funds (credits) into the UBOs' Laundering Accounts at PrivatBank Cyprus was $470 billion, which amounts to approximately double the Gross Domestic Product of Cyprus during the same period. Further details on shell entities involved in the recycling scheme are provided below.

Companies With The Largest Value of Transactions With Other Accounts at PrivatBank Cyprus

Shell Entity	Total paid to other PrivatBank Cyprus customers (USD Billion)	Total received from other PrivatBank Cyprus customers (USD Billion)	Payments to other PrivatBank Cyprus accounts as % of total payments	Receipts from other accounts at PrivatBank Cyprus as % of total receipts
Brimmilton Limited	27.61	27.62	96	96
Divot Enterprises Limited	25.23	25.2	98	98
Birgminton Investing Inc.	16.78	16.68	95	95
Albroath International Corp.	16.52	16.54	94	94
Grammel Holdings Inc	15.59	15.23	93	91
Hangli International Holdings Limited	13.71	13.86	96	97
Carnton Commercial Ltd	11.34	11.35	95	95
Halefield Holdings	10.41	10.29	92	91

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Shell Entity	Total paid to other PrivatBank Cyprus customers (USD Billion)	Total received from other PrivatBank Cyprus customers (USD Billion)	Payments to other PrivatBank Cyprus accounts as % of total payments	Receipts from other accounts at PrivatBank Cyprus as % of total receipts
Limited				
Craentex Investments Ltd	9.3	9.23	96	96
Crispex Inc	8.42	8.42	97	98
Ravenscroft Holdings Ltd	5.63	5.66	99	99
Bonham Business Corp	5.57	5.74	85	88
Rossyn Investing Corp.	5.05	7.1	50	67
Logarinvest Limited	4.72	4.77	95	96
Brotstone Ltd	4.42	4.34	93	91
Newell Industries Limited	4.18	4.33	90	93
Ballioti Enterprises Ltd	4.16	4.13	99	98
Hetterington Group Ltd	4.13	3.89	76	74
Kalten Trade S.A.	3.89	5.08	30	38
Bonique Limited	3.59	3.58	98	98
Total 20 Largest	**200.25**	**203.04**		

C. Examples of Loan Recycling Utilized in the Optima Schemes

184. The following are illustrative of the Loan Recycling Schemes related to the Optima Schemes.

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i. *Recycling Example 1: September Through October 2009*

185. Between September 28 and October 19, 2009, multiple PrivatBank Ukraine accounts of NZF VAT drew down a combined UAH 351.2 million in loan proceeds from new PrivatBank Ukraine loans. The proceeds from these new loans were to be used for "general corporate financing" of NZF VAT. However, the proceeds did not go to this purpose.

186. Rather, $10.7 million in proceeds from three loans drawn down by a PrivatBank Ukraine NZF VAT account was combined with: (i) $7.4 million in proceeds from two loans drawn down from a second PrivatBank Ukraine NZF VAT account; (ii) $12.8 million in proceeds from a loan drawn down by a third PrivatBank Ukraine NZF VAT account, and (iii) $4.7 million in funds from outside accounts. The total combined funds from these sources was $35.6 million.

187. Between September 29 and October 27, 2009, $34.7 million from these combined funds was transferred—in fourteen separate transactions—to "repay" three prior PrivatBank Ukraine loans to NZF VAT. The prior loans had been drawn down by NZF VAT, funneled through multiple Laundering Accounts, and ultimately transferred by Ravenscroft Holdings to the U.S. account of Optima International on September 28, 2009.

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188. Thus, while it appeared that the initial PrivatBank Ukraine loans to NZF VAT had been repaid from funds from that entity, in reality funds came from newly issued loans by PrivatBank Ukraine.

ii. *Recycling Example 2: March 2011*

189. On March 4, 2011 a PrivatBank Ukraine account of NZF VAT drew down UAH 71.3 million in loan proceeds from a new PrivatBank Ukraine loan. The proceeds from this new loan were to be used for "general corporate financing" of NZF VAT. However, the proceeds did not go to this purpose. Rather, $9 million of the new proceeds were immediately transferred to a second NZF VAT account at PrivatBank Ukraine, and then transferred on the same day back to PrivatBank Ukraine to pay down an earlier loan taken out by NZF VAT. That prior loan had been drawn down by NZF VAT and the proceeds were transferred through multiple PrivatBank Cyprus shell accounts, and ultimately were transferred by Defendant Kolomoisky's Pavanti Enterprises to the U.S. account of Optima Ventures on February 24, 2011.

