
Tzvetan Vassilev: The assault against Corpbank paved the way to the captured state

March 19th, 2020



In the second part of "Wrong math, crooked mirrors, bags and holes: Radosveta Vassileva asks Tzvetan Vassilev about Corpbank", posted on Tzvetan Vassilev's YouTube channel, the banker discusses the events which followed the manipulative report by Deloitte, Ernst & Young and Afa which neither meets the standards for an audit report nor the standards of asset quality review. The banking license of Corporate Commercial Bank (Corpbank) was withdrawn based on the report in question, but Bulgaria's institutions have kept the report secret to this day. In fact, Corpbank's shareholders, management and depositors were not allowed to appeal to decision on Corpbank's license withdrawal in violation of case law against Bulgaria by the European Court of Human Rights (*Capital bank v Bulgaria*), so that the contents of this report could not be contested.

Ivan Iskrov´s dumps, holes and sacks

The same report by Deloitte, Ernst & Young and Afa was also used as an excuse to spread lies and manipulative information about Corpbank. On 11 July 2014, Bulgaria's central bank (the BNB) issued a strange press release and organized a press conference on the banking crisis in Bulgaria. The press release is written in a style which is not typical for this institution, it does not use the relevant banking terminology, and it contradicts all reports on Corpbank from BNB's regular check-ups. Corpbank is called a "bottomless dump". The BNB says there is a "giant hole" at Corpbank even though the correct term in the law is "a capital shortfall" which can only be proven by an audit which complies with the International Standards on Auditing — Corpbank does not have an audited report for 2014. The press release also insinuates that connected lending means the money has been stolen. It also claims money was stolen in plastic bags — a "theory", which even Bulgaria's Prosecutor's Office discarded. The BNB assumes the atypical role of a prosecutor and proposes several charges for which Corpbank's managers could be charged. There are serious concerns that this press release was neither written by the BNB nor by a BNB official. *Editor's Note: As explained in the first part of "Wrong math, crooked mirrors, bags and holes: Radosveta Vassileva asks Tzvetan Vassilev about Corpbank", even Deloitte, Ernst & Young and Afa included a disclaimer that their report neither constituted an audit nor an asset quality review and thus could not be used for accounting purposes.*

"There is no doubt that Ivan Iskrov and the BNB were used by the Prosecutor's Office to fulfill a dirty task — accuse me of all deadly sins. Between 11 July 2014, when this press release was issued by the BNB, and 30 June 2014, when the first analysis of Corpbank's state was made by the temporary supervisors, only 11 days had passed. In their analysis, Corpbank's temporary supervisors calculated

a loss of 250-260 million following the bank run, which in no way suggests a bottomless dump", Tzvetan Vassilev commented. *Editor's Note: Ivan Iskrov was the governor of the BNB at the time.* "With his claims about a bottomless hole, Ivan Iskrov had two main purposes — argue in favor of the bank's liquidation and throw all the mud add me", he added.

"As to connected lending — Corpbank had been accused of connected lending by the media group around Ivo Prokopiev (Economedia, also known as the Capital Circle) for a long time. Meanwhile, the same group never showed any concern about the connected lending at First Investment Bank (FIB). It turned out that the "world famous investor" Georgious Geourgiou from Cyprus alone had loans of 700 million", the banker explained. *Editor's Note: The Bulgarian partner of the Organized Crime and Corruption Reporting project Bivol revealed that Georgious Georgiouwas an unemployed Cypriot citizen who was a strawman of the owners of FIB.*

"The Capital newspaper was particularly active in "investigating" which company was associated with Corpbank while ignoring that these companies were not affiliated from a legal perspective and while forgetting these companies were shareholders in key companies, such as Petrol, Vivacom, the Kostenest paper mill, GIPS-Koshava, Telish, Avionams, Technomarket, etc.", Tzvetan Vassilev pointed out. "These are companies whose value far exceeds those artificially found losses by Deloitte, Ernst & Young and Afa, or at least covers the entire portfolio that was attributed as stolen to me and which served as the basis for my prosecution", he stressed. *Editor's Note: In the first part of "Wrong math, crooked mirrors, bags and holes: Radosveta Vassileva asks Tzvetan Vassilev about Corpbank", Tzvetan Vassilev explained what falsifications Deloitte, Ernst & Young and Afa carried out.*

Tzvetan Vassilev explained that the saga with the "stolen bags" was the most obvious manipulation. Initially, they spread the lie that he had taken this money in bags before leaving Bulgaria. Subsequently, Bulgaria's Prosecutor's Office developed a different strategy — one of the witnesses of the prosecution Teodora Taneva falsified his signature as well as the signature of the managing director of his company Bromak. This was subsequently proven in court. According to Vassilev, this by itself is scandalous.

