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Zelensky Called Him a Criminal. Now Ukraine Calls Him for Guns and Ammo.

In its hunt for weapons, Ukraine has rolled back anticorruption rules and turned to people once seen as relics of an anything-goes era.

By Justin Scheck and Thomas Gibbons-Neff

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In the early weeks of the war in Ukraine, with the invading Russian Army bearing down on Kyiv, the Ukrainian government needed weapons, and quickly. So its Ministry of Defense made a desperate and unlikely phone call.

On the other end of the line was Serhiy Pashinsky, a chain-smoking former lawmaker who had overseen military spending for years. He had spent much of that under investigation on suspicion of corruption or denying accusations of self-dealing. Now, he was living in virtual political exile at his country estate, sidelined by President Volodymyr Zelensky and his promise to root out corruption. “Go out on the streets and ask whether Pashinsky is a criminal,” Mr. Zelensky said on national television in 2019. “I guarantee you that out of 100 people, 100 will say that he is a criminal.”

But Mr. Pashinsky had ties to the arms business and, perhaps as important, he knew how to operate in a scrum, undaunted by red tape. In government, that had made him the source of scandal. During wartime, it made him invaluable. He answered the call.

Eighteen months later, a New York Times investigation found, a company tied to Mr. Pashinsky has become the biggest private arms supplier in Ukraine. It buys and sells grenades, artillery shells and rockets through a trans-European network of middlemen. The company, Ukrainian Armored Technology, reported its best year ever last year, with sales totaling more than \$350 million, up from \$2.8 million the year before the war.

And Mr. Pashinsky is once again under investigation, with the Ukrainian authorities scrutinizing Ukrainian Armored Technology’s pricing and his financial relationships with procurement officials and companies abroad, said two officials familiar with the matter.

This month, investigators with the intelligence service searched the offices of a state-owned company, looking for evidence against Ukrainian Armored Technology, according to government officials with knowledge of the search. Most of those who spoke about the investigation did so on the condition of anonymity because they were not authorized to discuss the ongoing inquiry.

Mr. Pashinsky and the arms network he built highlight a little-discussed aspect of Ukraine’s war strategy. In the name of rushing weapons to the front line, leaders have resurrected figures from Ukraine’s rough-and-tumble past and undone, at least temporarily, years of anticorruption policies. Government officials stopped blacklisting suppliers who had ripped off the military, and they abandoned many public-disclosure rules intended to reveal self-dealing.

Mr. Zelensky’s administration did all of this while promising to continue fighting corruption. That has led to awkward contradictions — like the administration turning for help to someone it had labeled a criminal, gratefully buying weapons and simultaneously investigating him.

In the immediate term, the gamble is paying off. Ukraine held off Russian troops long enough for international aid to arrive. And Ukrainian Armored Technology has tens of millions of dollars in ongoing contracts to support the war effort. The long-term risk is that these temporary changes become entrenched, and that Mr. Pashinsky and others who had been sidelined will emerge from the war with more money and influence than ever. Ukrainian leaders understand this risk. “We are not very idealistic in this regard,” the deputy defense minister, Volodymyr Havrylov, said in an interview. When the war broke out, he said, “we wanted huge amounts, immediately.”

A Times investigation across Europe shows how that happened, and how Ukraine’s policies, born out of desperation, drove up prices and added layer upon layer of profit-making. Mr. Pashinsky’s network, for

example, buys weapons and then sells them, then buys them again and sells them once more, according to classified contracts and government documents obtained by The Times, along with interviews of more than two dozen current and former government officials and arms-industry figures.

With each transaction, prices rise — as do the profits of Mr. Pashinsky's associates — until the final buyer, Ukraine's military, pays the most. Using multiple brokers in this way may be legal, but it is a time-tested way to inflate profits, and something the Pentagon avoids.

Much of the money that fuels this system comes from European aid, according to an official with knowledge of Ukraine's wartime funding. But European and American officials are loath to discuss Mr. Pashinsky, for fear of playing into Russia's narrative that Ukraine's government is hopelessly corrupt and must be replaced.

Privately, though, they say the re-emergence of figures like Mr. Pashinsky is one reason the American and British governments are buying ammunition for Ukraine rather than simply handing over money.

Mr. Pashinsky, who is the head of the Ukrainian arms industry trade group, denies having any financial interest in the weapons business. On paper, he's correct. But in Ukraine, documents do not always reflect reality.

Officials from three different parts of Ukraine's government, including a top arms procurement official, say that when the government wants to buy from Ukrainian Armored Technology, it negotiates with Mr. Pashinsky. "He has always taken care of how that company is organized," Mr. Havrylov said.

Ukraine's military relies heavily on Soviet-caliber ammunition, and only so much exists, mostly in former Soviet bloc countries, including some that are reluctant to antagonize Russia by selling to Ukraine. Getting access to that supply requires experienced networks, which Mr. Pashinsky and his team have.

