

Ukraine: another corruption scandal within Zelensky's inner circle

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On 19 August, the National Anti-Corruption Bureau of Ukraine (NABU) announced a special operation codenamed Forrest Gump, targeting a criminal organisation allegedly run by members of the Verkhovna Rada and officials from the Office of the President of Ukraine (OPU). On the same day, investigators searched the home of OPU Deputy Head Iryna Mudra and premises linked to Vadym Stolar, a property developer and MP from the Restoration of Ukraine parliamentary group, which was established after the pro-Russian Opposition Platform – For Life was banned. Stolar is currently abroad. Former independent MP Maksym Mykytas and several Justice Ministry officials are also implicated in the case.

The individuals concerned are suspected of laundering the proceeds of crime. In June this year, 150 million hryvnias (around \$3 million) was allegedly provided as bail for former Justice Minister Herman Halushchenko, who had been arrested six months earlier in connection with the so-called Midas scandal (see '[Operation Midas: the largest corruption scandal within Zelensky's inner circle](#)'). Sense Bank, the former Russian-owned Alfa-Bank nationalised in 2023, was allegedly used for this purpose. NABU also released wiretap recordings in which one of those involved says that "corruption in Ukraine cannot be fought; instead, it needs to be systematised and put under one's control." The recordings also suggest that the chair of one of the Verkhovna Rada's committees – probably Danylo Hetmantsev, who heads the finance committee – and a person referred to as 'Davyd' – probably Davyd Arakhamia, leader of the Servant of the People parliamentary group – are seeking to take control of Sense Bank.

Later that day, the parliamentary Law Enforcement Committee removed from its agenda several anti-corruption bills required by the EU. These included proposals to reform the State Bureau of Investigation (SBI), extend NABU's remit to include investigations into the head of the SBI and repeal the so-called Lozovyi amendments, which make it easier to discontinue investigations. Also on 19 August, President Volodymyr Zelensky dismissed Mudra from her post at the OPU.

NABU's operation marks another stage in the Mindichgate case. It highlights both the sense of impunity at the highest levels of government and the continued independence of Ukraine's anti-corruption institutions, which remain capable of posing a genuine threat to corrupt political elites. The released recordings also illustrate how those in power can capture state institutions and exploit them for personal enrichment.

Commentary

- **The alleged use of the nationalised Sense Bank for criminal purposes points to the extent of state capture by the president's inner circle.** If NABU's suspicions are confirmed, the bank would effectively have served as a vehicle for Zelensky's associates to accumulate and launder the proceeds of crime. The procedure for appointing its supervisory board was among the issues discussed in recordings released in May (see '[Ukraine: corruption scandal involving senior government officials continues](#)'). The fact that 'Davyd', currently one of the president's closest associates, features in the recordings also suggests that different interest groups are competing for control over state-owned companies and the funds they hold. According to media reports, Arakhamia may be the next person to face charges from NABU.
- **The released recordings confirm the independence of Ukraine's anti-corruption agencies and show that the power elite regards their activities as a threat.** The use of a state-owned bank to raise funds for Halushchenko's bail and the discussion of criminal activities over the phone point to a sense of impunity among those in power, despite previous NABU operations. In the recordings, the anti-corruption bodies are described as an 'American staff reserve', indicating that the power elite views them as externally controlled political adversaries capable of posing a genuine threat. The sudden removal of several anti-corruption bills from the parliamentary agenda was probably an act of retaliation for the exposure of the scandal and a warning to NABU.
- **Operation Forrest Gump represents another blow to Zelensky's domestic standing.** The dismissal of Defence Minister Mykhailo Fedorov in July triggered street protests that continued until 16 August (the so-called 'Cardboard Maidan'; see '[Ukraine: new government overshadowed by a controversial dismissal](#)'). Fedorov had sought to reform the defence sector, and his removal was probably motivated by a desire to protect the interests of members of the ruling camp. Further revelations in the Mindichgate scandal reinforce the perception that Zelensky tolerates the plundering of the state during wartime and allows personal interests to take precedence over those of the state. This is likely to further undermine public trust in the president.