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Frozen but not recovered: state capacity and the gap between seizing and realising assets in wartime Ukraine

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LSE Ukraine programme

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We see the Russo-Ukrainian War as an 'axial event' in twenty-first century history, in which the agency of Ukrainians will have, one way or another, a tremendous impact on the future of global security. Whatever the outcome of the war will be, this conflict has already raised deeply troubling questions for the security of the international order. The central objectives of our project are to develop approaches that assist in preventing the fragmentation and disintegration of Ukraine and bring about a politically just and sustainable peace.

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About the Author

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Cover photo: Royal Romance, Feadship (NL) built super yacht. Seized by ARMA from Ukrainian oligarch, Viktor Medvedchuk, who is currently living in exile in Russia. Picture from 2015 (100Zen/Flickr/CC).

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Executive Summary

- Ukraine's Asset Recovery and Management Agency (ARMA) is the oversight body for sanctioned assets that have been seized in the war due to alleged criminal links to the Russian regime, its economy or support for its war of aggression in Ukraine. As such, it represents a key civilian institution in the war effort, as it aims to manage sanctioned assets for the benefit of the Ukrainian people and its democratic institutions. The report highlights, however, the problem that ARMA has repeatedly failed to convert these assets into sources of economic revenue for the Ukrainian state.
- The gap between tracing and managing assets is large and widening. The share of traced assets actually transferred to ARMA's control fell from roughly 7.2% in 2022 to 3.3% in 2023 and 1.76% in 2024; across 2022–24 only about 4% of traced assets reached its management.
- Headline revenue growth masks profound concentration of the sources. Transfers to the state budget rose from UAH 34.78 million in 2022 to UAH 7.25 billion in 2025, but these returns rest overwhelmingly on a handful of energy-sector assets run by state-owned managers. In 2024, the top five managers produced UAH 1.13 billion of the UAH 1.17 billion total, and oil and gas alone contributed more than all other sectors combined.
- The agency's own register is not fit for purpose. Our Sanctioned Firms in Ukraine dataset, compiled from public sources for the present report, identifies 286 companies transferred to ARMA between May 2022 and July 2025, dominated by energy and real estate. Compiling it required cross-checking legal, corporate, and procurement registers because ARMA's register is incomplete and unordered, often missing asset status, update dates, and basic identifiers. Successive audits found no consolidated record of assets, tracing still being run on spreadsheets, and underperformance across all eight statutory functions in 2022.
- Investigative journalists have uncovered high profile cases sparking concern over public interest protections. Case studies show valuable assets left idle for years while manager selection can be litigated into paralysis (IDS Ukraine / Morshynska); former owners re-entering through the tenders and auctions meant to displace them (Venta; the Borzhava land sold for UAH 89.5 million against a UAH 1.06 billion valuation); offshore holding structures defeating seizure outright (Pin-Up / Cyprus); and a seized chemical plant (Karpatnaftokhim) apparently changing hands far below

value amid signs of nominee ownership and political protection, while sitting idle and leaving workers unpaid.

- **These failures reflect a fragmented legal architecture.** It was never designed to confiscate and manage Russian-linked assets at scale during a war, with responsibility split across criminal seizure, sanctions confiscation, nationalisation, the courts, prosecutors, and the State Property Fund. By ARMA's own account, only nine of fifty-eight High Anti-Corruption Court nationalisation rulings have been even partially executed.
- **Reform is underway under the pressure of domestic and external scrutiny of wartime governance.** A July 2025 reform law, ARMA's December 2025 placement under the direct coordination of the Prime Minister, and four simultaneous audits have been driven largely by EU Ukraine Facility funding conditionality.

Recommendations for the Government of Ukraine

- **Make the seized-assets register complete, structured and machine-readable.** The report shows that the existing register is an unordered list with no asset status, no update dates, and missing basic identifiers, forcing researchers to cross-check against corporate registers and Prozorro. ARMA should be required to publish a standardised register showing each asset, its class, current management status, appointed manager, and date of last update.

- **Publish manager-selection outcomes and impose statutory deadlines for appointing managers.** Opacity in who manages each asset and how they were chosen can potentially be an indicator of risks the agency is captured by private interests. ARMA should therefore disclose full selection results. A binding maximum period between transfer and manager appointment would directly address the problem that assets are left idle, leading to their depreciation.

- **Mandate beneficial-ownership and affiliation screening of tender participants before competitions conclude.** The Venta and Borzhava cases we discuss turn on the potential for parties to re-entering through tenders and auctions. There is a need for better due diligence testing, validation and reporting to ARMA even given the resource constraints of wartime.

- **Reform auction rules to prevent undervalued sales of high-value assets.** Borzhava sold for UAH 89.5m against a UAH 1.06bn valuation via a Dutch-auction mechanism. The government should set valuation floors for assets above a value threshold before successive price reductions, in order to make it impossible for such assets to be sold so far below their value.

- **Introduce and publish performance metrics that distinguish systemic results from legacy SOE revenue.** Because reported profitable revenues from sanctioned assets are concentrated in a few state-owned enterprises, headline figures can obscure management underperformance. Standardising the published metrics along the lines such as net-return-per-asset would make ARMA's actual recovery management performance legible and auditable.

Recommendations for Ukraine's international partners

- **Tie continued Ukraine Facility and related funding to specific, verifiable ARMA reform milestones.** The report identifies EU funding conditionality as the catalyst for the current reform agenda. Partners should continue to anchor this in concrete deliverables rather than general reform language, in order that progress can be independently corroborated.

- **Press for cross-border access to beneficial-ownership information, particularly in Cyprus, UAE, and other offshore jurisdictions.** The Pin-Up and Karpatnaftokhim cases show how Cypriot holding structures were able to defeat the seizure, and that the Cypriot UBO register is closed to the public. Partners with leverage in these jurisdictions should support access to UBO data so Ukrainian courts and ARMA can establish true ownership.

- **Share asset-tracing and screening capacity that Ukraine's own agencies cannot spare during wartime.** Partners could help close the vetting gap as a result of resource constraints by providing analytical support or access to international databases to assist on the adjudication process of potential asset managers.

- **Support harmonisation of Ukraine's fragmented confiscation architecture against international standards.** ARMA's weaknesses are partly a symptom of a fragmented system spanning sanctions confiscation, criminal management, nationalisation and the State Property Fund. Partners should provide legal expertise to streamline the handover of confiscated assets between bodies and align procedures with international norms.

Introduction

Ukraine currently has three means of seizing assets: nationalisation, civil forfeiture, and criminal proceedings. The latter most directly concerns ARMA, and it has been criticised on several fronts regarding how it manages the process of realising frozen criminal assets to the benefit of the state. ARMA manages assets during active criminal proceedings[1] until the confiscation of the asset into the property of the state or another court decision, including the potential cancellation of the arrest and its return to the original owner.

Firstly, ARMA is unable to bring in money for the state until it appoints a temporary manager for the frozen assets. In cases where these processes drag out (and they do, see the analysis of annual reports in the present report), neither the depreciation of assets nor the opportunity cost of not appointing a manager is publicly reported. Pavlo Demchuk, of Transparency International Ukraine, has described ARMA as a hospital exclusively treating a small number of VIP patients, while, "hundreds of patients in shared wards go months without the basic medical help."[2] This analogy refers to the small number of high-value assets, predominantly in the energy sector, that are actively managed and generate significant revenues for the state, despite a much larger pool of seized property remaining without effective oversight or management. As a result, these assets either continue to deteriorate, lose commercial value, or in some cases may still generate indirect benefits for their original owners.