Mr. Pashinsky denied negotiating such deals and chalked up his years of scandals to Russian disinformation campaigns. "I have never been and never will be an embodiment or symbol of a corrupt system," he said.

He acknowledged the ongoing criminal investigation but said it was motivated by a misguided notion among government officials that arms sellers are making unfairly high profits. He called himself "a responsible citizen of my country who has never betrayed it and will never betray it."

As for Mr. Zelensky's televised remarks years back, "The president simply made a mistake," he said. "He is also a fallible human being." Mr. Pashinsky's detractors say he's a profiteer. Good-governance groups and political adversaries bemoan his resurgence. But even they are nearly unanimous that today's weapons-at-any-cost environment is perfect for Mr. Pashinsky. And he's delivering.

'Everyone Was on His Side'

In 2015, a military procurement official named Nelly Stelmakh was invited to a meeting with Mr. Pashinsky. He was a signature character in politics. He had briefly served as the head of the presidential office — akin to White House chief of staff — and was now the chairman of Parliament's security and defense committee.

That gave him a central role overseeing weapons purchases at a time when Ukraine was spending heavily to build a military bulwark against Russia. The meeting invite was a surprise, because Ms. Stelmakh bought nonlethal goods, not weapons. When she arrived at his office, she recalled, Mr. Pashinsky told her to buy fuel from his chosen vendor rather than the lowest bidder. She was taken aback. "I thought we had to fight our enemies, not steal," she said in a recent interview. "When I answered I would be working by the law, I started to have problems," Ms. Stelmakh said. Mr. Pashinsky had government investigators interrogate her, she said.

The government bought the fuel from Mr. Pashinsky's preferred vendor anyway. He provided The Times with a government letter that said his chosen vendors charged less than earlier ones, but did not address whether other vendors would have cost even less. And although the fuel purchases became a momentary controversy, nothing came of it. That was often the case with Mr. Pashinsky. Over the years, criminal investigations into his dealings were dismissed. A corruption inquiry into whether he expropriated a candy factory fizzled. Mr. Pashinsky's son got a job at a state-owned arms buyer, and Ukrainian Armored Technology won government contracts for mortars and armored vehicles, despite having few employees and no manufacturing capability. His family bought a Mercedes and a Range Rover and lived in a 10,000-square-foot home on a walled estate with a lake and a private church.

Endemic corruption was a constant concern for American and European leaders. They wanted to support Ukraine against Russia, but feared throwing money at politicians who treated it as a means of personal profit. The West has long pressured Ukraine to root out corruption, calling it a prerequisite to the country's joining the NATO military alliance and the European Union.

When the group Transparency International studied Ukraine's arms-buying system for a 2015 report, investigators viewed Mr. Pashinsky's competing interests — major arms figure and chairman of the committee overseeing arms deals — as an obstacle to that cleanup, according to someone who worked on that inquiry.

Aivaras Abromavicius, then the head of the country's largest state-owned arms company and a former government minister, said in a 2019 radio interview that Mr. Pashinsky was an owner of Ukrainian Armored Vehicles. "To be a shadow beneficiary of such powers and to be on the committee is, of course, wrong," he said.

Mr. Pashinsky, though, was a master of the smoke-filled room, which was often his office, where he smoked Parliament Night Blue cigarettes. He brushed off controversy with counter-accusations or a bit of menacing humor. He got into a fist fight on the floor of Parliament. He accused members of NAKO, an anticorruption nonprofit group, of being foreign agents, said Olena Tregub, its executive director. Once, NAKO members gathered in a hearing room to hear Mr. Pashinsky discuss a major military purchase. Sitting at the head of a boardroom table, a Ukrainian flag at his back, Mr. Pashinsky reached forward and placed an explosive shell on the table. "You are lucky that this is fake," he said with a smile, according to Ms. Tregub, who attended the meeting, and a photograph.

One committee lawyer, Tetiana Blystiv, said in an interview that for years Mr. Pashinsky had ordered her to write official letters to help steer business to companies including Ukrainian Armored Technology. In 2018, when it appeared that Mr. Pashinsky might be voted out of office, she stood up to him and refused.

Mr. Pashinsky summoned her to his office, where he sat, smoking, at his desk. When she arrived, she said, he moved toward her, loudly accusing her of corruption and threatening to have her charged. When he grabbed her arm, she said, she opened the door, hoping he would back down if he saw people in the waiting room. "Life doesn't cost much," she recalled him saying. She said he then made reference to her children.

Ms. Blystiv said she had reported Mr. Pashinsky to the authorities. "They laughed," she said. "Everyone was on his side." In Mr. Pashinsky's telling, the dispute was actually about his accusation that she had embezzled money. He said he had referred her to prosecutors, and that he never ordered her to write letters to benefit a company. Neither of them has been charged. Voters ousted Mr. Pashinsky from Parliament in 2019, the same year that Mr. Zelensky rode into office promising to get serious about corruption. Almost immediately, Mr. Pashinsky's air of invincibility was gone.

