

**On the "Conclusions" of the Report by the Extraordinary
Parliamentary Committee and Other Things**

July 12th, 2015

I did not intend to enter into indirect polemics with the members of the Extraordinary Parliamentary Committee on Corporate Commercial Bank AD. I preferred to discuss the case with them and so I proposed to be heard through my attorney. The fear of this direct confrontation at the committee (particularly among some of its members!) did not allow that to happen. I imagine what Yordan Tzonev would have replied if asked whether he had come to me to discuss laws only? Hadn't he asked me to appoint his son in my "pyramid" structure? Or, did Peevski pay him the cherished three million leva after transferring to Villy Vist company its covert holdings in Transstroy Burgas held through an offshore firm? And I would ask the fledgling heavyweight champion of ethnic peace Chobanov whether he is still circling like a hungry dog around the garage of the Berlin [hotel] and whether the quality and quantity of the contents of the envelopes offered to him had been increased? I am joking, of course! The conversation had to be serious but considering the staff of this committee and the political order it was implementing it could hardly be serious.

Obviously, the limited partnership company Peevski, Tsatsarov & Co has been constrained in its options, having to recourse to the services of a "prestigious" parliamentary committee to justify its deliberate actions styled after "post-September 9 expropriation" in the attack against the bank and against me personally. The memory of the Chief Prosecutor seems to be a short one, so just let me remind him that he, acting as a true political commissar, defended the rigged arguments of his partner and mentor about Vassilev the criminal as well as the claims about those mythical 206 million leva looted from the state and depositors.

Just because of these inadequate actions of the authorities, now the European Court of Human Rights and the European institutions are to make their decisions. The bank was ruined with the help of investigating and prosecuting authorities operating amidst the criminal inaction of the central bank and Oresharski's government. And as hard you may be trying to hush up the truth, Mr. Chief Prosecutor and Mr., I hope, former Governor of the Bulgarian National Bank, it will resurface!

I. About "the Pyramid Scheme Corpbank AD" in Essence

1. First of all, for those who do not know, the bank has existed in this form since 2000. I have not heard so far about an unviable structure being able to survive so long. During this period, the bank increased its capital from 11 million leva to some 650 million leva. Around 190 million leva were direct capital hikes, all the rest of being capitalized profit. In fact, I want to recall that for many years the

bank had had the best results in the "return on capital" category with tax profit paid by the "pyramid scheme" exceeding 50 million leva. Obviously, no one is interested in hearing this!

2. Has the fact been forgotten that shareholders in the "pyramid scheme Corpbank AD" with cumulative ownership of over 40% are the State Reserve Fund of the Sultanate of Oman, *VTB Capital* - the investment arm of the second largest Russian bank, and insurance giant *Generali*? Could a seriously thinking person assume that these institutions had invested in a pyramid scheme? For the uninitiated I will only say that the process of due diligence conducted by Oman Fund lasted nearly a year. In addition, Corpbank AD is the only Bulgarian bank to have successfully issued its own bonds on the international market. It is simplistic to think that the bondholders have bought the bank's securities without thoroughly reviewing the duly prepared Corpbank AD prospectus reflecting the bank's actual financial state.

3. I did not understand how exactly I had siphoned money from the bank after it had been capitalized by over 640 million leva plus and 200 million leva in subordinated debt. The distributed dividend is 30 million leva. The practice of pyramid schemes is quite different. It is obvious that this "iron-strong" logic of the Commission is lame. By the way, let me just mention here that profit tax and dividend tax paid by my solely owned company *Bromak* and myself as an individual amount to nearly 40 million leva. Unlike some MPs with tax statements showing 14,000 leva in annual income that do not reflect their actual wellbeing, I pay my taxes. However, my family and I have been subject to inspections, repression and public humiliation by subordinates of Mr. Peevski, NAP [National Revenue Agency] and KONPI [Commission for Withdrawal of Illegally Acquired Assets] who are not ashamed to place themselves above the law. It should be noted that the prominent leaders of those institutions - Boyko Atanasov and Plamen Georgiev - have both been personally appointed by the "most successful" young man in the state.

4. When speaking about companies acting as electrical fuses, office secretaries and security guards, incidentally all of them "managed" by trusted personalities of the limited partnership company Peevski, Tsatsarov & Co - namely Lazov, Thefts & Co - let me just mention part of the assets financed through what the committee describes as companies acting as fuses in a circuit:

- 77% of *Vivacom* - according to real market estimates and offers dated before June 20th, 2014, and even later, this stake in the company is worth about EUR 500 million;
- 100% of *NURTS* - based on offers and annual profit the company has a minimum value of EUR 150 million;
- 97% of *Petrol AD* - evaluations and offers put the minimum market value of the company at EUR 300 million euro;
- 100% of *Dunarit AD* - based on the company's existing contracts, annual profit and working capital, its minimum value is EUR 100 million;
- 100% of *Avionams* - acquiring the idled company from the state cost more than EUR 30 million. Thanks to restructuring, obtaining of the necessary licenses and inclusion in international consortia, the company is viable and its price is no less than EUR 35 million;

