

not only that he made to President Trump but that he made to his own citizens. In that promise, President Zelensky says that any investigation will be both open and candid, open and candid investigations of corruption of election meddling. I sure would like to see that level of candidness and openness in our House of Representatives.

Certainly, my greatest hope is that the Attorney General's investigation into the corrupt origins of the efforts to smear the President of the United States will be exposed and those responsible will go to jail.

That is how we restore honor to this House. That is how we solve and heal some of the great wounds that were inflicted on this body by the Speaker yesterday. Maybe next time the radical left will wait for the facts before engaging in a reflexive, fact-free impeachment.

#### SUPPORT UKRAINIAN PEOPLE BY ROOTING OUT CORRUPTION

The SPEAKER pro tempore. The Chair recognizes the gentlewoman from Ohio (Ms. KAPTUR) for 5 minutes.

Ms. KAPTUR. Madam Speaker, as chair of the House Congressional Ukrainian Caucus, I rise to provide some background on why the conversations between President Donald Trump and the newly elected President of Ukraine, President Volodymyr Zelensky, are so vitally important to liberty and our Nation's national security.

There is no more important strategic alliance for liberty and with our military than America's membership with European allies in NATO, our dependable transatlantic allies who stood at our side through so many battles for the values we share. The blood lands of Europe directly influence the very founding of our Republic, our fundamental ideals of democracy. NATO, today, stands ready every hour of every day to defend our liberty.

Ukraine, today, is the scrimmage line for liberty for its defense on the European Continent. Thus, when a U.S. President holds back military assistance to Ukraine through NATO and other instrumentalities, Congress must insist on transparency on any conversations that relate to our cooperation with the nation of Ukraine.

Please let me remind, after the collapse of communist Russia in 1991, officially known as the Union of Soviet Socialist Republics, Ukraine became a free nation. At least it had a chance to be. Ukraine had been occupied for all of modern history by Russia and began its jagged path forward to the free world, a path that has been tortuous and fraught with danger and setbacks.

It will be a permanent blot on American history that certain Americans, including President Trump's campaign manager, Paul Manafort, and several other Trump operatives were actually involved in supporting the corrupt pro-Russian political operatives in Ukraine

and doing it to earn money, millions and millions of dollars from Kremlin allies. What an abomination to liberty.

Since Ukraine's Euromaidan Revolution of Dignity 5 years ago, the Ukrainian people have bravely demonstrated their resolute commitment to their nation's democratic future.

The latest example is the recent historic Presidential and parliamentary elections in Ukraine, which international observers lauded as free and fair. What progress.

Ukraine has managed to make critical reforms, despite the immense pressure of Russia's illegal invasion of Ukraine in which 13,000 poorly equipped Ukrainian troops and many civilians who were in the pathway lost their lives; 30,000 have been injured; and 1.5 million Ukrainians have been dispossessed of their properties and are displaced.

Tragically, Ukraine is at war and must fight a two-front war: one against Russia and one against the enemy from within, the scourge of corruption aided by Kremlin allies every minute of every day.

While Ukraine has sought to shake off the vestiges of Soviet repression, Ukraine's oligarch class has subverted this progress in order to steal and plunder from the people of that nation to advance their own sick, insatiable, and corrupt moneyed interests.

In fact, it might surprise people to hear that, in the State of Ohio, the Ukrainian oligarch who owned the television station that made the current President of Ukraine famous is the largest commercial real estate owner in Cleveland, Ohio. With a net worth of over \$1.2 billion, Ihor Kolomoisky is one of the richest oligarchs in Ukraine. But he travels between Ukraine, Cyprus, Israel, and here. His own son was on the basketball team at Cleveland State University.

But this oligarch ran the show, servant of the people, who propelled President Zelensky to stardom. And so the question for history is: Will President Zelensky be his own man, or will he be beholden to oligarchs? Will he stand for liberty, and will the people of this country and this House, who are the Representatives, stand for liberty against repression?