190. Thus, while it appeared that the initial PrivatBank Ukraine loans to NZF VAT had been repaid from funds from that entity, in reality the funds came from newly issued loans by PrivatBank Ukraine.

191. Each of the above recycling schemes was intended to give the appearance that the initial PrivatBank loans were repaid by the indebted entities

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when, in fact, the UBOs and their co-conspirators were using proceeds from new PrivatBank loans to fund these repayments.

VII. NBU IS FORCED TO NATIONALIZE PRIVATBANK

192. In October 2016, after an initial period of inspection, the NBU commenced a further inspection of PrivatBank to monitor the bank's capital position. Although the UBOs continued to actively conceal their long-running frauds, the NBU became concerned that many corporate loans appeared to be inadequately collateralized, among other things, and/or made to entities affiliated with the UBOs.

193. In the following months, the NBU engaged in repeated efforts to stabilize PrivatBank—all while PrivatBank was still under the direction and control of the UBOs. Despite repeated assurances from the UBOs that the corporate loan book would be restructured to address the NBU's concerns, PrivatBank, under the direction of the UBOs, failed to take necessary action.

194. In December 2016, PrivatBank experienced a sharp decline in liquidity and the NBU declared PrivatBank insolvent. In the following days, the Ukrainian State took the necessary steps to nationalize PrivatBank to protect PrivatBank's 20 million customers and "preserv[e] the stability of the financial system" in the country. This process culminated later in December 2016, when liabilities owed to

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certain creditors were bailed-in and the shares in PrivatBank were sold to the Ukrainian State (the Ministry of Finance of Ukraine) for UAH 1.

195. Following nationalization, PrivatBank's recapitalization was carried out through the contribution of Treasury bonds on behalf of the Ukrainian State. As a direct result of the UBOs' loan misappropriation and recycling schemes, including but not limited to those used to facilitate the Optima Schemes, PrivatBank suffered substantial losses.

VIII. THE CORRUPT ENTERPRISE

196. As described above, the Defendants formed a fraudulent enterprise that was made up of the following persons and entities: the Defendant UBOs who orchestrated and directed the overall scheme; the Shadow Bank (with Timur Novikov) which helped to implement, facilitate, and conceal the scheme; the Cypriot lawyers who helped to form and operate the various shell entities (and the bank accounts at PrivatBank Cyprus) instrumental to the money laundering and obfuscation of the transfer of funds; Korf, Laber, and Schochet who acted as the UBOs' trusted lieutenants in the United States to carry out the Optima Schemes, and the Defendant Delaware Entities and Defendant Non-Delaware Entities—owned and controlled by the UBOs—which were specifically established to participate in the fraud and knowingly received the misappropriated loan proceeds and invested them in U.S. companies and real estate assets throughout the United States for the

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benefit of the UBOs and their co-conspirators. Each was instrumental to the fraudulent enterprise. The Optima Schemes required all entities within the enterprise to work together and could not have been accomplished without the enterprise.

197. As described in more detail below, the Defendants committed multiple violations of law in connection with these schemes, including, money laundering and wire fraud in connection with each transfer into and from the Defendant Delaware Entities and Defendant Non-Delaware Entities.

FIRST CAUSE OF ACTION
For Unjust Enrichment
(All Defendants)

198. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

199. Defendants were unjustly enriched when they retained funds fraudulently obtained from Plaintiff.

200. Defendants were enriched by receipt of funds obtained from PrivatBank under false pretenses and transferred to Defendants without PrivatBank's knowledge or consent.

201. Plaintiff was impoverished by the transfer of loaned funds from its creditors to Defendants.

202. Plaintiff was further impoverished by the use of its loaned funds by Defendants for unauthorized purposes.

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203. Plaintiff's impoverishment was effectuated and furthered by Defendants' enrichment, including because Defendants' enrichment scheme was intended to launder and conceal Plaintiff's loaned funds.

204. Plaintiff was further impoverished by the retention of its loaned funds by Defendants.

205. Plaintiff's impoverishment, as described, was directly related to Defendants' enrichment because Defendants' enrichment scheme directly caused Plaintiff's impoverishment.

