

CHUCK GRASSLEY, IOWA, CHAIRMAN

MIKE CRAPO, IDAHO
PAT ROBERTS, KANSAS
MICHAEL B. ENZI, WYOMING
JOHN CORNYN, TEXAS
JOHN THUNE, SOUTH DAKOTA
RICHARD BURR, NORTH CAROLINA
ROB PORTMAN, OHIO
PATRICK J. TOOMEY, PENNSYLVANIA
TIM SCOTT, SOUTH CAROLINA
BILL CASSIDY, LOUISIANA
JAMES LANKFORD, OKLAHOMA
STEVE DAINES, MONTANA
TODD YOUNG, INDIANA
BEN SASSE, NEBRASKA

RON WYDEN, OREGON
DEBBIE STABENOW, MICHIGAN
MARIA CANTWELL, WASHINGTON
ROBERT MENENDEZ, NEW JERSEY
THOMAS R. CARPER, DELAWARE
BENJAMIN L. CARDIN, MARYLAND
SHERROD BROWN, OHIO
MICHAEL F. BENNET, COLORADO
ROBERT P. CASEY, JR., PENNSYLVANIA
MARK R. WARNER, VIRGINIA
SHELDON WHITEHOUSE, RHODE ISLAND
MAGGIE HASSAN, NEW HAMPSHIRE
CATHERINE CORTEZ MASTO, NEVADA

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

KOLAN DAVIS, STAFF DIRECTOR AND CHIEF COUNSEL
JOSHUA SHEINKMAN, DEMOCRATIC STAFF DIRECTOR

September 23, 2020

Teri L. Donaldson
Inspector General
Office of Inspector General
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Inspector General Donaldson:

The United States Senate Committee on Homeland Security & Government Affairs (HSGAC) and the United States Senate Committee on Finance (SFC) are concluding an investigation into potential conflicts of interest related to executive branch officials who are responsible for carrying out the United States Government's foreign policy in Ukraine.

Witness testimony in this investigation has directly implicated former Secretary Rick Perry in alleged wrongdoing and the Department more broadly in a scheme to undermine anti-corruption efforts that were implemented by Ukraine in partnership with the international community.

On October 23, 2015, the government of Ukraine signed a \$300 million loan guarantee with the European Bank for Reconstruction and Development (EBRD) conditional upon the implementation of several reforms to NJSC (National Joint Stock Company) Naftogaz, Ukraine's state-owned oil and gas company.¹ These reforms included the creation of a supervisory board comprised partially of independent international appointees intended to help ensure the company would serve the interests of the Ukrainian people rather than those of corrupt oligarchs. Then-Naftogaz CEO Andriy Kobolev remarked of the Naftogaz reforms when signing the loan guarantee:

The corporate governance reform, strongly supported by the current Naftogaz management, will enable the company to focus on maximising shareholder value in the interests of the citizens of Ukraine. An independent supervisory board and

¹ European Bank for Reconstruction and Development, EBRD, Ukraine agree Naftogaz reform, sign US\$ 300 million loan for winter gas purchases (Oct 23, 2015) <https://www.ebrd.com/news/2015/ebd-ukraine-agree-naftogaz-reform-sign-us-300-million-loan-for-winter-gas-purchases.html>.

improved control mechanisms will help to raise operating efficiency of the group. We are grateful to the EBRD for developing this action plan and to the government of Ukraine for supporting it. When this plan is implemented, it will demonstrate that even the most mismanaged company can turn around with strong commitment to reform.²

On September 17, 2020, as part of the HSGAC and SFC investigation, a current international member of the Naftogaz advisory board testified to our committees that former Secretary Perry inappropriately pressured the Ukrainian government to place Robert Bensch on the Naftogaz advisory board while Department of Energy officials were also pressuring the Ukrainian government to sign a memorandum of understanding with a private business entity connected to Mr. Bensch, “Louisiana Natural Gas Exports,” (LNGE).³ According to the witness testimony, DOE officials pressured Ukrainian government officials to sign the MOU with LNGE during a September 2019 summit in Warsaw, Poland, where the United States and Poland signed an agreement with Ukraine to provide the country regasified US LNG via Poland.⁴

According to public reporting, LNGE was established in June 2018 and had no assets or access to American LNG when Department officials were allegedly pressuring the Ukrainian government to sign an agreement with the company.⁵ The company’s cofounder had also reportedly been convicted of corruption.⁶ Despite these clear warning signs, the government of Ukraine signed a “draft memorandum of cooperation” between LNGE and Ukraine to facilitate the export of US LNG to Ukraine on May 27, 2020.⁷ Mr. Bensch was selected to join the Naftogaz advisory board by the Ukrainian government just two months before LNGE and Ukraine signed the memorandum. However, several months later and for an undisclosed reason, he still does not yet appear to have formally joined the board.⁸ The Department of Energy has reportedly denied that it supported the deal between Mr. Bensch’s company and Naftogaz.⁹

According to witness testimony in the HSGAC-SFC investigation, Secretary Perry also pressured the Ukrainian government to place one of Perry’s longtime campaign supporters, Michael Bleyzer, on the Naftogaz advisory board during his trip to Ukraine for President Zelensky’s

² *Id.*

³ HSGAC-SFC Interview of Amos Hochstein (Sep 17, 2020)

⁴ *Id.*, S&P Global, US, Poland, Ukraine sign deal to enhance Ukrainian energy security (Sep 2, 2019)

<https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/090219-us-poland-ukraine-sign-deal-to-enhance-ukrainian-energy-security>.

⁵ Politico, Ukraine gas company to add Rick Perry pick to board (Sep 10, 2020)

<https://www.politico.com/news/2020/09/10/ukraine-gas-company-to-add-rick-perry-pick-to-board-412261>.