Madam Speaker, I include in the RECORD material related to my remarks this morning.

[From Clevescence, June 11, 2019]

HOW UKRAINIAN OLIGARCHS SECRETLY BECAME  
THE LARGEST REAL ESTATE OWNERS IN  
DOWNTOWN CLEVELAND

(By Sam Allard)

In an explosive legal complaint filed last month in Delaware, attorneys for a major Ukrainian bank alleged that two oligarchs who founded the bank and controlled it from 2006 to 2016 laundered hundreds of millions of dollars in fraudulent corporate loans to purchase assets in the United States and unjustly enrich themselves and their associates.

Dubbed the "Optima Schemes" in the 104-page document, these "brazen fraudulent schemes" were successful, among other

things, in making the oligarchs and their co-defendants the largest commercial real estate holders in Cleveland.

With money siphoned from public bonds and 20 million private Ukrainian citizens who'd opened accounts with PrivatBank, the oligarchs Igor Kolomoisky and Gennadiy Bogolyubov doled out corporate loans to shell companies that they controlled. They used PrivatBank "as their own personal piggy bank," in the words of the complaint.

Those loans were then laundered in multiple digital transactions, sent through dozens of other shell companies that had been created exclusively for the purpose of laundering. These accounts were managed by co-conspirators at PrivatBank's branch in Cyprus.

The true origin of the money thus concealed, funds were then shipped to LLCs in Delaware (hence the legal filing there). Those LLCs—"One Cleveland Center, LLC," to take just one example—were used to acquire properties and metalworking facilities in the U.S. Kolomoisky and Bogolyubov are mineral magnates and own mining factories and metalworking plants in Ukraine.

The men on the ground in the United States, according to the complaint, were a Miami-based trio: Mordechai "Motti" Korf, his brother-in-law Chaim Schochet, and Uriel Laber. These three men managed the "Optima" companies: Optima International, Optima Ventures and Optima Acquisitions, all of which were created and ultimately controlled by Kolomoisky and Bogolyubov.

"Optima Ventures" should be a familiar local name. It was the company, launched in 2007, used to acquire properties in the U.S. for Kolomoisky and Bogolyubov. The majority of these properties were in Cleveland.

Chaim Schochet was Optima's "front man" in Northeast Ohio. He told the Plain Dealer in 2012 that his local goals were twofold: "making money for investors betting on the upside of a Midwestern city, and contributing to the betterment of a downtown that more high-profile buyers ha[d] passed by."

But his investors' funds were ill-gotten, according to the complaint, proceeds from "massive, systematic and fraudulent loan misappropriation and recycling schemes. (In the 2012 PD piece referenced above, Schochet was reportedly "circumspect about discussing how [Optima Ventures] is structured or who the major investors are.")

The loan recycling schemes were functionally identical to a ponzi scheme, except instead of paying purported profits to early investors with funds from more recent investors, the Ukrainian oligarchs and their cronies within PrivatBank paid off early fraudulent corporate loans with money from new fraudulent corporate loans.

"On paper, this appeared to be a repayment," the complaint explains. "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."

In December 2016, the Ukrainian state was forced to nationalize PrivatBank as a result of the oligarchs' conduct. The state injected more than \$5.5 billion into the bank to prevent its collapse, and "preserve the stability of the [Ukrainian] financial system." In 2018, the bank reverted to private ownership.

The complaint alleges that Korf, Schochet and Laber were in on the racket, aware of the systematic corruption because they were under direct supervision from Kolomoisky and Bogolyubov (or their trusted lieutenant inside PrivatBank, Timur Novikov), and because they were enriched in the process. Korf, Schochet and Laber received "substantial financial remuneration," according to the complaint, which they used to acquire

millions of dollars worth of property in Florida.

Using the laundered loan proceeds, Optima acquired the following Cleveland buildings:

One Cleveland Center: 1375 E. 9th St. Acquired for \$86.3 million in May, 2008.