206. Defendants' enrichment at Plaintiff's expense was wholly without justification because the loaned funds were fraudulently obtained from Plaintiff, fraudulently transferred to Defendants, and illegally laundered and fraudulently concealed from Plaintiff and from relevant authorities by Defendants. As outlined above, Defendants, through a series of fraudulent transfers through shell entities, used the misappropriated PrivatBank loan proceeds to acquire businesses and assets in the United States with no intention to return the misappropriated PrivatBank loan proceeds.

207. As alleged herein, Defendants actively and fraudulently concealed their unjust enrichment by, among other things, exercising their control over PrivatBank to prevent discovery of the fraudulent transfers, executing loan documents with PrivatBank to make the lending of funds appear legitimate, laundering the loaned

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funds through a series of entities, using fraudulently obtained loaned funds to purportedly "repay" previously fraudulently obtained loaned funds, through a series of fraudulent transfers, and laundering the funds through real estate transactions. The Defendants' fraudulent concealment made it impossible for PrivatBank to discover the Defendants' unjust enrichment until PrivatBank was nationalized in late 2016, as a result of which the UBOs were removed from control of PrivatBank and PrivatBank was able to discover the Defendants' unjust enrichment following an extensive investigation over many months to uncover the schemes.

208. Plaintiff has no adequate remedy at law to recover against the Defendants.

209. Wherefore, Plaintiff respectfully requests that the Court grant it an accounting of the assets of Defendants that are proceeds of the Optima Schemes, constructive trust over the property of the Defendants including property purchased and held by the Defendant Delaware Entities with funds received through fraudulent, illegal, and other unjust means to the impoverishment of the Plaintiff, together with interest, fees, and costs, as permitted by law, and all other such further relief as the Court may deem just and proper.

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SECOND CAUSE OF ACTION
For Fraudulent Transfers
(All Defendants)

210. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

211. The UBOs and their agents created the Defendant Delaware Entities for the purposes of transferring the misappropriated loan proceeds into those entities so that U.S. companies and commercial real estate could be acquired for the benefit of the UBOs and their Optima Conspirators.

212. Plaintiff was a creditor of the UBO-Controlled Loan Borrowers by virtue of providing corporate loans to those entities. The UBO-Controlled Loan Borrowers were owned, controlled, and beholden to the UBOs. The UBOs, by virtue of their control over PrivatBank and the Laundering Entities and Laundering Accounts, caused the misappropriated loan proceeds to be transferred to the Defendant Delaware Entities and Defendant Non-Delaware Entities.

213. The UBOs transferred the misappropriated loan proceeds to the Defendant Delaware Entities and Defendant Non-Delaware Entities with actual intent to defraud Plaintiff.

214. The UBOs' transfers of the misappropriated loan proceeds to the Defendant Delaware Entities and Defendant Non-Delaware Entities were insider and related party transactions because the UBOs controlled the UBO-Controlled Loan

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Borrowers, the Laundering Accounts and Laundering Entities, and the Defendant Delaware Entities and Defendant Non-Delaware Entities.

215. The UBOs and their Optima Conspirators endeavored to conceal the transfers through laundering transactions.

216. The UBOs caused the transfer of the misappropriated loan proceeds to the Defendant Delaware Entities and Defendant Non-Delaware Entities for no consideration and no reasonably equivalent value.

217. The UBOs actively and fraudulently concealed the fraudulent transfers by, among other things, exercising their control over PrivatBank to prevent discovery of the fraudulent transfers, executing loan documents with PrivatBank to make the lending of funds appear legitimate, laundering the loaned funds through the Laundering Accounts and Laundering Entities, and using fraudulently obtained loaned funds to repay previously fraudulently obtained loaned funds, through the recycling scheme. The UBOs and their conspirators' fraudulent concealment made it impossible for PrivatBank to discover the fraudulent transfers until PrivatBank was nationalized in late 2016, as a result of which the UBOs were removed from control of PrivatBank and PrivatBank was able to subsequently discover the fraudulent transfers through the assistance of an extensive investigation.

218. Plaintiff has no adequate remedy at law to recover against the Defendants.

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219. Plaintiff seeks imposition of a constructive trust over the assets purchased with the fraudulently transferred funds.

