

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.