The Moscow Times
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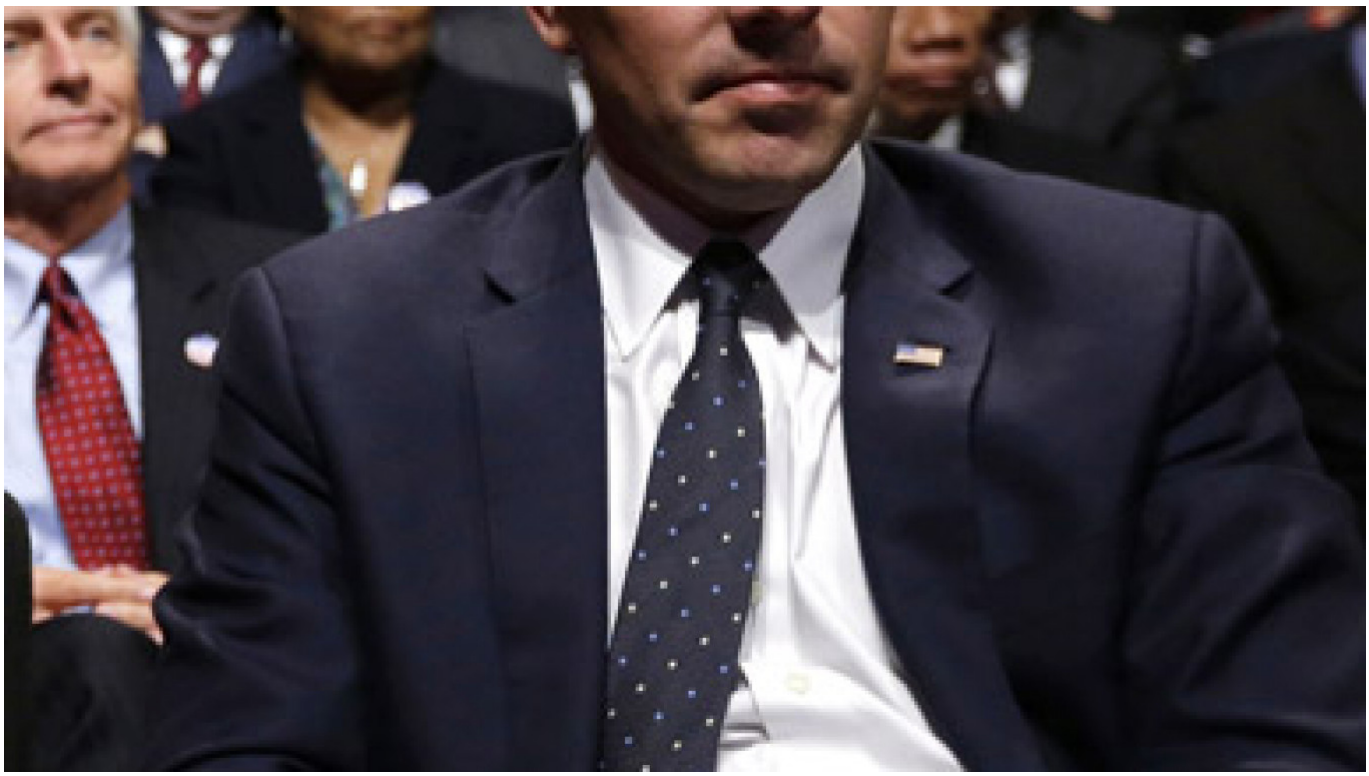
Ukrainian Energy Firm Hires Biden's Son as Lawyer

June 08, 2014



U.S. Vice President Joe Biden’s son Hunter attending a 2012 debate.

U.S. Vice President Joe Biden's visit Saturday to support Ukraine's fragile democracy came soon after his youngest son was hired by a private Ukrainian company that promotes energy independence from Moscow.

Yet that company leases natural gas fields in the breakaway Russian-backed state of Crimea and is owned by a former government minister with ties to Ukraine's ousted pro-Russian president.

The hiring of Hunter Biden, 44, by Burisma Holdings Limited in April was approved by the company's owner, a former senior minister and political ally of Viktor Yanukovych, the exiled Ukrainian president. Yanukovych fled to Russia in February after protests erupted over his efforts to establish closer economic ties with Moscow.

Hunter Biden's employment means he will be working as a director and top lawyer for a Ukrainian energy company during the period when his father and others in the Obama

administration attempt to influence the policies of Ukraine's new government, especially on energy issues.

There's no indication that Hunter Biden, his father or Burisma are crossing any legal or ethical lines, although ethics experts appear divided over the implications of Hunter Biden's new job.

American conflict-of-interest laws and federal ethics rules essentially do not regulate the business activities of adult relatives of those who work in the White House.

"The primary problem here is the fact that Hunter Biden has set up a financial arrangement with someone who might have business pending before this administration," said Craig Holman, an ethics expert with Public Citizen, a Washington-based government reform organization.

Joe Biden led the U.S. delegation at Saturday's inauguration of Ukraine's new president, Petro Poroshenko, and announced $48 million in additional aid for the Kiev government. Biden met Poroshenko and said "there is a window for peace and you know as well as anyone that it will not stay open indefinitely ... America is with you."