220. Plaintiff respectfully requests that the court grant it a constructive trust over the misappropriated loan proceeds that the UBOs fraudulently transferred to the Defendant Delaware Entities and Defendant Non-Delaware Entities and a constructive trust over the property purchased with the misappropriated loan proceeds fraudulently transferred by the UBOs to the Defendant Delaware Entities or Defendant Non-Delaware Entities, or alternatively damages from the Defendants in an amount not less than the misappropriated loan proceeds fraudulently transferred to the Defendant Delaware Entities and Defendant Non-Delaware Entities and all damages resulting to Plaintiff from the Defendants' fraudulent transfers, together with interest, fees, and costs, as permitted by law, and all other such further relief as the Court may deem just and proper.

221. In addition, Plaintiff is entitled to avoid the fraudulent transfers and to recover their value from the entities for whose benefit such fraudulent transfers were made. Plaintiff is entitled to an attachment, injunction, or any other relief the circumstances may require.

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THIRD CAUSE OF ACTION
For Violations of Ohio Corrupt Practices Act (Ohio R.C. § 2923.32(A)(1))
(Against Individual Defendants and the Ohio RICO Entities)

222. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

223. Ohio Revised Code § 2923.32(A)(1) provides: "No person employed by, or associated with, any enterprise shall conduct or participate in, directly or indirectly, the affairs of the enterprise through a pattern of corrupt activity or the collection of an unlawful debt."

224. Ohio Revised Code § 2923.31(C) defines "Enterprise" as "any individual, sole proprietorship, partnership, limited partnership, corporation, trust, union, government agency, or other legal entity, or any organization, association, or group of persons associated in fact although not a legal entity. 'Enterprise' includes illicit as well as licit enterprises."

225. Ohio Revised Code § 2923.31(E) defines "Pattern of Corrupt Activity as "two or more incidents of corrupt activity, whether or not there has been a prior conviction, that are related to the affairs of the same enterprise, are not isolated, and are not so closely related to each other and connected in time and place that they constitute a single event."

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226. The Individual Defendants and the Ohio RICO Entities (together, the "Ohio RICO Defendants") are each "persons" as defined under Ohio Revised Code § 2323.31(G).

227. The Ohio RICO Defendants are associates and conducted the affairs of an enterprise or an association in-fact enterprise ("Optima Enterprise"), as defined by the Ohio Revised Code § 2923.31(C), through a pattern of racketeering.

228. The Optima Enterprise began as early as 2006. From 2006 through the date of filing this complaint, the Optima Enterprise engaged in a scheme to injure PrivatBank by, among other things, misappropriating PrivatBank's funds and using those misappropriated funds to surreptitiously and unlawfully fund businesses and assets located in Ohio and throughout the United States. Between 2006 and the date of filing this complaint, the Ohio RICO Defendants engaged in multiple unlawful and corrupt activities, as alleged herein, including several transactions where the Ohio RICO Defendants knowingly conducted or attempted to conduct transactions by using unlawfully misappropriated proceeds from PrivatBank to purchase real properties and businesses within Ohio and the United States with the intent to conceal or disguise the nature, location, source, ownership, or control of the misappropriated loan proceeds.

229. The Optima Enterprise functioned as a continuous unit, with a framework for making or carrying out decisions, which was separate and apart from

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the pattern of racketeering activity in which the Optima Enterprise engaged, *i.e.*, the underlying pattern of related racketeering activity alleged herein and discussed below. The Defendants Igor Valeryevich Kolomoisky and Gennadiy Borisovich Bogolyubov controlled the Optima Enterprise by, among other things, directing the organization, making decisions on behalf of the organization, and directing and facilitating the underlying misappropriation of funds used to effectuate the Optima Schemes. Defendants Korf, Schochet, and Laber served as the UBOs' trusted lieutenants by executing the UBOs' instructions and directions in the United States and abroad. The Ohio RICO Entities were used to receive the unlawfully misappropriated loan proceeds and use the misappropriated loan proceeds to purchase, fund, and take title to the businesses and real properties located in Ohio and the United States.