Secondly, ARMA's selection process has been described as opaque by Ukraine's civil society and lawmakers. Experts have noted that ARMA does not publicly show full lists of what it manages, who exactly manages each asset, and the results of manager selection processes. This uncertainty creates space for abuse or political capture, undermining the whole objective of the seizure.[3] The research contained in this report draws on public sources to develop an assessment of the challenges that ARMA needs to overcome if it is to effectively manage sanctioned assets in the public interest. We draw on three main evidence bases:

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[1] For an explanation of how they operate in criminal proceedings by way of an example, see Анастасія Жарикова, 'В АРМА розповіли про два способи націоналізації виробника "Моршинської" Фрідмана', Економічна правда, accessed 20 July 2026, https://epravda.com.ua/news/2023/05/03/699746/.
[2] Pavlo Demchuk, 'Meaningless Numbers: How ARMA Boasts Success Without Fulfilling Its Mission', 28 May 2025, https://ti-ukraine.org/en/news/meaningless-numbers-how-arma-boasts-success-without-fulfilling-its-mission/.
[3] Максим Савчук, Надія Бурдей, and Георгій Шабаєв, '«Альфа-Банк», Ocean Plaza, «Прем'єр Палац». Чому Російський Бізнес Досі Працює в Україні?', Радіо Свобода, 20:20:00Z, sect. Політика, https://www.radiosvoboda.org/a/skhemy-konfiskatsiya-rosiyski-oliharkhy/32285128.html.

- The Sanctioned Firms in Ukraine dataset, which was built through triangulating ARMA's data with legal and corporate control registers.
- ARMA's annual reports, 2022-2025 inclusive.
- Case studies highlighted by Ukraine's investigative journalist community.

This is a first cut analysis of some of the challenges that Ukraine faces as it seeks to reform its public institutions – protecting them against capture by private and vested interests – while continuing to prosecute the war of national survival against Russia's invasion. Resource constraints have meant that we have not been able to combine this analysis of public sources with qualitative interviews, which would have allowed us to develop a fuller and more granular picture. This means that the analysis presented necessarily has a provisional character. The report analyses some of the issues facing Ukraine in the governance field and makes some initial recommendations for how they might be overcome through further public interest reform.

The seizure of these assets forms part of an expansion of the powers of the state in Ukraine's wartime economy.[4] As markets become fragile, state intervention is critical to maintaining social cohesion and directing resources towards the war effort. This means that the state assumes a crucial coordination and resourcing role, one sustained by fiscal transfers from Ukraine's allies. The case of ARMA underlines the complexity of this process of state-led development. The state has lacked the administrative and bureaucratic power to effectively manage these assets in the public interest, a sign of how Ukraine's modernisation and reform remains unfinished. Our analysis aims to provide evidence bases that assist policymakers in their efforts to move further forward, growing the capacity of state institutions to protect and uphold the public interest.

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[4] On which see Luke Cooper, Russo-Ukrainian War: The Political-Economy of the Present Balance of Forces (London: London School of Economics and Political Science (PeaceRep Report), 2025), https://peacerep.org/publication/russo-ukrainian-war/.

The Sanctioned Firms in Ukraine dataset: analysing corporate entities under ARMA control

Until August 2023, the unified register for assets transferred to ARMA was not accessible. The present research undertaken by the LSE Ukraine programme as part of its work for PeaceRep has shown that the existing register is far from complete; rather, it constitutes an exhaustive list of entries with no logical ordering, no active status indicating the state of the asset or most recent updates, and at times is missing basic information (i.e. for companies, the name or the corporate register identification number). It is therefore impossible to independently identify the exact number of assets under AMRA's control, and their composition based on asset classes. For this report, we had to therefore cross check the data with legal and corporate registers, as well as Prozorro, the Ukrainian state procurement and privatisation platform.

Our research focused exclusively on corporate shareholdings, with 286 individual companies identified as transferred to ARMA's control between May 2022 and July 2025. Activity falls into three clear phases: the first surge ran from May to December 2022, accounting for roughly 141 companies (nearly half of all seizures), overwhelmingly Russian/Belarusian-owned businesses seized in the immediate aftermath of the full-scale invasion. The second wave (early–mid 2023) added 52 more companies. Since then, the pace has slowed but continues with 2024 bringing 50 seizures. Energy dominates with 49 companies, largely because the Glusco network (34 companies, seized on a single day on 9 May 2022) is the largest individual cluster in the dataset. Real estate is the second largest category at 35, reflecting the broad sweep of property-holding vehicles in the register. Construction, agriculture, manufacturing, and wholesale trade are other notable categories. 14 companies have been flagged as under bankruptcy proceedings, and 17 as dissolved – overall not a bad indicator.

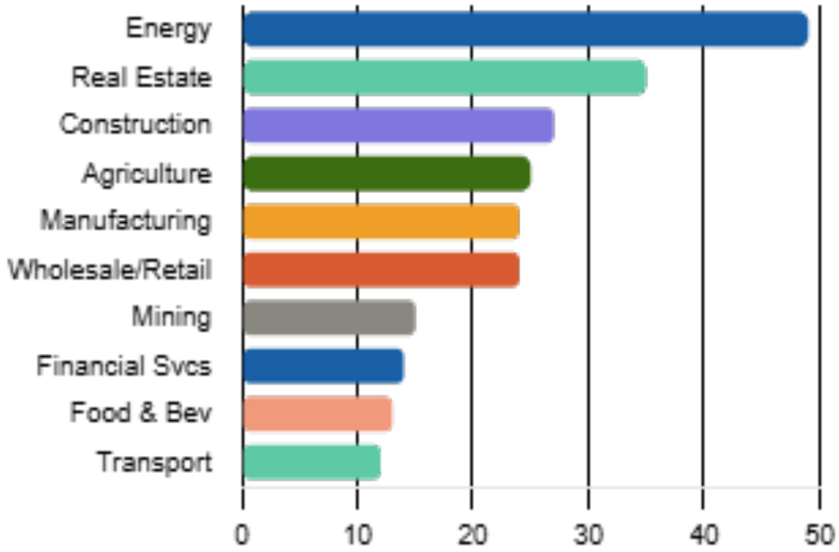

Figure 1: Breakdown of companies based on top sector transferred to ARMA between May 2022 and July 2025

Furthermore, ARMA's operational capacity to manage assets has been called into question by multiple audits and oversight bodies. The 2022 independent audit found that the agency lacked a consolidated and verifiable record of the assets transferred into its management, relying instead on fragmented internal systems that prevented accurate tracking of both asset value and performance.[5] This meant that even at a basic level, ARMA could not reliably determine how many assets it controlled, what they were worth, or whether they were generating returns. In practice, this severely undermines the agency's core mandate, as effective asset recovery depends not only on seizure, but also on accountable management. In January 2026, Ukraine's Accounting Chamber, conducting a review of ARMA's 2024 reporting, found that ARMA has still not taken over all assets it is legally required to manage under court decisions, despite completing a full inventory.[6] While ARMA reported some progress, such as updating the seized assets register and preparing new methodologies for asset management and manager selection, several key recommendations remain unimplemented. These include ensuring full transfer of assets into ARMA's control, improving coordination with prosecutors and investigators, establishing clear performance metrics for asset management, upgrading data systems and registers, and gaining access to investigative databases.

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[5] AC Crowe Ukraine, Independent Audit Report - ARMA (Kyiv: Available on ARMA website, 2022), https://arma.gov.ua/files/general/2024/01/03/20240103173759-52.pdf.

[6] Accounting Chamber of Ukraine, АРМА досі не прийняло в управління всі арештовані активи: моніторинг виконання рекомендацій Рахункової палати (Kyiv, ACoU, 2026), available via archived weblink: https://web.archive.org/web/20260207231044/https://rp.gov.ua/PressCenter/News?id=2989

The financial performance of managed assets further reinforces these concerns. In 2022, managers incurred hundreds of millions of hryvnias in costs, while only a small fraction of that amount was transferred to the state budget.[7] This imbalance suggests either structural inefficiencies in how assets are managed or weak oversight of appointed managers. While ARMA has reported higher revenues in subsequent years, these have largely been generated by a limited number of state-owned enterprises managing legacy assets, rather than reflecting systemic improvements in the agency's overall performance. Our publicly available dataset includes a list of asset management contracts concluded since the 2022 full-scale invasion.[8]

Another persistent issue is the gap between asset tracing, seizure, and actual transfer into management. Although ARMA reports large volumes of identified assets each year, only a small proportion are ultimately seized, and an even smaller share is transferred to the agency for management. This creates a significant disconnect between headline figures and tangible outcomes. While some of these bottlenecks lie with prosecutors and courts, there are also indications that the usability of ARMA's tracing outputs may not always support effective enforcement actions.