Tzvetan Vassilev and Radosveta Vassileva recalled that in 2014 employees of Corpbank were detained on the basis of the note on which the signatures were falsified and the false witness statements by Teodora Taneva. The same shameful scheme was repeated in 2019 when witnesses in the Corpbank trial were detained and put in pre-trial custody based on documents falsified by Biser Lazov and his false witness statements. "Biser Lazov is complicit with Peevski in stealing Corpbank's assets and in causing Corpbank's artificial bankruptcy", the banker stressed. He also believes that the moment when the attack Corpbank was selected based on insider information which Lazov provided to those who organized the corporate raid.

The banker is outraged by the "ferocity" with which Bulgaria's Prosecutor´s Office defends Biser Lazov, even in parallel cases such as the one with Kaloyan Petrov. "Not only Kaloyan Petrov was deceived by Biser Lazov, not only Biser Lazov made a huge profit from a deal that was offered to him

by Petrov, not only Biser Lazov financed this deal with stolen money from Corpbank and from my personal company, but they charged Kaloyan Petrov and banned him from leaving Bulgaria for five years", Vassilev revealed. *Editor's Note: In 2020, the Sofia City Court declared Kaloyan Petrov innocent. Biser Lazov was the primary witness against him.*

Economedia's crooked mirrors

In the interview entitled "Myths and Legends about Corpbank", Tzvetan Vassilev has already discussed the persistent attacks against Corpbank by Ivo Prokopiev's Economedia, including the deliberate spreading of false information that the State General Reserve Fund Oman was not a shareholder at Corpbank, the speculation that there was a concentration of state money at Corpbank, etc. According to Radosveta Vassileva, most likely because of their personal biases and grudges, Prokopiev's media, which pretend to be an objective source of information, missed to report key aspects of the Corpbank trial — they ignored the harassment and arbitrary arrests of Corpbank's employees in 2014, they omitted to report the forgeries and deviation of assets by Biser Lazov, they did not see the groundless accusations and harassment in pre-trial detention of witnesses at the Corpbank trial in 2019, etc.

Even though it is clear that the media part of the attack against Corpbank in 2014 was led by Delyan Peevski's media and his satellites, looking back also shows Economedia's role. This is especially visible in the voluminous articles of Capital's journalist Nickolay Stoyanov — in his articles from the time he presents false information as true without any criticism even though he has the expertise to judge its credibility and he persistently advocates that Corpbank should be liquidated. Vassileva illustrated her observations with citations from Stoyanov's articles from 2014.

Vassileva was surprised to see that although "a hole" is neither a financial nor a legal term, Nickolay Stoyanov spoke about "a hole at Corpbank" as early as 20 June 2014, the day on which Corpbank was placed under special supervision upon the request of its management and nobody suspected what would happen afterwards. It is also interesting that in the same article Stoyanov says that the first role of the temporary supervisors was to determine if there was "a hole at Corpbank", thus ignoring the specifics and role of temporary supervision as such. On 25 June 2014, even before Deloitte, Ernst & Young and Afa began working on their infamous report, Nickolay Stoyanov suggested they could find "serious holes".

On 11 July 2014, Stoyanov not only claimed an audit was performed at Corpbank, which clearly was not the case, but also argued that the "biggest bank robbery" had been carried out because there was connected lending at Corpbank, thus insinuating that connected lending meant that the money was stolen. In July-August 2014, Stoyanov continued making absurd speculations even though he has an expertise in finance — he presented, without any criticism, the claims that Corpbank's credit files were missing, which was impossible because all credit lines of Bulgarian banks are linked to the remote "Banking Supervision" at the central bank and are listed at several places, he claimed that Corpbank was not healthy, etc. In the fall of 2014, Capital and Nickolay Stoyanov openly advocated

that Corpbank should not be opened at all costs, thus neglecting the role of competent institutions. In the first part of "Wrong math, crooked mirrors, bags and holes: Radosveta Vassileva asks Tzvetan Vassilev about Corpbank", Tzvetan Vassilev himself stressed that Capital (Economedia) were in a conflict of interest too because of their relations with Afa.