230. From at least 2006 and continuing through today, the Ohio RICO Defendants have conducted and participated in a pattern of corrupt activity (as defined Ohio Revised Code § 2923.31(I)) to conduct the Optima Enterprise's affairs including, among other things:

- violations of Ohio Revised Code §1315.55 by engaging in transactions that use unlawfully misappropriated loan proceeds from PrivatBank to purchase businesses and real property in Ohio with the specific intent of concealing the location, source, ownership, or control of the misappropriated loan proceeds;

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- wire fraud in violation of Ohio Revised Code § 2913.05 and 18 U.S.C. § 1343 by using the telephone and emails to execute or otherwise further the Optima Schemes of unlawfully misappropriating loan proceeds from PrivatBank and using those funds to purchase businesses and real properties in Ohio in order to conceal the location, source, ownership, or control of the misappropriated loan proceeds;[37] and
- violations of 18 U.S.C. § 1956 through the improper transmission of a monetary instrument or funds across a United States border to promote unlawful activity including the corrupt acts set forth above, as well as additional unlawful activity including, but not limited to, the specified unlawful activity of engaging in an offense with respect to which the United States would be obligated by a multilateral treaty (*e.g.*, the United Nations Convention Against Transnational Organized Crime and the Protocols Thereto ("UNTOC")), either to extradite the alleged offender or to submit the case for prosecution, if the offender were found within the territory of the United States.

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[37] The Ohio RICO Defendants spoke on the phone and used electronic mail and U.S. mail regularly to conduct the activities of the Optima Enterprise, causing direct injury to Plaintiff. The total number of phone calls, e-mails, and mailings, and the identities of all enterprise members is not yet known, but each such call, e-mail, and U.S. mailing constitutes a separate mail or wire communication in furtherance of the Optima Enterprise's fraudulent scheme.

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231. The pattern of corrupt activity that the Optima Enterprise engaged in constituted a common course of conduct intended to misappropriate PrivatBank's funds and use those misappropriated funds to surreptitiously and unlawfully purchase businesses and assets located throughout the United States.

232. The pattern of corrupt activity that the Optima Enterprise engaged in constituted multiple criminal episodes, including to purchase separate and distinct properties and businesses throughout the United States, in which each scheme's proceeds were laundered by the Optima Enterprise as alleged herein.

233. The Ohio RICO Defendants' unlawful conduct in violation of Ohio Revised Code § 2923.32(A)(1) has proximately caused and continues to cause PrivatBank to suffer substantial injuries.

234. These violations caused Plaintiff to suffer direct injury through losses caused by the Optima Enterprise's wrongful actions described herein. Plaintiff, therefore, is entitled to recover from the Ohio RICO Defendants the amount in which Plaintiff has been damaged, to be trebled in accordance with Ohio Revised Code § 2923.34(E), together with interest and costs of this suit, including reasonable attorneys' fees.

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FOURTH CAUSE OF ACTION
For Violations of Ohio Corrupt Practices Act (Ohio R.C. § 2923.32(A)(2))
(Against Ohio RICO Defendants)

235. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

236. Ohio Revised Code § 2923.32(A)(2) provides: "No person, through a pattern of corrupt activity or the collection of an unlawful debt, shall acquire or maintain, directly or indirectly, any interest in, or control of, any enterprise or real property."

237. The Ohio RICO Defendants acquired and maintain business enterprises and real property—including the business enterprises and real property described in paragraphs 87 and 88 above—through a pattern of corrupt activity as alleged herein, including:

- violations of Ohio Revised Code §1315.55 by engaging in transactions that use unlawfully misappropriated loan proceeds from PrivatBank to purchase businesses and real property in Ohio with the specific intent of concealing the location, source, ownership, or control of the misappropriated loan proceeds;
- wire fraud in violation of Ohio Revised Code § 2913.05 and 18 U.S.C. § 1343 by using the telephone and emails to execute or otherwise further the Optima Schemes of unlawfully misappropriating loan proceeds from PrivatBank and using those funds to purchase businesses and real properties in Ohio in order

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to conceal the location, source, ownership, or control of the misappropriated loan proceeds;[38] and

- violations of 18 U.S.C. § 1956 through the improper transmission of a monetary instrument or funds across a United States border to promote unlawful activity including the corrupt acts set forth above, as well as additional unlawful activity including, but not limited to, the specified unlawful activity of engaging in an offense with respect to which the United States would be obligated by a multilateral treaty (*e.g.*, the United Nations Convention Against Transnational Organized Crime and the Protocols Thereto ("UNTOC")), either to extradite the alleged offender or to submit the case for prosecution, if the offender were found within the territory of the United States.