The country's anticorruption bureau began investigating him on accusations of "abuse of official position," court records provided by the Ukrainian data company YouControl show. Detectives raided his house at 7 a.m. on Feb. 24, 2020, Mr. Pashinsky wrote on Facebook. The military stopped awarding significant business to Ukrainian Armored Technology, and anticorruption investigators raided its office, confiscating documents and a hard drive. And soon after the new president came into power, Mr. Pashinsky was arrested over a three-year-old road-rage episode. Mr. Pashinsky had stepped out of his car and fired a gun into the air. When the other driver responded by hitting him in the head with a bottle, he said, "I was forced to shoot him in the leg." A judge temporarily put him under house arrest in a case that is still pending. The Pashinsky era, it seemed, was over.

Rebirth

With Russian troops massing on the Ukrainian border in January 2022, Mr. Pashinsky saw an opportunity. War seemed imminent, and Ukraine had an arms shortage. Ukraine had made few major arms purchases in the prior 18 months. Mr. Zelensky's policy overhauls had made procurement more transparent, it seemed, but also less effective. The old system was gone, but nobody could figure out a new one. Mr. Pashinsky began telling military contacts that, if asked, he could supply weapons, government officials said. That's when the phone rang and he was invited to a meeting with defense officials, according to four people briefed on it. Big NATO shipments had yet to begin, and the country desperately needed Soviet-caliber ammunition. The most important supplier, Bulgaria, refused to sell directly to Ukraine for fear of upsetting Russia.

That made Mr. Pashinsky particularly valuable, officials say. Ukrainian Armored Technology had connections in Bulgaria. Mr. Pashinsky's contact there was a broker named Kaloyan Stanislavov. The two knew each other through a Lithuanian politician who had been convicted on corruption charges, according to government documents and business associates. Mr. Stanislavov was able to get Bulgarian factories to prioritize his orders. At one of the biggest manufacturers, an associate said, Mr. Stanislavov bought nearly all of the available gunpowder early last year, leaving competitors scrambling.

Since Bulgaria did not allow ammunition sales directly to Ukraine, Ukrainian Armored Technology made a deal with a 70-year-old Polish middleman, Andrzej Kowalczyk. He got paperwork falsely listing Poland, not Ukraine, as the ultimate buyer, deal documents show. Records show that weapons went from Bulgarian manufacturers to Mr. Stanislavov; then to the Polish middleman; then to Ukrainian Armored Technology; and finally to Ukraine's military. Shipping records for one deal show that a Ukrainian airline flew 265,000 pounds of rockets, grenades and shells from Bulgaria to Poland for delivery to Ukraine.

With each step, prices increased, Mr. Stanislavov acknowledged in a brief interview. The Polish middleman, for example, takes a cut. "It has some surplus of profit," Mr. Stanislavov said. "Of course. Because it's a company." Mr. Kowalczyk said his company takes only a small profit on such deals. These price increases can benefit Ukrainian Armored Technology, because it charges the Ukrainian military fees based on its purchase price. Ukrainian prosecutors are now investigating this network and whether Mr. Pashinsky got kickbacks from the Polish middleman, according to an official with knowledge of the inquiry. Mr. Pashinsky said that he knew the man, but that they had no financial relationship.

A Weapons Frenzy

Weeks after the war began, Ukrainian Armored Technology had tens of millions of dollars in government contracts for mortar shells, missiles, rockets and grenades. In March 2022 alone, documents show, Ukraine agreed to pay the company more than \$100 million. For much of last year, Ukrainian Armored Technology delivered more reliably than state-owned companies, a defense ministry audit shows. Some Ukrainian officials blame the company for driving up prices by bidding against state-owned companies to buy weapons. If so, that is not entirely Mr. Pashinsky's fault.

Early in the war, the Ukrainian government could have kept its anticorruption rules unchanged and left it to the government to do the purchasing. Instead, officials decided to enlist as many arms brokers as possible and stripped away some disclosure rules. The goal was to tap as many sources, and remove as many barriers, as possible. The result was a frenzy. "We had cases where two state-owned companies were competing for the same stock," Mr. Havrylov, the deputy defense minister, recalled.

Thousands of brokers answered the call, Mr. Havrylov said. But few had Mr. Pashinsky's connections. Only 10 to 15 percent could find the ammunition they promised. Only about half of those delivered, he said. The most successful brokers, officials found, were steeped in the old ways of doing business. Mr. Pashinsky provided crucial supplies earlier than Ukraine's allies, Mr. Havrylov said. And he is adamant that people who delivered in that dire period should not be questioned in retrospect. "Let's not touch people for what they've done in February, March of 2022," Mr. Havrylov said. "Even if it looks suspicious."

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