[7] ARMA - Annual report 2022, Звіт Про Діяльність Національного Агентства України з Питань Виявлення, Розшуку Та Управління Активами, Одержаними Від Корупційних Та Інших Злочинів, За 2022 Рік (Kyiv: ARMA, 2023), https://arma.gov.ua/files/general/2023/04/14/20230414151815-81.pdf.
[8] This is available at the following link: https://docs.google.com/spreadsheets/d/1_OttSK6ZaCqmFnHWXHsnN_FFF9j0ryYh/edit?usp=sharing&ouid=110795226195851944497&rtpof=true&sd=true

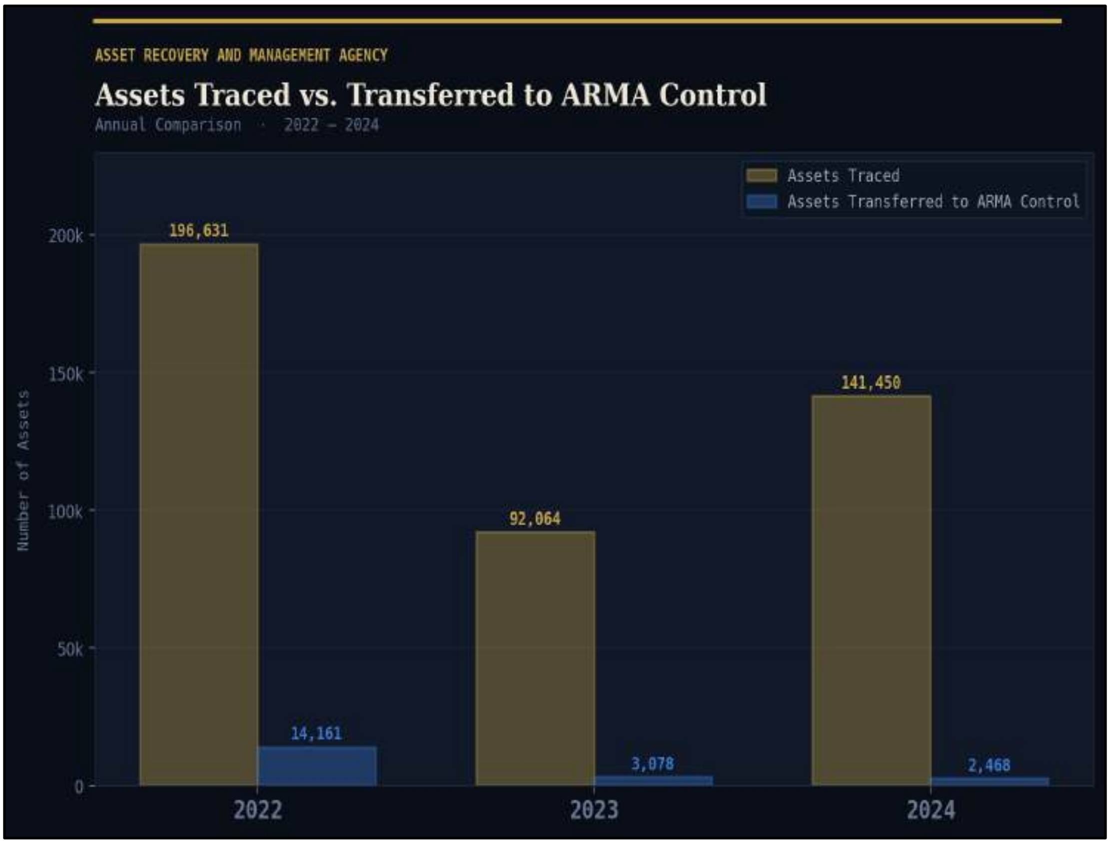

Figure 2: Roughly 4% of all assets traced by ARMA were actually transferred to its control between 2022-24, according to the agency's reports.

Taken together, these shortcomings position ARMA as a critical weak point in Ukraine's asset recovery framework. Assets may be successfully identified and frozen, but delays in management, lack of transparency, and limited financial returns mean that the state often fails to capture their full economic value. In some cases, assets remain idle or continue to benefit prior stakeholders, while in others, legal and procedural gaps create opportunities for contested ownership changes or informal control. This not only reduces fiscal gains for the state but also raises broader concerns about governance, accountability, and the credibility of Ukraine's anti-corruption architecture.

That said, some of ARMA's shortcomings should be understood against the legal novelty of Ukraine's asset recovery framework. Since 2022, Ukraine has been operating in largely untested territory: it is the first state to confiscate and manage Russian-linked assets at scale during an active war. The legal architecture remains fragmented between sanctions-based confiscation, criminal asset management, nationalisation, the State Property Fund, courts, prosecutors and ARMA itself.[9]

[9] Тетяна Хутор, 'Конфіскація Російських Активів в Україні. Що (Не)Зроблено За 2023 Рік', Зеркало Недели | Дзеркало Тижня | Mirror Weekly, 9 January 2024,

Even after confiscation, assets may need to move between ARMA and the State Property Fund, requiring the lifting of arrests, termination of management contracts and separate decisions on sale or administration. These procedural gaps have created real constraints on speed and efficiency. In this sense, ARMA's poor performance is not only an institutional failure, but also a symptom of a broader system that is still being built while under wartime pressure.

In July 2025, President Zelenskyy signed a bill that launched a large-scale reform of ARMA, which is meant to include independent audits, new rules for management selection, and greater transparency of seized assets.[10] In December 2025, the Ukrainian government placed ARMA under the direct coordination of the Prime Minister, signalling increased political oversight of the agency.[11] The catalyst for such an overhaul is EU funding, as the Ukraine Facility programme has been decreased by Brussels over Kyiv's failure to meet some of the reform targets. Under a transitional period of six months, ARMA is undergoing four serious audits simultaneously, while also reviewing previously transferred but unmanaged assets, determining whether they can be effectively managed or require alternative handling.[12] These include a broad institutional audit by international experts, an audit of the seized assets register supported by the Council of Europe, and an audit tied to the Ukraine Facility programme, which evaluates ARMA reform progress, leadership selection, and asset recovery strategy. As recently as April 2026, ARMA identified improper asset management by one of the selected managers which led to debts exceeding UAH 6.4 million across four different contracts – a situation that highlights both the weakness of existing oversight, as well as efforts to address it.[13]

https://zn.ua/ukr/macroeconomics/konfiskatsija-rosijskikh-aktiviv-v-ukrajini-shcho-nezrobleno-za-2023-rik.html.

[10] Карина Левицкая, 'Реформа АРМА стартует: Зеленский дал "зеленый свет" важному закону', РБК-Україна, 27 July 2025, https://www.rbc.ua/ukr/news/reforma-arma-startue-zelenskiy-dav-zelene-1753626484.html.

[11] Катерина Бельмас, 'Свириденко: діяльність АРМА віднесена до координації прем'єр-міністра України', Суспільне | Новини, 29 December 2025, https://suspilne.media/1201352-dialnist-arma-vidnesena-do-koordinacii-premer-ministra-ukraini-sviridenko/.

[12] Виктор Волокита, 'В АРМА проходят четыре аудита одновременно: большинство - международные', Экономическая правда (https://epravda.com.ua/, 6 April 2026), https://epravda.com.ua/rus/power/kakie-audity-prohodyat-v-arma-820104/.

[13] ARMA, 'АРМА Встановило Факти Неналежного Управління Активами Та Борги На Понад 6,4 Млн Грн' (Kyiv: ARMA, 8 April 2026), https://arma.gov.ua/news/typical/arma-vstanovilo-fakti-nenalejnogo-upravlinnya-aktivami-ta-borgi-na-ponad-64-mln-grn.