- 80% of *Rubin Pleven* - regardless of the poor legacy after restructuring and the financial results achieved, the minimum price of this stake would be EUR 35 million, and with working capital borrowed it would be EUR 50 million;
- 100% of *SFS Paracin* - a similar situation, but at the completion of the investment project and implementation of the planned annual profit the price will be not lower than EUR 120 million;
- 100% of *Ruse Shipyard* - existing offers of EUR 60 million;
- *Telish* and *Castra Rubra* Wineries - entirely financed by the bank, with minimum market value of EUR 50 million (plus wine in stock worth EUR 25 million);
- *Kostenetz Paper Mill* - investments by the bank worth EUR 50 million. Regardless of the inadequate policy pursued by KEVR [Bulgaria's energy regulator], with annual profit projected at EUR 6 million the actual price would not be lower than EUR 60 million;
- *CNG Maritza* and *Metamodul* gas transit and gas distribution companies- with more than EUR 15 million invested by the bank and considering the companies' existing potential, their value is not lower than the investment made;
- The Haskovo gas power plant with the participation of US investors - over EUR 20 million;
- Real estate (including hotels, hotel complexes, business facilities, incl. *Rodina Printing Works* - total value no less than EUR 350 million.

I could certainly continue with this list, but this is hardly necessary. The value of the assets controlled by Corpbank AD and listed so far exceeds EUR 1.8 billion. Do they cover those "fuses" or not? I leave the answer to this question to the unbiased readers!

II. Heroes or Villains of our Time?

The inaction of all institutions during the period of special supervision and bankruptcy of Corpbank AD has clearly shown us what was planned to happen to the assets listed above:

1. Under the nose of the administrators and amidst the encouraging silence of Peevski, Tsatsarov & Co, their puppet and spearhead Biser Lazov stole assets worth more than EUR 50 million through fictitious cession deals and offshore companies, including the Corpbank AD headquarters building worth at least EUR 20 million, a 160-decare beachfront land plot between Ravda and Obzor with a minimum price of EUR 10 million, the former building of Sofia Press Agency worth a minimum of EUR 10 million and other smaller assets of almost the same worth. Not to mention the draining of an infrastructure company through fictitious debt obligations.

How many signals you should get, gentlemen at the Prosecutors' Office, in order to move?

2. Another "great" investor, Alexander Staliyski, has acted in a similar way. He received money from the sale of his studios built with European funds after a long extortion organized in cooperation with his business partners Peevski and Barekov. (Isn't it time for experts from the respective [EU operational] program to act?) Administrators, however, allowed him to use free of charge studios placed as collateral with the bank. At the same time these "hero partners" are stealing equipment placed as collateral like marauders.

Using the money "deservedly" earned (it is not the first time in his practices with me and it is not about blackmailing at all) Alexander Staliyski "captured" *Rubin Pleven* with the help of Lazov the Thief and the company's director. Can you imagine - against payment of its working capital - he drained all assets into a company controlled by his stooges. All this was done with the tacit consent of the company of guardians of public interest described above.

3. Shall I describe how *Vivacom* is being managed in the interest of the public by the Velchev brothers? Or do I need to make it clear why the company replaced the team it had sponsored by the new favorite of Peevski-Staliyski tandem? Yes, it is difficult for flaccid Atanas Dobrev, CEO of *Vivacom*, to refuse the requested sponsorship sum of 6 million leva so much needed for the budget of the blue team. At the same time, this same blue team owes to the Building Resort Company imputed to me more than 1 million leva through a firm registered by Alexander Angelov, a attorney of questionable reputation and now "owner" of the Levski football club. I do not rule out the possibility of the helpful and thieving informer Lazov to have secured them by a cession deal and they are now pure as angels. What is their problem, if Peevski, Tsatsarov & Co is standing on vigil to guard their peace of mind? Just like it is standing on vigil to guard the comfort of the "owners" of the newspapers which owe more than 40 million leva to "companies acting as fuses" (here again we can talk about the "perfect" safeguarding of the interests of the bank and the companies by the individual named Lazov). The case of the *Pressa* newspaper only proves my point. We will see how Peevski, Tsatsarov & Co will stand on vigil to safeguard the peace of mind of Krasimir Guergov, who personally and through his companies owes more than USD 30 million - again uncollateralized by Lazov and Alexander Angelov!

And because I do not see a way to change this situation, I call upon Mr. Prime Minister to intervene decisively to halt this outrageous daylight robbery! After missing the chance of going down in history by rescuing the bank (if he had intended to do so), let him to defend in practice his pledge that his goal is to be preserve the bank's assets. Even if the thieves are his former and current friends!