⁶ ProPublica, Rick Perry’s Ukrainian Dream (Sep 10, 2020) <https://www.propublica.org/article/rick-perrys-ukrainian-dream>.

⁷ Interfax Ukraine, Govt approves memo with Louisiana Natural Gas Exports on possible LNG shipments from U.S. to Ukraine (May 27, 2020) <https://en.interfax.com.ua/news/economic/665111.html>.

⁸ Interfax Ukraine, Cabinet introduces U.S. citizen Bensch to Naftogaz supervisory board (Mar 19, 2020)

<https://en.interfax.com.ua/news/economic/648458.html>; Politico, Ukraine gas company to add Rick Perry pick to board (Sep 10, 2020) <https://www.politico.com/news/2020/09/10/ukraine-gas-company-to-add-rick-perry-pick-to-board-412261>.

⁹ ProPublica, Rick Perry’s Ukrainian Dream (Sep 10, 2020) <https://www.propublica.org/article/rick-perrys-ukrainian-dream>.

inauguration in 2019.¹⁰ Public reporting indicates that only one week later, “Bleyzer and his partner Alex Cranberg submitted a bid to drill for oil and gas at a sprawling government-controlled site called Varvynska. They offered millions of dollars less to the Ukrainian government than their only competitor for the drilling rights, according to internal Ukrainian government documents obtained by The Associated Press.” The Naftogaz advisory board member also testified to this matter, “Mr. Bleyzer’s contract that he was awarded was despite the fact that he was not highest bidder in that process. Other... bids were higher, and therefore, Ukraine chose a bid that paid itself less.”¹¹ Naftogaz has since filed a lawsuit seeking to overturn the awarding of the license to Mr. Bleyzer’s company, alleging that the Ukrainian government acted “illegally and with bias” in agreeing to the deal.¹²

On November 21, 2019, shortly before the United States Senate voted to confirm Mr. Brouillette as Mr. Perry’s successor, I wrote to the Department of Energy seeking information related to Secretary Perry’s role in pressuring Naftogaz to make changes to its advisory board.¹³ Then-Deputy Secretary Brouillette confirmed to me in writing that there were only five meetings between Secretary Perry and Ukrainian government officials related to Naftogaz including:

- April 19, 2017 – Meeting with Andriy Kobolyev, CEO of Naftogaz, at DOE Headquarters.
- June 20, 2017 – Meeting with Petro Poroshenko, President of Ukraine at the time, at DOE Headquarters. Andriy Kobolyev and Ihor Nasalyk, Ukraine’s Minister of Energy at the time, along with other Ukrainian officials, also attended this meeting.
- November 12, 2018 – Meeting with Volodymyr Groysman, Ukrainian Prime Minister, in Ukraine. Andriy Kobolyev also attended this meeting.
- November 12, 2018 – Meeting with Petro Poroshenko, President of Ukraine at the time, in Ukraine. The two leaders launched the U.S.-Ukraine Strategic Energy Dialogue and discussed reforms to Ukraine’s energy sector.
- May 21, 2019 – Meeting with Andriy Kobolyev on the sidelines of President Zelenskyy’s Inauguration.

Secretary Brouillette further clarified, “Other than [the meetings outlined above] and publicly reported to the press, I am not aware of any direct communications between Secretary Perry and individuals seeking reorganization of Naftogaz.”¹⁴ Notably, Secretary Brouillette did not include the September 2019 Warsaw Summit. He additionally confirmed, “There were no meetings where Secretary Perry or DOE staff advocated for changes to the Naftogaz Board.”¹⁵

¹⁰ HSGAC-SFC Interview of Amos Hochstein (Sep 17, 2020)

¹¹ Associated Press, After boost from Perry, backers got huge gas deal in Ukraine (Nov 11, 2019) <https://apnews.com/6d8ae551fb884371a2a592ed85a74426>.

¹² Daily Beast, Ukraine’s State-Owned Energy Company Suing Firm Linked to Rick Perry (Dec 17, 2019) <https://www.thedailybeast.com/rick-perry-linked-firm-sued-by-ukraines-state-owned-energy-company>.

¹³ Letter from Senator Wyden to Department of Energy Deputy Secretary Dan Brouillette (Nov 21, 2019) <https://www.wyden.senate.gov/imo/media/doc/112119%20Wyden%20Letter%20to%20Brouillette.pdf>.

¹⁴ Letter from Department of Energy Secretary Dan Brouillette to Senator Wyden (Dec 11, 2019)

¹⁵ *Id.*

Given the clear discrepancies in public reporting, witness testimony before HSGAC and SFC, DOE statements to the media, and Secretary Brouillette's response to my November 2019 inquiry, I am requesting that your office investigate this matter to determine the following:

- What role Secretary Perry and Department staff played in pressuring Ukraine to make changes to the Naftogaz advisory board.
- What efforts Secretary Perry and Department staff undertook to facilitate a deal between any American companies and Naftogaz generally and at the September 2019 summit in Warsaw specifically.
- Whether the Naftogaz deals sought by Trump Administration Officials were in Ukraine's financial or economic interest.
- Whether Secretary Perry's efforts undermined international anti-corruption reform efforts in Ukraine.
- Whether Secretary Perry received any advice from career ethics officials about his efforts related to Mr. Bleyzer, Mr. Bensch, and Naftogaz.

You may contact my investigative staff on the Senate Finance Committee at (202) 224-4515 to request additional information or discuss the scope of the requested work. HSGAC and SFC majority staff today issued a public report related to this investigation and have indicated they intend to continue pursuing the matter. I therefore request that you respond to my request no later than October 6, 2020.

Respectfully,



Ron Wyden
Ranking Member