Analysis of ARMA’s annual reports (2022-2025)

ARMA's own reporting, read alongside the independent audits commissioned each year, provides the clearest available record of how the agency's performance has evolved since the full-scale invasion. Four years of reports trace a genuine improvement in revenues to the state budget, from UAH 34.78 million in 2022 to UAH 7.25 billion in 2025. Yet, the same documents reveal persistent structural weaknesses: a steadily falling conversion rate between assets traced and assets actually managed, extreme concentration of revenue in a handful of energy-sector contracts, and reporting practices that make independent verification impossible.

2022: Expanded mandate

In 2022, ARMA was granted expanded wartime powers, including tracing the assets of sanctioned persons, locating property of banned political parties, managing confiscated property, and investing seized funds in military bonds. The agency reported tracing 196,631 assets that year, including UAH 55.76 billion in corporate shareholdings, over 142,000 land plots and nearly 16,000 real estate units. Overall, 14,161 (approximately 7.2%) individual assets were transferred to its control across 71 criminal cases.

Capacity to actually manage what ARMA received was far more limited. Of 156 competitions launched to select asset managers, only 19 were completed; in 83, no participants applied at all. The year closed with ten asset-management agreements signed, covering 564 assets with an assessed value of UAH 828.54 million. However, the state’s asset-management activity churned out a net loss, with managers transferring UAH 34.78 million to the state budget while spending UAH 748 million to preserve the economic value of seized assets.

The external audit of ARMA's 2022 performance by Crowe Ukraine concluded underperformance across all eight of the agency's statutory functions.[14] Asset tracing relied on Excel tables, with no automated databases. Complete statistics on the quantity or value of assets transferred to the agency were non-identifiable, and neither was the comprehensive tracking of income against management costs. The Unified Register of Seized Assets, legally required to be operational, had remained in test mode since 2019, with only 92 of 340 relevant court rulings entered on time. The auditor also flagged a telling discrepancy in scale: officials told a parliamentary commission in May 2023 that Russian assets transferred to ARMA since February 2022 were worth at least UAH 70 billion, a figure appearing

[14] AC Crowe Ukraine, Independent Audit Report - ARMA.

nowhere in the agency's own reporting. Even the number of management contracts could not be agreed: the audit counted eleven where ARMA reported ten, and no financial losses from terminated contracts were calculated, documented, or pursued.

2023: Institutional reform, operational weakness

2023 brought the first meaningful institutional changes. Olena Duma was appointed Head in June (previous appointees had served only in an acting capacity) and the Unified Register was finally opened to public access in August. Additionally, sale of seized assets moved fully to Prozorro.Sale, and Order No. 223 (September 2023) formalised manager selection through Prozorro, committing managers to fixed monthly guaranteed payments to the budget regardless of profit and defining clearer grounds for contract termination.

The headline numbers, however, moved in the opposite direction to the reforms. Assets traced fell to 92,064, of which 3,078 (roughly 3.3%) were transferred to ARMA's control.[15] Of 244 competitive selections launched, only 13 management contracts were concluded, a completion rate of about 5%. ARMA reported, for the first time in its history, that revenue exceeded its operating costs (UAH 191 million against UAH 171.7 million in state funding), but managers simultaneously spent UAH 1.18 billion maintaining the economic value of arrested assets, up from UAH 748 million the year before. The agency also disclosed seven cases of improper management triggering early contract termination, most notably Naftogaz Oil Trading, whose contracts for the Glusco network generated no income for most of 2022-23 before ARMA unilaterally terminated them and appointed Ukrnafta as a manager in September 2023.

The independent audit for 2023 characterised the agency as institutionally active but operationally weak: understaffed relative to the scale of assets under its control, still compiling asset-management data in Excel, and still unable to allow independent verification of how many assets had been seized and transferred, or their total value. In response, ARMA justified such non-disclosure on grounds of criminal-procedure secrecy. However, even small and general figures failed to reconcile: ARMA reported UAH 101.3 million paid to the budget from management, while Treasury records showed UAH 101.7 million. Encouragingly, the auditor found the 2023 activity report broadly matched underlying data but noted that the

[15] ARMA - Annual report 2023, ЗВІТ Про Діяльність Національного Агентства України з Питань Виявлення, Розшуку Та Управління Активами, Одержаними Від Корупційних Та Інших Злочинів, За 2023 Рік (Kyiv: ARMA, 2024), https://arma.gov.ua/files/general/2023/04/14/20230414151815-81.pdf.

year's reforms came late and their enforcement remained dependent on court decisions and Antimonopoly Committee approvals.

2024: Record revenues

In 2024, ARMA identified and traced 141,450 assets, but just 2,468 (1.76%) were transferred to its control, continuing the decline in conversion from 7.2% in 2022 and 3.3% in 2023.[16] Reporting on corporate rights, the most valuable asset class, deteriorated notably: despite tracing UAH 35.9 billion in shareholdings, the report records only that seven "composite assets" were arrested and one taken into management, with no explanation of how composite assets are constituted or valued.

Tendering remained the principal bottleneck. Of 33 tenders announced via Prozorro, winners were selected in only nine; 20 failed, three-quarters of them for lack of any bids. Meanwhile, budget contributions reached a record UAH 1.17 billion, which the agency attributed to tighter oversight of managers, revised contract terms, and new agreements. But the base of this success was strikingly narrow: the top five managers (Ukrnafta, Chornomornaftogaz, Naftogazenergy, Cryotechs-Service, Ukrtransnafta) accounted for UAH 1.13 billion of the total, and the oil and gas sector alone contributed roughly UAH 989 million - more than all other sectors combined.

The reports also show ARMA increasingly embattled in the courts: 110 cases in 2022, 148 in 2023, and 185 (with 371 hearings) in 2024, most brought by asset owners challenging manager selections, auction results, or claiming property damage from ARMA's actions. Moreover, no independent audit of ARMA’s activity was published for the year 2024.

[16] ARMA - Annual report 2024, ЗВІТ Про Діяльність Національного Агентства України з Питань Виявлення, Розшуку Та Управління Активами, Одержаними Від Корупційних Та Інших Злочинів, За 2024 Рік (Kyiv: ARMA, 2025), https://arma.gov.ua/files/general/2023/04/14/20230414151815-81.pdf.

2025: A step change in revenue

For the first nine months of 2025, ARMA reported record transfers to the state budget of UAH 7.2 billion, more than six times the total for all of 2024, with the full-year figure reaching UAH 7.25 billion.[17] Quarterly reporting confirms the same concentration dynamic in sharper relief: a small number of large, operational assets, overwhelmingly in energy and infrastructure, account for most transfers, while many contracts show zero or minimal quarterly payments because the underlying assets generated no income, were not operational, or were recently transferred or terminated.

As of the end of Q3 2025, seized corporate rights were held by just eleven unique managers, each with a single contract except Ukrnafta, which held five, including the Glusco network, Ukrnaftoburinnya, and East Europe Petroleum. Several contracts illustrate the gap between transfer and performance: IKVEL's management of the Venta stake (discussed below) had produced zero revenue, expenses, and budget receipts as of Q3, months after conclusion.

What the reports' own case studies reveal

The case studies ARMA selects for its own reports are instructive, both for what they demonstrate and for what they concede. The clearest lesson is that the identity of the appointed manager matters enormously. The Glusco network, a chain of over 200 petrol stations built on the former retail business of Russia's Rosneft and linked to pro-Kremlin politician Viktor Medvedchuk, was placed under the management of Naftogaz Oil Trading, a subsidiary of state energy company Naftogaz, in May 2022. The network generated no income for most of 2022 and paid just UAH 2.09 million to the budget in 2023. Following a 2023 inspection, ARMA declared the management ineffective and asked the Cabinet of Ministers to replace the manager and management passed to Ukrnafta, Ukraine's largest oil producer, under a September 2023 contract that committed 85% of net profit to the state plus a guaranteed monthly payment of UAH 5 million. After the transfer, budget receipts from the same assets exceeded UAH 100 million in 2024 alone. Notably, Naftogaz Oil Trading sued to invalidate the termination, but the Commercial Court of Kyiv upheld the legality of ARMA's decision. The dispute was

[17] ARMA - Annual report 2025, ЗВІТ Національного Агентства України з Питань Виявлення, Розшуку Та Управління Активами, Одержаними Від Корупційних Та Інших Злочинів, Про Показники Управління Активами За IV Квартал 2025 Року (Kyiv: ARMA, 2026), https://arma.gov.ua/files/general/2023/04/14/20230414151815-81.pdf.

ultimately about money[18] rather than reputation: Naftogaz maintained it had received a non-operational network and invested heavily in reviving it, and a subsequent claim to recover UAH 6.7 million in expenses incurred on the assets was likewise dismissed in August 2024,[19] with the court citing the previously established improper management and breach of contract terms. Naftogaz at the time was overseen by Oleksii Chernyshov, the former deputy Prime Minister of Ukraine who was arrested in 2025 over his alleged role in a large-scale corruption scheme in Ukraine's energy sector.

