

Misappropriation of UAH 9.2 bln from PrivatBank: former beneficial owner suspected (SCHEME+PHOTOS)

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On Sept. 7, 2023, the National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO) served suspicion papers against the former ultimate beneficial owner of PJSC CB "PrivatBank" and five members of the organized group for the alleged misappropriation of over UAH 9.2 billion from the bank.

The investigation revealed that in January-March 2015, the ultimate beneficiary of the bank, at that time the Head of the Dnipropetrovsk Regional State Administration, devised a plan to appropriate funds from PJSC KB "PrivatBank" with the aim of financing a controlled offshore company and increasing his own stake in the bank's statutory capital. To this end, the bank was artificially obligated to pay over UAH 9.2 billion to the mentioned controlled company, under the pretext of buying back its own bonds at inflated prices.

Subsequently, part of the amount, over UAH 446 million, was transferred to the accounts of three related legal entities for further legalization, disguised as securities trading operations, and later on to the accounts of two more entities. Eventually, the funds were deposited into the personal account of the ultimate beneficiary of PJSC CB "PrivatBank," who used them at his discretion and contributed to the bank's statutory capital in compliance with the National Bank of Ukraine's requirements.

The suspects are:

- the former ultimate beneficial owner of PJSC CB "PrivatBank," the organizer of the group;
- the former Chairman of the Board of PJSC CB "PrivatBank";
- the Deputy Head of the interbank dealing department of the bank, who also was the authorized representative of a non-resident company associated with PJSC CB "PrivatBank";
- the Deputy Chairman of the Board of PJSC CB "PrivatBank", the director of the treasury;
- the Head of the interbank operations support department of the treasury of PJSC CB "PrivatBank";
- the Deputy Head of the Department for Servicing Correspondent Accounts of Non-Resident Banks at the head office of PJSC CB "PrivatBank."

The actions of the suspects fall under Articles 191, 209, and 366 of the Criminal Code of Ukraine. The Deputy Head of the interbank dealing department of the bank, who also was the authorized representative of a non-resident company associated with PJSC CB "PrivatBank," was detained pursuant to Article 208 of the Criminal Procedure Code.

Pre-trial investigation is ongoing.

This is the fourth episode in the case of misappropriation of PrivatBank funds. Last October, NABU and SAPO disclosed the files of the previous three episodes. On Sept. 6, 2023, the indictment was sent to court.

As reported, in February 2021, NABU and SAPO served suspicion papers against former top managers of the bank for the misappropriation of over UAH 136 million through an insurance payment scheme. A month later, suspicion papers were handed over in another episode, involving the misappropriation of nearly USD 315

million (about UAH 8.2 billion) through a letter of credit scheme. In September 2022, the list of crimes attributed to former managers of PrivatBank grew with another misappropriation of UAH 85.2 million.

Corruption abuses at PrivatBank were investigated by various law enforcement agencies. However, in the fall of 2019, the Prosecutor General determined NABU as the sole investigation body. At present, the case file contains over 2,500 volumes and is one of the largest in the history of anti-corruption agencies.

According to Article 62 of the Constitution of Ukraine, a person is considered not-guilty in the commission of a crime and cannot be subject to criminal punishment until he or she is found guilty by court.