III. About Dual and Triple Standards and Short Memory

I cannot skip speaking about national security and the assets controlled by the bank. In fact, in this part of the notorious report one can notice the main motive for the attack against the bank and me - someone has been unable to put up with the existence of strong and independent national capital.

When they were selling *BTK* to obscure Viva Ventures Company (it's a public secret who was standing behind it) there was no problem about national security. When by its incompetent management Viva Ventures worsened the state of *BTK* and accumulated international debt, there was no problem either. When I pulled *BTK* from the creditors' hands by restructuring its debts, a big problem arose! When shareholders of *Petrol* siphoned funds from the company and it persistently owed tens of millions to the state budget there was no problem. But when companies funded by Corpbank AD acquired *BTK* in order to preserve investment made until then, a problem arose immediately! There was no problem when state-owned company *Dunarit* owed money it could never repay. But when it was restructured and provided with orders for years to come, this has already become a problem!

Shall I continue with examples? I do not think I should because normally thinking people have already understood. The real problem arose after the mad attack against Corpbank AD and the intentional destruction of the bank! An attack ordered by those who had blackmailed me for years! Those whose insolence peaked in April - May of 2014. Of course, investigating and prosecuting authorities are covering up the trail of the blackmailers! They think they have succeeded, but they are wrong! Both they and the blackmailers! And their "assistants"!

It is an interesting fact for the general public that the Turkish holding company, which made an offer for the purchase of Corpbank AD obligations to Deposit Guarantee Fund a few months ago, has received a strange "counter offer". It was asked to pay a "commission", which strangely coincides in size with the sum I had been blackmailed about before. Maybe the prosecution will show interest in the case? The holding was intentionally made to abandon its offer because nobody perhaps had any interest in buying out the obligations of Corpbank AD. It is obvious that the scenario is different and it is being pursued methodically.

Make no mistake - Corpbank AD is the victim of political conspiracy dictated by sordid commercial purposes! And fear, frantic fear, that strong and independent national capital would be an obstacle to the corrupt policy of Bulgarian statesmen. Although Stanishev and Oresharski pretend they have nothing to do with the case, they were the people who served all the power to Peevski and DPS on a platter. And they knew the scenario for the liquidation of the bank and my liquidation from the beginning to the end! Iskrov has probably erased from his memory his meeting with Peevski and officials from investigating and prosecuting authorities in an office near a famous hotel in the capital, at which the attack on the bank was discussed! Reportedly, as early as the beginning of 2014 Yordan Tzonev had drafted a scenario based on data from the Corpbank AD customer base together with a team of experts including people from the central bank who had designed the notorious plan which was then proposed to Iskrov in July 2014. The same plan which allegedly failed to materialize due to lack of political will.

What will was lacking? It was unclear how and who will divide the Corpbank AD "pie"! What does it matter if the law, which so many people refer to, was overruled?!

IV. A Few Lessons in Banking

To complete my views on the distorted and biased "conclusions" of the commission on "Corpbank AD pyramid scheme" I will talk about the bank's interest rate policies. Above all, I must stress that the Preferential Deposit banking product has been working for more than 10 years, and working perfectly at that. It was developed by Corpbank AD experts following an in-depth study of the products of the competition, market conditions and the psychological characteristics of clients. The preferential deposit is not a personified deposit and therefore attempts to find corruption practices in the setting of deposit interest rates is just throwing dust in the eyes of public.

As for the big depositors, I do not know any bank in the world which declines to apply personal approach to its customers by offering them a set of the most favorable conditions for their service. Ultimately, however, for the management of a bank it is not important what the interest rate on the deposit of "X" or "Y" is. What is important is "the average cost of interest-bearing liabilities" and, ultimately, the "net interest margin". These indicators show that the "Corpbank aD pyramid scheme" is hardly any different from others in the market. Not to mention the serious advantage of nearly 1.5 leva (in some cases up to 3 leva) lower costs per 100 leva of serviced assets compared to those of competitors, who shift the cost of their inefficiency to their customers. This may not agree with the point of the liquidators of the pyramid, but it is a fact. Had it been otherwise, Moody's would have hardly affirmed the long-term investment rating of the bank in May 2014!

As the "curtains" of the bank were lifted, another lie shone that had been repeated ad nauseam for years - the so-called state money in Corpbank AD. Although Martin Dimitrov continues to spin inconsistent claims that the average cost of liabilities was allegedly balanced by public money! The so-called government money is less than 5% of the assets of the bank! If any of these "critics" can at least handle the simple indicator "weighted arithmetic mean", they would understand the sheer manipulation.

Completing this presentation, I will once again like to stress that that I will continue to defend the truth about Corporate Commercial Bank AD together with my undeservedly accused colleagues! Neither the repression, nor the threats, nor the reports of the strangely allied supporters of the status quo will stop me. History will expose all script writers of the defamation and purposeful destruction of Corpbank AD as well as the liars who sold their conscience (it is doubtful whether they have one!) to be granted a screen and a permit to pass!

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