Glusco petrol station network in Ukraine is one of the largest assets seized in the history of ARMA (ZZZico/CC).

Vinnytsiapobutkhim tells a similar story about oversight rather than manager selection. The Vinnytsia-based household chemicals plant, holding roughly 13% of

[18] Дмитро Рясний, and Микола Топалов, 'Чи Вистачить Газу Для Проходження Зими Та Як Виглядає Деолігархізація в Енергетиці. Інтерв'ю з Головою "Нафтогазу"', Економічна Правда (Kyiv: Ukrainska Pravda, 25 August 2023), https://epravda.com.ua/publications/2023/08/25/703572/.

[19] ARMA, 'АРМА Продовжує Відстоювати Державні Інтереси: Суд Відмовив Колишньому Управителю Мереж АЗС Glusco у Відшкодуванні Майже 7 Млн Грн з Доходів Держбюджету' (Kyiv, 8 August 2024), https://arma.gov.ua/news/typical/arma-prodovjue-vidstoyuvati-derjavni-interesi-sud-vidmoviv-kolishnomu-upravitelyu-merej-azs-glusco-u-vidshkoduvanni-mayje-7-mln-grn-z-dohodiv-derjbyudjetu.

Ukraine's household chemicals market and owned by the Russian company Nevskaya Kosmetika, was seized in July 2022, halting production. ARMA selected LLC Cryotechs-Service as manager, and for the first half of 2023 the company paid only the guaranteed minimum of UAH 250,000 per month. After ARMA's new leadership introduced monitoring and control of active managers in 2023, and once production resumed in mid-2023, monthly payments rose to roughly UAH 7 million. After the High Anti-Corruption Court applied sanctions-based confiscation to the asset in July 2024, recovering 100% of it from Nevskaya Kosmetika, payments collapsed back to the guaranteed minimum. This is a consequence of the "arrested-plus-sanctions-recovered" dual status, which requires terminating the ARMA management contract and transferring the asset to the State Property Fund for sale, and for which no clean legislative mechanism existed. ARMA itself estimated that of 58 High Anti-Corruption Court nationalisation rulings, only 9 had been even partially executed, and that legislative gaps cost the state around UAH 70 million on Vinnytsiapobutkhim alone.[20]

Ukrnaftoburinnya, finally, demonstrates how exposed managed assets remain to parallel litigation. One of Ukraine's largest private gas producers associated with Ukrainian oligarch Ihor Kolomoisky, the company holds the licence to the Sakhalinske field in Kharkiv Oblast, Ukraine's largest explored gas field with reserves of 15 billion cubic metres. Management was assigned to Ukrnafta in May 2023, with 90% of profits due to the state. Yet in November 2023, the Sixth Administrative Court of Appeal revoked the company's 2019 subsoil-use permit on procedural grounds raised by Ukraine’s State Service of Geology and Subsoil, forcing production to stop from December 2023. In response, Ukrnaftoburinnya’s management argued that the ruling had no legitimate legal basis, with its then-CEO Oleh Malchyk suggesting that the real beneficiaries of the decision were neighbouring licence-holders linked to Mykola Zlochevsky, a Ukrainian oil and gas oligarch and former minister who once oversaw the Geology Service.[21]

ARMA was not initially a party to the proceedings and its cassation attempt (i.e., a move to annul the decision) was rejected before it joined the case as a third party in 2024. The company estimated the stoppage cost the state nearly 50 million cubic metres of gas and at least UAH 410.5 million in budget losses per month, while ARMA put total losses at UAH 3 billion. Once the licence was restored in 2024

[20] ARMA, ‘АРМА Припиняє Управління Активами ПрАТ “Вінницяпобутхім” Та Передає Їх ФДМУ Для Реалізації’ (Kyiv, 23 April 2025), https://arma.gov.ua/news/typical/arma-pripinyae-upravlinnya-aktivami-prat-vinnitsyapobuthim-ta-peredae-ih-fdmu-dlya-realizatsii.

[21] Oleksandra Nekrashchuk, '«Це як дві валізи без ручок». Керівник Укрнафтобуріння про рішення Держгеонадр, приватних акціонерів і втрати від зупинки спецдозволу' [in Ukrainian], NV Business (Kyiv: NV, 23 February 2024), https://biz.nv.ua/ukr/markets/zupinka-ukrnaftoburinnya-interv-yu-z-kerivnikom-pro-perspektivi-kompaniji-novini-ukrajini-50394635.html

and production resumed, the asset generated approximately UAH 748 million for the budget that year, making it the single largest contributor to ARMA's record 2024 figures.

Stalled seizure: legal machinations prevented state control over IDS Ukraine

In 2022, a Ukrainian court seized the shares and funds of IDS Ukraine, a group of companies of Ukraine's best-selling mineral water brands which was co-owned by Russian oligarch Mikhail Fridman. In March 2023, ARMA concluded a contract with Karpatski Mineralni Vodi (KMV), a separate Ukrainian water producer, to manage the arrested assets. However, the actual management of the asset never occurred[22] because KMV needed to obtain a permit from the Antimonopoly Committee, as well as coordinate certain decisions with the sanctioned owner of corporate rights due to Ukraine's legislation at the time. In May 2023, a Ukrainian court ruled that ARMA has the right to solely manage Morshynska, including appointing and terminating the general director. IDS contested this, citing the law on ARMA and stating that the court's decision was influenced by KMV, which it accused of corporate raiding.

"We haven't signed a contract, and Carpathian Mineral Waters has no influence over operational control of our assets," company owner Serhiy Ustenko told Forbes Ukraine in June 2023.[23] IDS Ukraine's CEO further stated in August 2024 that selecting a direct competitor as the asset manager is not consistent with EU practices.

The contract was eventually terminated by ARMA in April 2025. The former head of ARMA, Olena Duma, stated that Karpatski Mineralni Vodi refused to seek consent from the sanctioned owners. Duma publicly criticised the inaction of the Ukrainian parliament in voting for bills that would unblock the management of arrested shareholdings, stating that IDS Ukraine, "continues to work for its [sanctioned] owners and receives billions in profits, according to tax data."[24]

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[22] 'Експертка ІЗІ Світлана Гордієнко Розповіла, Що Заважає Державі Отримати Прибуток Від Активів IDS Ukraine', nd,
https://izi.institute/news/The_state_has_been_losing_billions_on_Morshynska_for_three_years/.
[23] Татьяна Павлушенко and Александр Шарипов, 'Производитель Моршинской обвиняет Карпатскую родниковую в рейдерстве. Что происходит?', Forbes.ua, 14 June 2023,
https://forbes.ua/ru/company/voda-rozbratu-ids-ukraine-zvinuvachue-karpatski-mineralni-vodi-u-reyderstvi-shcho-vidbuvaetsya-14062023-14184.
[24] Володимир Тунік-Фриз, 'АРМА розриває контракт з управителем "Моршинської"', Економічна правда, 26 March 2025, https://epravda.com.ua/biznes/morshinska-otrimaye-novogo-upravitelya-804784/.

In October 2025, ARMA announced it was preparing for another attempt to select a manager for Morshynska, stating it has resolved "legal and administrative issues" surrounding the seized assets. A new competition for the selection of a manager was launched the following month, although the stage of submitting tender proposals never occurred due to numerous complaints (total of 9) filed by the would-be participants against ARMA with the Antimonopoly Committee.