238. Ohio Revised Code § 2923.34(A) provides a civil remedy for violations of Ohio R.C. § 2923.32(A)(2).

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[38] The Ohio RICO Defendants spoke on the phone and used electronic mail and U.S. mail regularly to conduct the activities of the Optima Enterprise, causing direct injury to Plaintiff. The total number of phone calls, e-mails, and mailings, and the identities of all enterprise members is not yet known, but each such call, e-mail, and U.S. mailing constitutes a separate mail or wire communication in furtherance of the Optima Enterprise's fraudulent scheme.

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239. The Ohio RICO Defendants' unlawful conduct in violation of Ohio Revised Code § 2923.32(A)(2) has proximately caused and continues to cause PrivatBank to suffer substantial injuries.

240. These violations caused Plaintiff to suffer direct injury through losses caused by the Optima Enterprise's wrongful actions described herein. Plaintiff, therefore, is entitled to recover from the Ohio RICO Defendants the amount in which Plaintiff has been damaged, to be trebled in accordance with Ohio Revised Code § 2923.34(E), together with interest and costs of this suit, including reasonable attorneys' fees.

FIFTH CAUSE OF ACTION
For Violations of Ohio Corrupt Practices Act (Ohio R.C. § 2923.32(A)(3))
(Against Ohio RICO Defendants)

241. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

242. Ohio Revised Code Section 2923.32(A)(3) provides: "No person, who knowingly has received any proceeds derived, directly or indirectly, from a pattern of corrupt activity or the collection of any unlawful debt, shall use or invest, directly or indirectly, any part of those proceeds, or any proceeds derived from the use or investment of any of those proceeds, in the acquisition of any title to, or any right, interest, or equity in, real property or in the establishment or operation of any enterprise."

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243. Defendants Kolomoisky, Bogolyubov, Korf, Schochet, and Laber knowingly received proceeds derived from a pattern of corrupt activity, as described above. These defendants knew that the proceeds were derived from a pattern of corrupt activity because they controlled and directed the pattern of corrupt activity that the Optima Enterprise engaged in, including the common course of conduct intended to misappropriate PrivatBank's funds and use those misappropriated funds to surreptitiously and unlawfully purchase businesses and assets located throughout the United States.

244. The Ohio RICO Entities knowingly received proceeds derived from a pattern of corrupt activity, as described above. These Defendants knew that the proceeds were derived from a pattern of corrupt activity for reasons including their control by the UBOs, the lack of any consideration provided for the proceeds, and their existence as sole purpose entities to launder fraudulently obtained proceeds.

245. The Ohio RICO Defendants used and invested the proceeds knowingly derived from their pattern of corrupt activity to invest in the acquisition of right, title, equity, and interest in real property, including the real property described in paragraph 93 above.

246. The Ohio RICO Defendants used and invested the proceeds knowingly derived from their pattern of corrupt activity to establish and operate the enterprise, as alleged herein.

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247. The Ohio RICO Defendants' unlawful conduct in violation of Ohio Revised Code § 2923.32(A)(3) has proximately caused and continues to cause PrivatBank to suffer substantial injuries.

248. The Ohio RICO Defendants' unlawful conduct in violation of Ohio Revised Code § 2923.32(A)(3) has proximately caused and continues to cause PrivatBank to suffer substantial injuries.

249. These violations caused Plaintiff to suffer direct injury through losses caused by the Optima Enterprise's wrongful actions described herein. Plaintiff, therefore, is entitled to recover from the Ohio RICO Defendants the amount in which Plaintiff has been damaged, to be trebled in accordance with Ohio Revised Code § 2923.34(E), together with interest and costs of this suit, including reasonable attorneys' fees.

SIXTH CAUSE OF ACTION
For Civil Conspiracy
(Against All Defendants)

250. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

251. The UBOs combined together to control PrivatBank and defraud and equitably defraud Plaintiff.

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252. The UBOs combined with the other Individual Defendants, Defendant Delaware Entities, and Defendant Non-Delaware Entities, to defraud and equitably defraud Plaintiff.

253. The Defendants combined together and amongst themselves to commit the illegal acts described herein, including in paragraphs 57 through 197, and detailed in the counts above.

254. The illegal acts described herein, including in paragraphs 57 through 197, and detailed in the counts above were committed in furtherance of the conspiracy to defraud and equitably defraud Plaintiff.

255. The illegal acts performed by the conspiratorial combinations of the Defendants were performed maliciously including because they were performed purposefully, with no lawful excuse, and to the injury of the Plaintiff.