55 Public Square. Acquired for \$34 million in July, 2008.

Huntington Building: 925 Euclid Ave. Acquired for \$18.5 million in June, 2010.

AECOM/Penton Media Building: 1300 E. 9th St. Acquired for \$46.5 million in August, 2010.

Crowne Plaza Building: 777 St. Clair Ave. Acquired in a joint venture with Denver-based Sage Hospitality Group.

Here's an example of exactly how the properties were acquired, via the complaint:

On April 29 and 30, 2008 . . . two Ukrainian [metal plants] owned or controlled by [Kolomoisky and Bogolyubov] 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 [Kolomoisky and Bogolyubov] drew down \$40 million in loan proceeds from PrivatBank Cyprus for "replenishment of floating assets for payments according to contracts, including purchase of shares."

However, the loan proceeds were not used for their stated purposes. Instead, the loan proceeds were combined with funds from other sources linked to [Kolomoisky and Bogolyubov] and laundered in forty-two transactions through fifteen Laundering Accounts, including the accounts of Defendant Kolomoisky's Divot Enterprises, Ralkon Commercial, and Pavanti Enterprises, as well as Defendant Bogolyubov's Bonique, and [K&B's] Blisont Capital and Brotstone accounts.

On information and belief, [K&B] and their co-conspirators used Pavanti Enterprises to misappropriate and transfer a combined \$36.1 million into the U.S. to the Multi-State Title Agency Ltd. to fund the acquisition of One Cleveland [Center] through Optima One Cleveland Center LLC for Optima Ventures.

At its height, Optima Ventures controlled 2.8 million square feet of downtown Cleveland commercial real estate. This was a larger footprint than even Forest City Enterprises at the time.

In recent years, Optima has been selling off its Cleveland properties, most of which have fallen into disrepair and suffer from high vacancy rates.

The AECOM building, for example, which Optima acquired in \$46.5 million in 2010, was sold to New-Jersey based Rugby Realty last summer for \$38 million. When Optima bought AECOM (the former Penton Media Building), it was 90-percent occupied. But when Rugby purchased it last year, it had dropped to only 57-percent occupancy and was in need of significant renovations.

"We'll fully renovate the lobby so it fits the 21st century and doesn't look like the 1980s," Rugby principal Robert Ades said at the time of purchase. Rugby's plans also included updating the elevators, the mechanical components of which reportedly dated back to 1972.

The Huntington Building (The 925 Building) was sold to Frank Sinito's Millennia Companies last year for \$40 million. A full overhaul of the building was projected to cost \$300 million. The property was characterized by the PD at the time of sale as a "gaping hole in the heart of a revitalizing downtown."

A situation of disrepair and vacancy can also be found at 55 Public Square, the only building other than One Cleveland Center that remains in Optima's local ownership portfolio.

A sale was in the works with K&D development last year, but K&D pulled out, calling the project "unworkable." Though Optima had purchased it for \$34 million in 2008, it was appraised for only about \$20 million last year. The Plain Dealer reported that the building was "in dire need of a makeover" and that "only a smattering" of businesses occupied the 2nd through 11th floors of the 22-story structure. The John Q Steakhouse space on the ground floor has been vacant for years.

Optima retains a management stake in what is now the downtown Westin Hotel (formerly the Crowne Plaza) and owns One Cleveland Center, which it refinanced in 2010. Optima Management Group, the management company affiliated with Optima Ventures, also works out of One Cleveland Center.

Scene spoke with a representative there by phone, who asked that questions for Chaim Schochet about the so-called "Optima Schemes" be submitted via email. Schochet provided the following via Optima Management Group late Tuesday afternoon:

The allegations in this lawsuit—part of an orchestrated political attack by a Ukrainian bank against investors in our thriving businesses—are false, defamatory and utterly without merit. We intend not only to contest but to disprove these reckless allegations, and to demonstrate that they are part of a smear campaign driven by a Ukrainian political agenda that we have nothing to do with. We are immensely proud of our extensive track record building a vibrant real estate portfolio in Cleveland, and we will not let a frivolous lawsuit tarnish our hard-earned reputation or distract us from our mission to continue to serve the interests of the Cleveland community.