ARMA's management claimed that the complaints were artificially orchestrated by individuals associated with the sanctioned Russian owners to prevent the transfer of accumulated shareholder dividends to the state budget. The agency also rejected accusations of restricting competition through unrealistic criteria, as stated in complaints by potential participants.[25]

In parallel, the Ministry of Justice filed a lawsuit with the High Anti-Corruption Court seeking confiscation of IDS Ukraine's assets. IDS Ukraine's management appealed to the Ministry to prohibit ARMA from taking actions to transfer the assets to a management company. The company states that it is not against state control but demands that a new competition through a special Commission is held flawlessly in the legal field, so as not to disrupt the stable operation of the factories. According to their statements, despite the arrests, IDS Ukraine's revenue for 2025 increased to UAH 7.4 billion, and the amount of taxes paid to the state amounted to UAH 1.3 billion.[26]

On 25 December 2025, the High Anti-Corruption Court ruled in favour of a complaint against NABU for failing to register a criminal complaint against ARMA, ordering NABU to proceed with an investigation. A lawyer of the Kyiv-based Asters firm representing New World Value Fund Limited, a Gibraltar fund associated with Fridman, filed a complaint alleging that officials of ARMA may have abused their authority in organising the 2025 tender for managing IDS Ukraine assets, according to the court's filings.[27] The allegation centred on potentially rigged tender conditions, designed to favour a pre-selected participant.

In a media response regarding the complaint, ARMA stated, "the transfer of Fridman's assets to state management means the loss of effective control over

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[25] Interfax-Ukraine, 'ARMA Calls "hype" Surrounding the Search for Manager of IDS Ukraine Discrediting, Clarifies Terms of Tender', 12 January 2026, https://en.interfax.com.ua/news/general/1135605.html.
[26] IDS Ukraine, 'Майже 4 Млрд Грн Податків Від Початку Повномасштабної Війни: IDS Ukraine Підтримує Українську Економіку « IDS Ukraine', 26 February 2026, https://www.ids.ua/press-center/news/majzhe-4-mlrd-grn-podatkiv-vid-pochatku-povnomasshtabnoyi-vijni-ids-ukraine-pidtrimuye-ukrayinsku-ekonomiku/.
[27] High Anti-Corruption Court, 'Категорія Справи № 991/13129/25: Кримінальні Справи (з 01.01.2019); Провадження За Скаргами На Дії Та Рішення Правоохоронних Органів, На Дії Чи Бездіяльність Слідчого, Прокурора Та Інших Осіб Під Час Досудового Розслідування; Бездіяльність Слідчого, Прокурора; Стосовно Невнесення Відомостей Про Кримінальне Правопорушення До Єдиного Реєстру Досудових Розслідувань.', 25 December 2025, https://reyestr.court.gov.ua/Review/133125853.

them and the associated income for interested parties. This is precisely what creates information pressure and attempts to manipulate the procedure."[28]

Legal amendments to laws governing ARMA adopted on 30 January 2026 nullify any tenders in which the winner is yet to be determined. As such, the tender was officially cancelled by ARMA on 11 February 2026 and a new tender will have to be announced under the new rules, which divide all seized assets into “simple” and “complex” assets. As a complex asset, the manager selection process for IDS Ukraine will now be carried out by an interdepartmental commission of 8 members, which alongside ARMA will feature representatives of the Business Ombudsman Council, the National Securities Commission, the Ministry of Economy, and the Ministry of Justice – a measure meant to ensure greater transparency and reduce corruption risks under the new reforms.

While the legal and technical procedures for announcing a new competition are still ongoing, a ‘behind-the-scenes’ confrontation continues between ARMA and IDS Ukraine, in court settings and outside of it. On 14 April 2026, ARMA sent an official request to IDS Ukraine’s management for complete financial reporting for the year 2025, suggesting this had not already been done.[29] As such, ARMA’s oversight over the assets appears to be very fragile at minimum, given it is not aware of its cashflows and other financial indicators.

Acting head of ARMA Yaraslava Maksymenko visits IDS Ukraine’s head office in Kyiv on 23 April 2026.[30] (ARMA/CC).

[28] ARMA, 'АРМА діє в межах закону та відкритих процедур: управління активами IDS Ukraine триває' [in Ukrainian], ARMA (Kyiv, 10 January 2026), https://arma.gov.ua/news/typical/arma-die-v-mejah-zakonu-ta-vidkritih-protsedur-upravlinnya-aktivami-ids-ukraine-trivae.

[29] ARMA, ‘Прозорість і Контроль: АРМА Запросило Дані Щодо Активів IDS Ukraine’ (Kyiv, 14 April 2026), https://arma.gov.ua/news/typical/prozorist-i-kontrol-arma-zaprosilo-dani-schodo-aktiviv-ids-ukraine.

[30] ARMA, ‘Реформа Управління Активами: АРМА Готує IDS Ukraine До Конкурсу з Відбору Управителя’, 23 April 2026, https://arma.gov.ua/news/typical/reforma-upravlinnya-aktivami-arma-gotue-ids-ukraine-do-konkursu-z-vidboru-upravitelya

The case of IDS Ukraine shows that an arrest of a valuable asset does not directly lead to effective use by the state. Due to a combination of procedural restrictions, delays in processes, and legislative changes, an asset valued at billions of hryvnias has not brought any revenue to the budget for several years. Ironically, even moving the tenders to Prozorro – a system meant to increase transparency – created scope for abuse that effectively paralysed the process, according to ARMA.

New managers, same faces - high profile cases where owners of sanctioned assets attempted to retrieve control via intermediaries

High profile cases of former owners or entities associated with former owners retrieving assets from ARMA's auctions and tenders, including a major pharmaceutical distributor and ski resort land in Ukraine.

On 1 August 2022, a Ukrainian court transferred to ARMA a 24% share in Venta LLC (Venta), a Dnipro-based pharmaceutical distributor with an estimated 15% share of the country's medical distribution market. The stake was linked to Russian ownership, namely the Katren LLC enterprise, and was seized as part of a criminal investigation into alleged money laundering, tax evasion, and potential financial flows benefiting the Russian Federation. According to court documentation, Venta was supplying medical goods and supplies to Russia's Ministry of Defence.[31]

In June 2025, ARMA appointed IKVEL LLC as the asset manager following a competitive selection process. However, the appointment quickly drew scrutiny due to overlapping ownership structures, as the co-owners of IKVEL, Oleksandr Mykolayovych Voloshyn and Borys Markusovych Murilo, also together control a 73% stake in Venta.[32] In other words, they are part of the structure that was identified to be supplying medical supplies to Russia. Ukrainian authorities, including the National Police, had previously identified IKVEL as a potentially affiliated entity in the broader investigation.

The decision prompted public criticism from Ukrainian MP Anastasiia Radina, who alleged that ARMA had effectively allowed parties connected to the original owners to regain influence over the seized asset. She called for a formal investigation into

[31] Іван Бойко, 'Російські Власники Дистриб'ютора "Вента ЛТД" Постачають Ліки Армії РФ, - Матеріали Слідства', 6 November 2025, https://www.unian.ua/incidents/rosiyski-vlasniki-distrib-yutora-venta-ltd-postachayut-liki-armiji-rf-materiali-slidstva-13187550.html.

[32] Андрій Муравський, 'Частку Арештованого Фармгіганта Віддали в Управління Тим Самим Росіянам – Нардеп', Економічна Правда, 11 June 2025, https://epravda.com.ua/biznes/chastku-areshtovanogo-farmgiganta-viddali-v-upravlinnya-tim-samim-rosiyanam-nardep-807856/.

ARMA's leadership, arguing that such arrangements risk undermining the integrity of asset recovery mechanisms. ARMA defended the process, stating that the selection complied with legal requirements and was conducted transparently via the Prozorro system.

In July 2025, it became known that IKVEL petitioned to buy out the shares it was managing in Venta and that this was being considered by the Antimonopoly Committee.[33] While no update on the body's decision has been publicised at the time of writing, the situation highlights risks that seized Russian-linked assets may remain under indirect influence of their original owners, undermining the effectiveness of asset recovery in Ukraine.