Ukraine is an important natural-gas and petroleum-liquids transit country. Two major pipeline systems carry Russian gas through Ukraine to Western Europe.

Burisma is headed by Nikolai Zlochevsky, who held senior posts over natural resources, environment and defense in Ukraine. The company has aggressively bought up Ukrainian oil and natural gas leases and companies.

Hunter Biden's new company says it aims to reduce Ukraine's dependence on Russian gas and oil, a goal that parallels U.S. efforts to aid Ukraine's energy industry.

As a Burisma director and the company's top lawyer, the younger Biden has yet to take any public actions on behalf of the company.

But the timing of his hiring is politically awkward for the administration's efforts to shore up Ukraine's pro-Western government, and poses potential complications from Burisma's growing energy interests and the background of Hunter Biden's new boss, Zlochevsky.

At least two oil and natural gas fields leased by subsidiaries of Burisma are in Ukrainian territories where pro-Russian sentiments remain strong, according to government and media releases, independent energy maps and Burisma's website.

One is in the breakaway Russian-backed state of Crimea; the other is in the eastern Ukrainian Kharkiv region. Instability there could force the younger Biden's new company to coordinate with pro-Russian separatists whom the U.S. considers illegitimate.

White House officials declined to comment on Hunter Biden's association with Burisma and the company's holdings in Crimea and east Ukraine.

The vice president's spokeswoman, Kendra Barkoff, previously said that Biden's son is a private citizen and a lawyer, and that Joe Biden "does not endorse any particular company

and has no involvement with this company."

Presidents and vice presidents have long been vexed by relatives rewarded for family ties.

Political loan troubles shadowed Vice President Richard Nixon's brother, Donald, during the 1960 election, and President Jimmy Carter's brother, Billy, who accepted a $220,000 stipend in 1981 from Libya's Moammar Gadhafi.

In recent years, several Bush and Clinton relatives were caught in a string of murky financial and political dealings.

But "unless there's solid evidence that Hunter Biden got his job to influence American foreign policy, there's no clear line that's been crossed," said Melanie Sloan, executive director of the Citizens for Responsibility and Ethics in Washington.

A former Washington lobbyist, the vice president's son is effectively exempt from most rules that would require him to describe publicly the legal work he does on behalf of Burisma.

Hunter Biden will not lobby for the company, said Lawrence Pacheco, an official with FTI Consulting, a Washington government affairs company recently hired by Burisma.

Pacheco did not say whether Biden might oversee or advise on any future Burisma lobbying strategy in the U.S. Pacheco said the company "does not take positions on political matters."

But Biden's company may have to deal with Ukrainian enclaves that the U.S. does not recognize diplomatically or are threatened by instability.

One Burisma subsidiary, KrymTopEnergoServis, operates natural gas fields and has headquarters in the Crimea, which seceded from Ukraine this year and now aligns with Russia.

A second subsidiary, Esco-Pivnich, produces oil and natural gas just west of Kharkiv, Ukraine's second-largest city, which was the site of several protests and borders on separatist-controlled provinces. The company's website confirms that Burisma operates oil and natural gas sites in Crimea and east Ukraine, as well as elsewhere in Ukraine.

"While he's just at the beginning of his involvement with this company, Ukraine is volatile right now and there are all sorts of problems that might crop up down the line," said Bill Allison, the editorial director of the Sunlight Foundation, a nonpartisan watchdog group.

Pacheco said the company's western and eastern operations have been unaffected by Ukraine's unrest but that its Crimea subsidiary is not operating currently. He did not explain further, but confirmed KrymTopEnergoServis is based and leases gas deposits in Crimea.

Hunter Biden, Zlochevsky and other company officials would not comment publicly, Pacheco said.

Hunter Biden is a managing director with Rosemont Seneca Partners, a private equity firm, and worked as a Washington lobbyist for seven years until his father was elected vice president. He lobbied primarily for colleges, hospitals and tech firms.

Pacheco said Biden's son came to Burisma's attention after he was introduced by Devon Archer, another new Burisma board member, to Alan Apter, Burisma's board chairman. Archer works with Hunter Biden at Rosemont and was a top fundraiser for now-Secretary of State John Kerry when Kerry ran for president in 2004. Zlochevsky approved Biden's hiring, Pacheco said.

Zlochevsky, 48, worked as minister of natural resources and environment under Yanukovych and most recently was deputy secretary of Ukraine's national security and defense council, which advised Yanukovych on defense matters.

Zlochevsky also served in the Ukrainian parliament from 2007 to 2011 as a member of the Party of Regions, the political party affiliated with Yanukovych and traditionally aligned with pro-Russian interests.

Zlochevsky's name is missing from Burisma's web site, but financial documents in Cyprus as well as U.S. Securities and Exchange records show that he owns the bulk of Burisma's shares. Zlochevsky's Cyprus-based Brociti Investments Limited controls Burisma.

Hunter Biden joined Burisma in April, the same month his father visited Kiev to show support for the new interim government.

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