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Ukraine Accuses Russia's LUKoil of Financing Terror in War-Torn East

By The Moscow Times

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LUKoil is not the first Russian company to be accused of financing separatists by Ukraine.

Ukraine's Security Service said Friday that it is investigating Russian oil major LUKoil for allegedly financing terrorism in two breakaway regions of Ukraine's war-torn east.

LUKoil, Russia's No. 2 oil producer, and Ukrainian oil services company VETEK smuggled oil products worth $2 billion into Ukraine between 2013 and 2014, the Security Service said in a statement published on its website.

"The illegally procured funds were sent to finance terrorist activity in the so-called republics [in] Donetsk and Luhansk," it said. The oil products were allegedly smuggled through Ukrainian ports and across the western border and the border with Belarus via Ukrainian companies under LUKoil and VETEK's control.

LUKoil denied the allegations in a statement on its website. "All deliveries to Ukraine were and

are carried out in strict accordance with international and Ukrainian law," it said.

Kiev accuses Russia of aiding separatists in eastern Ukraine, who have waged a bloody war against the Ukrainian army since April and proclaimed two independent states. The security services last year accused several Russian banks including Sberbank, the country's largest lender, of financing fighters in the breakaway regions.

LUKoil last year sold off many of its Ukrainian assets, saying it needed to concentrate on Russian projects. Its majority stake in an Odessa oil refinery was bought by VETEK.

VETEK is owned by Serhiy Kurchenko, a 29-year-old multimillionaire that Ukraine's Security Service has described as the "chief financial officer" of former Ukrainian President Viktor Yanukovych and his close associates, collectively known as "the family."

Kurchenko fled to Russia shortly after Yanukovych was ousted from power last year. He is now under investigation in Ukraine for allegedly stealing from investors and avoiding hundreds of millions of dollars in taxes with the help of the former regime.

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