256. The illegal acts required the combinations of the UBOs, other Individual Defendants, the Defendant Delaware Entities and the Defendant Non-Delaware Entities to successfully defraud and equitably defraud Plaintiff including because the UBOs needed to combine together to control PrivatBank and the UBOs needed to combine with Korf, Schochet, and Laber and the Defendant Delaware Entities and Defendant Non-Delaware Entities to carry out the Optima Schemes.

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257. As a direct and proximate result of the Defendants' conspiracy to defraud and equitably defraud Plaintiff, Defendants caused actual damage to Plaintiff to be proven at trial.

SEVENTH CAUSE OF ACTION
For Alter Ego / Piercing the Corporate Veil
(Against All Defendants)

258. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

259. The UBOs are the ultimate beneficial owners, controlling stockholders, and dominant stakeholders of the Defendant Delaware Entities. The UBOs and/or their agents created the Defendant Delaware Entities for the sole purpose of implementing and furthering fraudulent and illegal schemes, as described above and in more detail below.

260. The UBOs utterly dominated the Defendant Delaware Entities to the extent that the Defendant Delaware Entities had no separate mind, will, or existence of their own.

261. The UBOs exercised their control over the Defendant Delaware Entities to implement the fraudulent and illegal schemes perpetuated by the UBOs, including by laundering the money derived from those fraudulent and illegal schemes into United States assets and enterprises ultimately owned and controlled by the UBOs.

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262. On information and belief, the Defendant Delaware Entities were inadequately capitalized to carry on their operations.

263. The Defendant Delaware Entities failed to observe corporate formalities.

264. The Defendant Delaware Entities acted to siphon the loaned funds from PrivatBank into assets owned by the UBOs and the UBOs siphoned and diverted funds and property from the Delaware Defendant Entities for their own use and benefit.

265. The Defendant Delaware Entities are merely a façade for the operations of the UBOs—who control the Defendant Delaware Entities and were the controllers of PrivatBank at the time that they used the Defendant Delaware Entities to fraudulently and illegally transfer the misappropriated PrivatBank loan proceeds in the United States.

266. The UBOs should not be allowed to hide behind the Defendant Delaware Entities to avoid liability for the fraudulent and illegal schemes they implemented through the Defendant Delaware Entities to siphon, steal, fraudulently transfer, and illegally launder loaned funds from PrivatBank and that resulted in injury to the Plaintiff.

267. Wherefore, Plaintiff respectfully request that the court find that the Defendant Delaware Entities are the alter egos of the UBOs and that any causes of

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actions or relief available against the Defendant Delaware Entities are available against the UBOs and that the UBOs are joint and severally liable for all damages awarded to the Plaintiff and against the Defendant Delaware Entities arising from the allegations and claims set forth above.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment as follows:

A. Awarding Plaintiff compensatory damages in an amount to be determined at trial together with pre-and post-judgment interest as provided by law; or in the alternative providing Plaintiff with restitution;

B. Awarding Plaintiff statutory damages, including treble damages;

C. Awarding Plaintiff an accounting of Defendants' assets derived from Defendants' misconduct;

D. Awarding Plaintiff a constructive trust over the properties and proceeds derived from Defendants' misconduct;

E. Awarding Plaintiff reasonable costs, including attorneys' fees;

F. Awarding Plaintiff punitive damages against Defendants for their willful and fraudulent conduct;

G. Declaring that Defendants engaged in the unjust enrichment, Ohio RICO violations, a civil conspiracy, and other misconduct as alleged above; and

H. Awarding such other relief, including equitable or injunctive relief, as

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is just and proper under the circumstances.

Respectfully submitted,

/s/ Michael A. Barlow

Michael A. Barlow (#3928)
ABRAMS & BAYLISS LLP
20 Montchanin Road, Suite 200
Wilmington, Delaware 19807
Tel: (302) 778-1000
Fax: (302) 778-1001

Attorneys for Joint Stock Company Commercial Bank PrivatBank

Of Counsel:

William A. Burck
Alexander J. Merton
QUINN EMANUEL URQUHART & SULLIVAN, LLP
1300 I Street NW, Suite 900
Washington, DC 20005-3314
Tel: (202) 538-8000
Fax: (202) 538-8100

Rollo C. Baker
QUINN EMANUEL URQUHART & SULLIVAN, LLP
51 Madison Ave., 22nd Floor
New York, New York 10010
Tel: (212) 849-7000
Fax: (212) 849-7100

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