

Financial Fraud: Corruption scandal over Ukraine's emission money

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Ukraine's Prime Minister has accused the national Central Bank and the administration of the President of corrupt currency trading.

The Central Bank of Ukraine has manipulated the market to drop the exchange rate of the national currency, the hryvnia, twofold, Yulia Tymoshenko said Thursday. It also distributed the money it raised through emission between several banks affiliated with the Central Bank's head Vladimir Stelmakh so they could buy dollars and euros on the market, Tymoshenko charged, saying the reserves will later be poured back, when the hryvnia becomes stronger, and the revenues will be pocketed by officials involved in the corruption scheme

According to Tymoshenko, as much as US \$5 billion was raised by the Central Bank since October 1, and most of it didn't go for the intended purpose, namely financing banks with liquidity problems. The Prime Minister said Ukraine's banks were denied the bailout unless they agreed to pay a kickback to the Central Bank's officials.

Members of the presidential administration are involved in the corruption ring, Tymoshenko said and demanded that Victor Yushchenko dismiss Stelmakh.

The Central Bank replied Friday that the government was trying to find a scapegoat for its 'mediocre management of the economy' and warned that Ukraine may face default in December, since the country has no money to pay salaries, pensions and debts.

The statement labels Tymoshenko's actions as 'cynical' over her trying to 'use ordinary people who suffer from the destabilisation of the banking system as a weapon in political warfare.'

The head of the Presidential Administration Viktor Baloga supported the Central Bank's position, saying the government was acting 'unprofessional' and 'couldn't even understand macroeconomic indexes'. According to him, the Prime Minister 'is using the age-old tricks of manipulation, fact twisting and outright lies' to whitewash the government.

Ukraine was hit hard by the global financial crisis, which was aggravated by the political instability in the country. Ukraine has no approved budget for the next year and faces gas cut on January 1 due to outstanding debt.

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