A more recent case concerns ARMA's sale of 460 hectares of land and a ski lift in the Borzhava valley of the Carpathian Mountains in Ukraine. The land was sold for UAH 89.5 million at an auction on 8 January 2026, despite a market valuation of UAH 1.06 billion by ARMA in November 2024.[34] The assets originate from a state embezzlement scheme whereby approximately UAH 260 millions in state funds allocated to national projects between 2012 and 2014 were siphoned off by associates and family members of the former State Investment Agency head Vladyslav Kaskiv through a network of shell companies.

The funds were laundered via offshore structures and partially reinvested into land acquisitions in western Ukraine, including the Borzhava plots. The assets were transferred to ARMA in July 2024 following a ruling by the High Anti-Corruption Court of Ukraine that approved a plea agreement in the Kaskiv-related embezzlement case and ordered the assets to be handed over for sale.

The subsequent sale has drawn scrutiny on several grounds. First, the valuation of the assets declined sharply across successive auction attempts - from over UAH 1 billion to less than UAH 350 million, before ultimately being sold at a significant discount via a Dutch auction mechanism. Second, the buyers, Andrii Vinhranovskyi and Ihor Vlasiuk, have been linked in media reporting to individuals associated with the original scheme, raising concerns over the potential re-acquisition of seized assets by connected parties.

The new owners are connected to Serhiy Lyovochkin, a politician from the pro-Russian banned "Opposition Platform" and a known business partner of Kaskiv:

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[33] Antimonopoly Committee of Ukraine, 'Антимонопольний комітет України - Інформація про рішення АМКУ 02.10.2025', 2 October 2025, https://amcu.gov.ua/news/informatsiia-pro-rishennia-amku-02102025.
[34] ARMA, 'Земля На Мільярд Вже На Прозорро.Продажі: АРМА Реалізовує Землі На Закарпатті', 15 November 2024, https://arma.gov.ua/news/typical/zemlya-na-milyard-vje-na-prozorroprodaji-arma-realizovue-zemli-na-zakarpatti.

Vinhranovskyi is the spouse of Yulia Lyovochkina, also a former politician and sister of Serhiy Lyovochkin, meanwhile Vlasiuk has business ties to Serhiy. Media reports as early as 2021 indicated that Serhiy Lyovochkin had plans to develop a ski resort in Borzhava with Kaskiv.[35]

On 8 February 2026, ARMA itself conceded that the results of the auction threatened to return the land to its former owner. Following a post-auction review, ARMA identified indicators of beneficial ownership links between the winning bidders and individuals connected to the original asset holders, which it deemed unacceptable under international asset recovery standards.

As a result, ARMA refused to sign the auction protocol and halted the sale, effectively invalidating the transaction despite the auctions having formally concluded. The agency referred the matter to the National Anti-Corruption Bureau of Ukraine (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO) for further legal assessment and indicated that a new valuation and repeat auction would follow.

How complex ownership structures obstruct asset seizure in Ukraine

On 16 April 2025, a Kyiv court transferred hotel and restaurant assets in Ukraine linked to the online casino Pin-Up to ARMA as part of a criminal investigation into alleged support for Russia. The case centres on Ukr Game Technology LLC, which operated the Pin-Up casino in Ukraine. Investigators allege the company concealed Russian control while obtaining a gambling licence in 2021. The platform's technical operations were handled by a Cyprus-based company controlled by Russian nationals, with profits allegedly transferred abroad and ultimately contributing to the Russian economy.

[35] Oleksandr Bulin, 'ARMA Canceled the Sale of 460 Hectares of Land to the Entourage of Former Regional Leader Serhiy Lyovochkin' (Babel, 8 February 2026), https://babel.ua/en/news/124824-arma-canceled-the-sale-of-460-hectares-of-land-to-the-entourage-of-former-regional-leader-serhiy-lyovochkin.

Building with a hotel, restaurant and office spaces belonging to the Cypriot company in Kyiv (ARMA/CC).

However, on 18 June 2025, the Pechersk District Court cancelled the seizure and ARMA transfer after it found that the assets were not proven to belong to the Russian suspects in the criminal case.[36] The court accepted evidence that the relevant Ukrainian companies were owned through Podil Hotel Management LTD, a Cyprus company whose ultimate beneficial owner was identified as a Cypriot citizen, not the Pin-Up suspects named in the investigation.

This is a very curious case that exemplifies how offshore beneficiary arrangements can conceal and prevent the successful transfer of assets. While the Cypriot register does indeed show Cypriot national Mahos Khrysostomos as the sole shareholder, we (i.e., the general public) are not actually able to access the UBO register in Cyprus due to restrictions in local legislation.

Offshore ownership is not uncommon in Ukraine. A YouControl study found that Ukrainian companies with Cypriot co-owners generate tens of billions of hryvnias in revenue.[37] For the first three quarters of 2025, the top performer was PrJSC "MHP" (owned by Yuriy Kosyuk) with UAH 42.21 billion in revenue. LLC "Nova Poshta", whose shareholders include Cyprus-based NP HOLDINGS LIMITED,

[36] Pecherskyi District Court of Kyiv, Case No. 757/19929/25-к, Decision No. 128557578 (18 June 2025).
[37] InVenture, '"Capital Flows Through Cyprus": Cypriot Co-Owners Shape UAH 1.53 Trillion of Ukrainian Business InVenture', 11 February 2026, https://inventure.com.ua/en/news/world/capital-flows-through-cyprus:-cypriot-co-owners-shape-uah-1.53-trillion-of-ukrainian-business.

declared nearly UAH 38 billion. Companies linked to Rinat Akhmetov — JSC "DTEK Zakhidenergo" and JSC "Pivdennyi Mining and Processing Plant" — together generated UAH 53.63 billion. The top ten also included retailers "Vygidna Pokupka," "Rush," "Omega," and "Investment Capital Ukraine" (ICU Group), which is associated with Petro Poroshenko. Overall, 1,595 companies with Cypriot co-owners reported a combined UAH 1.53 trillion in revenue. Cypriot ownership is present in 7,174 legal entities in Ukraine, including 3,761 in Kyiv.

Alleged political capture of Ukraine's largest chemical plant

Interesting research also emerged tracing the beneficial ownership changes of Karpatnaftokhim, Ukraine's largest chemical plant in Kalush, Ivano Frankivsk Oblast and formerly a top 50 exporter. The plant was sold[38] by Russia's Lukoil in 2017 to Ilham Mammadov, a UAE national and long-time CEO of the Lukoil group of companies in Ukraine, after the introduction of National Security and Defence Council sanctions against the former, and Ukrainian businessman Ihor Schutsky.

At the time of its arrest in 2022, the plant, valued at UAH 2.3 billion, was owned by the Dutch-registered Karpaty Chemical BV, of which Mammadov and Schutsky were the beneficial owners. According to an investigation by Ukrainian authorities, the company was linked to Russia and its officials were suspected of evading taxes of over UAH 3 billion between 2019 and 2022. The aforementioned individuals, the investigation claims, illegally transferred over UAH 5 billion to a non-resident legal entity controlled by a Russian oil company for their legalisation.

[38] LB.ua, 'Став Відомий Мажоритарний Власник "Карпатнафтохіму"', 9 February 2017, https://lb.ua/economics/2017/02/09/358222_stal_izvesten_mazhoritarniy.html.

Karpatnaftokhim plant in Kalush, Ivano Frankivsk Oblast (ARMA/CC).

In October 2022, the plant was arrested and transferred to ARMA for management under charges of tax evasion and money laundering. However, in April 2023, ARMA reported that it still was not able to receive the transfer of the assets owing to legal inconsistencies.[39] According to ARMA, some assets listed in the court order (i.e. buildings, facilities) were not actually owned by the company according to official registries, making formal management contracts impossible. Core production assets were not included in the legal filings, meaning a future manager could not operate the plant even with full corporate rights. Moreover, ARMA's staff were denied entry to the actual site multiple times, preventing proper inspection.