A special team which planned Corpbank's artificial bankruptcy?

Tzvetan Vassilev shared that he suspected that there was a special "project team" which planned Corpbank's artificial bankruptcy. He had heard that Delyan Peevski was gathering a team because he wanted to invest in a bank — information which Vassilev did not take seriously at the time. The banker believes that from the distance of time, it can be seen that this team, using also inside information about the loans at Corpbank by the BNB and by Biser Lazov, worked on different types of analysis and coined terms, such as "a hole". Vassilev has heard that employees of the BNB, employees of commercial banks, people like Yordan Tzonev, etc. participated in the team, but he would not rule out communications with Economedia. *Editor's Note: Jordan (Yordan) Tzonev is a Member of Parliament from DPS and is considered to be a close friend of Delyan Peevski.*

"There is no way that an audit can be performed at Corpbank from 30 June 2014 to 11 July 2014, in just 10 days. It took our traditional auditor KPMG 2,5 months to complete Corpbank's yearly audit even though they had been auditing Corpbank since 2000. First, they knew the loan portfolio of the bank really well. They had been auditing Corpbank for 14 years, twice per year. It still took them 2,5 months to complete the annual audit. How can companies which have no knowledge of the bank, its assets, and its portfolio draw any conclusions in 10 days? No, no, everything was prepared in advance — they were given "the conclusions" and they were simply told they had to shape them in some form", the banker explained.

"If by "a hole", they understand a loss, are all these loans which have been written off in the banking system holes?", Tzvetan Vassilev asked rhetorically. "If there was something at Corpbank that was supposed to be written off and called "a hole", then obviously those loans which have been written off in the banking system — we're talking about tens of billions — are holes following that logic, too", the banker stressed. "I've been saying that I´m very pleased that First Investment Bank is functioning. FIB was given a chance to cover a capital shortfall of 1.5 billion Bulgarian Leva (in June 2014) for 5 years. By contrast, Corpbank was not given this chance even though the shortfall was considerably less significant. Now we know at what price Vivacom is being sold and anyone can make a simple calculation — deduct the 550 million Euro debt to Corpbank from the price of 1.3 billion Euros, multiply by 77%, the shares which Corpbank owned indirectly, and see what the value of this high liquidity asset was", Vassilev underlined. He also said that in his opinion, the report by Deloitte, Ernst & Young and Afa, which ignored Corpbank's assets, is an example of criminal negligence.

Alix Partners' international scams

Tzvetan Vassilev said that the scheme used by Alix Partners is very similar to the scheme applied in the so-called “audit” by Deloitte, Ernst &Young, and Afa — all they had to do was dress in an appropriate form conclusions which were given to them in advance. Unlike Deloitte, Ernst & Young and Afa which attempted to exclude liability for their actions by including a disclaimer that their report was neither an audit nor an asset quality review, Alix Partners excluded liability by creating an SPV just for this report and winding it down afterwards. “It turns out Alix Partners are known for their international scams”, stressed Vassilev and mentioned that Alix Partners have used the same scheme in other countries too.

One of the scandals in which Alix Partners is involved is the case of the Croatian company Agrokor. Alix Partners became the managers of the group after it was taken over by their creditors, which included two Russian banks, one of them being VTB. Alix Partners signed a scandalous management contract and then transferred it to the local “Biser Lazov” who was Agrokor’s CFO. At Corpbank, Alix Partners did not see any assets. In the case of Agrokor, they started selling the assets at ridiculously low prices to the right people. In the case of Agrokor, Alix Partners registered an SPV in Ukraine to manage the liquidation process, which is scandalous given that Croatia is an EU member.

Vassilev emphasized that the organizers of the attack against Corpbank were quick to find allegedly reputable companies which could sign indulgences for their thefts. The banker said that he and other victims of Alix Partners’ falsifications have submitted a complaint before the UK Serious Fraud Office. The scams are very similar — companies with large assets, which have been forced into difficult situations, have their assets deviated at excessively low prices with the help of Alix Partners.

