



10.05.2012 №29

**International Monetary Fund,
700 19th Street, N.W., Washington, D.C. 20431
Christine Lagarde**

Dear Mrs. Christine Lagarde,

Let me express my best wishes and address to you with the following.

I am a chairman of new Political party of Ukraine Democratic Alliance. Our party is battling corruption in state bodies and enterprises. For the moment we strike against corruption in National joint stock company “Naftogaz”. Together with journalists and experts we discover corruption schemes in this company and try to stop them. However, the top management of the company is protected by representatives in parliament and government.

Today, the financial situation of Naftogaz is critical. The company is being subsidized from state budget through state bonds. For the moment the amount of subsidies is 6 billion USD. Naftogaz also has big debts through loans and credits but due to the opaque politics there is no possibility to receive objective information. Due to the information from journalist corporate debt of Naftogaz is approximately 15 billion USD.

Besides the huge debts the companies’ management uses corruption schemes in public procurements. In 2011 Naftogaz has bought two oil drilling platforms paying more 300 million USD from real price what became the biggest corruption scandal in Ukraine. Paying more from real prices is a popular activity of company. Monitoring of public procurements of Naftogaz has shown us that company spends huge sums of money on the purposes which do not corresponds with main activity of company. For example, Naftogaz spent almost 20 million USD on reconstruction of hotel and recreation centers. Huge sums are spent on the comfort of companies’ management: 12 million USD are spent on technics (laptops, copiers etc), 6 million USD on car rent, 1,4 million USD on office cleaning etc.

All these prove that Naftogaz has highly ineffective corrupted management which leads company to the bankruptcy. Meanwhile, reasons of such irresponsible behavior of companies’ management can be explained in the way that Ukrainian Law “On pipelines” (paragraph 8 article 7) forbids to start bankruptcy procedures against Naftogaz. This means

that company can spend money from budget and investors without any responsibility to go bankrupt.

Following all these facts I address to you for any reasons and under any conditions to give no financial or warranty support to National joint stock company Naftogaz. I assure you that any support for this company only increases corruption and profit of the management.

Please, take this information into account for your plans of cooperation with Naftogaz. If you would need any detailed information and documents proving corruption do not hesitate to contact us.

Kind regards,
Chairman of Political party
Democratic Alliance



Vasyl Gatsko