On 18 August 2022, a Kyiv district court lifted the arrest on Karpaty Chemical BV after the judge found that no individuals had been formally charged, prosecutors failed to provide sufficient evidence linking assets to criminal activity, and there was no proof that the shares were proceeds of the crime.[40] More interestingly, in June 2024 the chemical plant acquired a new owner, a Ukrainian national Andriy Veselyi, who became a 33% shareholder alongside Mammadov and Schutsky, as per corporate records. Financial statements from Veselyi's Ukrainian holding

[39] ARMA, 'Проблемні Аспекти Управління ТОВ «Карпатнафтохім»' (Kyiv, 24 April 2023), https://arma.gov.ua/news/typical/problemni-aspekti-upravlinnya-tov-karpatnaftohim.
[40] 'Ухвала Суду № 106341708 Від 18.08.2022 , Шевченківський Районний Суд Міста Києва — Справа № 761/16184/22' (YouControl.com.UA, 18 August 2022), https://youcontrol.com.ua/catalog/court-document/106341708/.

company confirm his stake was bought for UAH 35 million,[41] despite law enforcement agencies valuing the worth of such a share at least UAH 800 million.

Investigative reporting by Ukrainska Pravda journalist, Mykhailo Tkach, found that Veselyi lacked the declared financial means to acquire such a significant stake, having reported only modest income over the past two decades.[42] The purchase was reportedly executed through a little-capitalised investment fund, raising suspicions that Veselyii may have acted as a nominee (front) shareholder. The investigation further highlights the role of his brother, Vasyl Veselyii, who was observed frequently accessing Ukraine's government quarter and is reportedly linked to Sense Bank, a nationalised institution. Sources cited by journalists suggest he may have connections to senior political circles in the Office of the President, fuelling speculation that the transaction could have been facilitated through informal state influence. Other Ukrainian outlets have alleged that the Veselyi family may be linked[43] to the infamous Mindichgate scandal. The latter went to the heart of the presidential office, causing mass protests in the summer of 2025 and still ongoing criminal charges and political controversy.[44]

Meanwhile, the plant has not resumed operations since closure in 2022 and has become one of the most unprofitable enterprises in Ukraine (in 2023, its losses amounted to UAH 4.5 billion, and, in 2024, UAH 7.4 billion). Numerous bankruptcy proceedings have been opened against Karpatnaftokhim in 2025, including from Ukraine's state-owned Ukreximbank, due to its debts exceeding UAH 1.6 billion.[45]

Due to long-term non-payment of salaries, which had been accumulating since October 2023, employees of the plant began to be laid off en masse. In August 2024, Suspilne public broadcaster reported that mass resignations at the plant's

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[41] Андрій Водяний, 'Скільки Заплатив Андрій Веселий За Частку в Карпатнафтохімі | Новини України | LIGA.Net', 24 April 2025, https://biz.liga.net/ua/all/news/up-novyy-spivvlasnyk-zaplatyv-za-33-karpatnaftokhimu-menshe-nizh-1-mln.

[42] Mykhailo Tkach, 'Найбільше хімічне підприємство України Карпатнафтохім взяв під контроль Офіс президента — джерела УП' (NV Ukraine, 21 December 2024), https://nv.ua/ukr/ukraine/politics/karpatnaftohim-vzyav-pid-kontrol-ofis-prezidenta-cherez-pidstavnu-osobu-dzherela-up-50476059.html.

[43] Ігор Прокопчук, 'Калуський Карпатнафтохім фігурує у розслідуванні «справи Міндіча» (відео) - Версії: Новини Івано-Франківськ', 21 November 2025, https://versii.if.ua/novunu/kaluskyj-karpatnaftohim-figuruye-u-rozsliduvanni-spravy-mindicha-video/.

[44] In May 2026, Andriy Yermak, the former head of the Presidential Office, was charged with money laundering, see Marcin Jędrysiak, 'Ukraine: Corruption Scandal Involving Senior Government Officials Continues', OSW Centre for Eastern Studies (Warsaw, 13 May 2026), https://www.osw.waw.pl/en/publikacje/analyses/2026-05-13/ukraine-corruption-scandal-involving-senior-government-officials.

[45] Інформатор Калуш, 'Борги "Карпатнафтохім" перевищили 1,6 млрд грн — суд відкрив справу про банкрутство', 3 March 2026, https://kalush.informator.ua/2026/03/03/borgy-karpatnaftohim-perevyshhyly-16-mlrd-grn-sud-vidkryv-spravu-pro-bankrutstvo/.

wastewater treatment facilities were creating a serious risk to water supply in Kalush, since workers were not receiving payments despite winning court cases for unpaid wages.[46] It was also reported that Karpatnaftokhim owed the municipality UAH 70 million, and that local council funds were being utilised to help cover wage arrears. In March 2026, the Kalush District Court stated that all unpaid wages disputes must be submitted within the bankruptcy proceedings launched against Karpatnaftokhim in February 2026.[47]

Conclusion

In Ukraine's asset recovery framework, seizure is the beginning of the state's problems, not the end of them. Across four years of annual reports, a shrinking fraction of what ARMA traces has actually entered its management, while the revenues that do reach the budget rest overwhelmingly on a handful of energy-sector assets run by state-owned managers.

The case studies show what happens beyond that narrow core. Valuable assets have sat idle for years while manager selections were litigated into paralysis, former owners have re-entered through the very tenders and auctions designed to displace them, offshore holding structures have defeated seizure outright, and, in the most troubling case, a seized plant appears to have changed hands at a fraction of its value amid indications of nominee ownership and political protection, while its workforce went unpaid. In each instance the failure occurred at a different point in the chain, but the outcome was the same: the state captured little or none of the asset's economic value, and in several cases the original owners retained or regained effective control.

These failures are not solely ARMA's. The agency operates inside a legal architecture that was never designed for confiscating and managing Russian-linked assets at scale during a war, and which still fragments responsibility between criminal seizure, sanctions-based confiscation, nationalisation, the courts, prosecutors, and the State Property Fund.

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[46] Mariana Basalyha, Nataliia Vesolovska, and Vasyl Skrypka, 'Працівники очисних споруд «Карпатнафтохіму» звільнилися. Що буде з водопостачанням у Калуші на Івано-Франківщині', Suspilne Ivano-Frankivsk (Kyiv: Suspilne, 1 August 2024), https://suspilne.media/ivano-frankivsk/804179-pracivniki-ocisnih-sporud-karpatnaftohimu-zvilnilisa-so-bude-z-vodopostacannam-u-kalusi-na-ivano-frankivsini/.

[47] 'На фоні банкрутства: суд відкрив провадження щодо ПрАТ «Карпатнафтохім», District Court of Ivano-Frankivsk Oblast (Kalush, 9 March 2026), https://klm.if.court.gov.ua/sud0908/pres-centr/news/1984236/

The Vinnytsiapobutkhim case illustrates the cost of this fragmentation precisely: an asset that ARMA had turned from a dormant plant into a reliable contributor to the budget saw payments collapse the moment a confiscation ruling shifted it into a legal category for which no clean handover mechanism exists. By ARMA's own account of the sale of sanctioned assets, only 9 of 58 High Anti-Corruption Court nationalisation rulings have been even partially executed as of 2025.[48] Some of the sharpest losses documented here occurred not because an institution acted badly, but because no institution was clearly empowered to act at all.

The recommendations made in this report address the specific points at which, on the evidence of this research, Ukraine's asset recovery chain most reliably breaks. The EU conditionality is an important lever to pressure ongoing reforms, but the follow-through ultimately rests on the severely under-resourced and understaffed asset tracing body of the Ukrainian government.

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[48] Yuriy Tarasovskyi, 'Виробника продукції «Ушастий нянь» продадуть: АРМА передало активи «Вінницяпобутхім» Фонду держмайна' [in Ukrainian], Forbes Ukraine (Kyiv, 23 April 2025), https://forbes.ua/news/virobnika-produktsii-ushastiy-nyan-prodadut-arma-peredalo-aktivi-vinnitsyapobutkhim-fondu-derzhmayna-23042025-29112

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