The lie that Corpbank’s credit files were missing

One of the main “arguments” of Deloitte, Ernst & Young and Afa why there was a “hole” at Corpbank was that 80% of the bank’s credit files were missing. These allegations are also present in the BNB press release dated 11 July 2014, which also suggested that the management of the bank had taken them.

“They started to refute their own lies because it turned out that many pages from the so-called “missing credit files” are present in the indictment. I cannot even begin to imagine the abuses when the Prosecutor’s Office, the Investigation Department, and the police raided Corpbank. I cannot imagine what they did. Obviously, they aimed at looting these files, so that they could misuse them as they pleased”, Vassilev stressed.

Vassilev described the assertions of the “auditors” that Corpbank’s assets could not be evaluated because the credit files were missing as “complete absurdity”. First, Corpbank had very strict internal protocols and in June 2014 the credit inspectors were preparing for the traditional half-year audit. Second, the credit portfolio of each commercial bank is directly linked to the remote banking supervision at the central bank and each loan, which is granted, is registered there.

“This absurdity shows the intellectual level of the organizers of the attack as well as the level of their main tool — the Prosecutor’s Office. That’s why their indictment is so paradoxical”, the banker commented.

Boyko Borissov’s lies

Radosveta Vassileva asked Tzvetan Vassilev to discuss the following interview of Boyko Borissov from September 2014:

Boyko Borissov (BB) in September 2014: Corporate Commercial Bank should be opened immediately. The quaestors (temporary supervisors) have been messing around for a while. They have already lied three times and they have extended their mandate with two more months.

Journalists: What were they supposed to do?

BB: By law, they have the right to work at the bank for six months. They had to say on the first day that within six months, as soon as possible, they would do the right thing to fix Corpbank. They are now creating further panic. At the same time, we see absolutely no action so far. I am beginning to doubt that they are doing all this deliberately… because with our inaction and tolerance towards this behavior we can find ourselves in a state that is irreparable for Bulgaria. Literally, decades later, there will be no way out of what will happen, if they continue with this, I would call it reckless, irresponsible, arrogant behavior towards all people who have deposits or whatever accounts.

Journalists: Do you think declassifying the transcript from the talks at the Presidency regarding Corpbank could lead to a cataclysm?

BB: I´m absolutely convinced.

“Boyko Borisov is known for his peculiarity of saying one thing, and then doing the opposite later. Let us not forget that in September 2014 Borissov was leading an election campaign. As a person thinking of the people, Borisov was concerned that the bank should open. In my opinion, he was more concerned about how the smaller deposits, which were a significant number, would be paid off. It worried him that these people could vote against him”, Tzvetan Vassilev underlined.

In addition, the banker revealed that in October 2014, Borissov met with representatives of the Serbian authorities at his request. He accepted them into his office after winning the election. He told them that he was in favor of restoring Corpbank, that if Vassilev had any guilt and it was proven, he had to take responsibility, but if it was not proven, he would only lose the bank, etc.

“There is still a very big mystery — the debate at the Budget Committee before 6 November 2014

during which both Menda Stoyanova and Yordan Tzonev defended the bank's rescue. Suddenly, the decision on 6 November 2014 was just the opposite", Vassilev recalls.

"A lot of dirt has been accumulated around this riddle, and state institutions have become complicit in a crime. The destruction of Corpbank is a crime against the state — the looting of its assets, their plundering in such an offensive way, including the plundering of assets which are part of the national security of the country is a crime. The assault against Corpbank paved the way to the captured state", Tzvetan Vassilev concluded.

Radosveta Vassileva recalled the dissenting opinion by Judge Sonia Yankulova in the decision which denied the shareholders and the management to appeal the decision on license revocation: "When you have given your consent for blood transfusion, it does not automatically mean that you have given your consent that both of your legs be amputated". In sum, the consent that Corpbank be placed under special supervision does not imply consent for its liquidation.

You can watch Part II of "Wrong math, crooked mirrors, bags and holes: Radosveta Vassileva asks Tzvetan Vassilev about Corpbank" in its entirety here.

If you missed Part I, you can catch up here.

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