Filed on behalf of the current PrivatBank shareholders, the Delaware complaint seeks damages which could include all of Optima's U.S. assets. Those include properties in Dallas and Louisville and metallurgical assets in addition to the Cleveland portfolio. Among the metallurgical assets that Optima Acquisitions acquired was a steelmaking plant in Warren, Ohio, called Warren Steel Holdings LLC. Warren Steel shuttered permanently in 2016 and laid off 162 workers due to "unforeseeable business circumstances."

Kolomoisky and Bogolyubov are now back in Ukraine after having fled from their residences in Switzerland to Israel in 2018. Both oligarchs reportedly have Ukrainian, Israeli and Cypriot citizenship.

The Daily Beast reported in April that Kolomoisky is under FBI investigation and that the U.S. Attorney's Office in the Northern District of Ohio was involved in a wide-ranging probe. Kolomoisky's lawyer said that his client "categorically denied" laundering any money into the United States.

Kolomoisky has reportedly returned to Ukraine, however, with the tacit protection of new president Volodymyr Zelenskyy, a comedian who played the Ukrainian President on the TV show *Servant of the People* (now streaming on Netflix).

That show, immensely popular in Ukraine, aired on a network owned by Kolomoisky.

□ 1030

#### LEGALIZE BANKS WORKING WITH CANNABIS-RELATED BUSINESSES

The SPEAKER pro tempore. The Chair recognizes the gentlewoman from Oklahoma (Ms. KENDRA S. HORN) for 5 minutes.

Ms. KENDRA S. HORN of Oklahoma. Madam Speaker, I rise today to talk

about H.R. 1595, the SAFE Banking Act. Later today, we will consider this important piece of right-sized, pragmatic legislation that tackles problems facing our communities.

H.R. 1595, the SAFE Banking Act, is a bipartisan bill that confronts a problem that has arisen from the conflict between State and Federal law and is currently endangering communities, as well as inhibiting small businesses from growing.

Currently, 33 States, including my home State of Oklahoma, have passed some form of legalized cannabis. However, due to the schedule I status in Federal law, it is illegal for banks across this country to work with cannabis and cannabis-related businesses, even in States where it has been legalized.

This prevents businesses from using banks to deposit their revenue, pay their bills, finance capital improvement projects, and makes it challenging for them to file their taxes.

This has also created a serious safety hazard for cannabis and cannabis-related businesses by forcing them to hold on to large amounts of cash on their premises and increases the likelihood of tax evasion, which has been historically prevalent among cash-only businesses.

The SAFE Banking Act resolves these issues by creating a legal pathway for banks to serve cannabis and cannabis-related businesses without fear of Federal sanctions.

Importantly, this bill defends States' rights by allowing banks in States where cannabis is legal to serve these businesses, but does not force banks to serve them and does not force it in States where it is illegal.

Last year, Oklahoma legalized medical cannabis, and, since then, Oklahoma's industry has become one of the fastest growing in the Nation. Just this past April, Oklahomans spent more than \$18 million on medical cannabis, and the Oklahoma Medical Marijuana Authority has licensed 1,400 dispensaries and 2,700 commercial growers in the State.

This industry is bringing revenue to our State, creating small businesses, and helping those who suffer with physical illness to relieve their ailments. The SAFE Banking Act supports this growing Oklahoma industry, our banks, and works to keep Oklahomans that work in and around this industry safe.

Madam Speaker, I encourage my colleagues to support this pragmatic legislation that makes our community safer, protects States' rights, supports small businesses, and grows our economy.

#### RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess until noon today.

Accordingly (at 10 o'clock and 32 minutes a.m.), the House stood in recess.