

## **OLAF: Bulgarian authorities are covering up a criminal group**

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By Dnevnik daily. ***There are influential forces in the Bulgarian government and state authorities which have no interest in punishing anyone related to the circle around Liudmil Stoikov, currently under investigation for projects fraudulently funded with 6.5 mln euro from SAPARD, Franz-Hermann Върнер, director of the EU's anti-fraud office OLAF, says in an official letter to Deputy Prime Minister Meglena Plugchieva.***

The letter comes two weeks before the release of a much-anticipated European Commission report on Sofia's performance in tackling organised crime and corruption, Dnevnik Daily announces today. The letter accompanies a scathing report following the investigation carried out in Bulgaria by an OLAF team in June 2008. It was handed over to the members of the Supreme Judicial Council on Tuesday by Plugchieva because it involved criticism over the magistrates' work.

The report, obtained by Dnevnik, lists projects estimated at 32 mln euro where OLAF has established irregularities related to misappropriation.

OLAF spotlights the fraudulent case involving Stoikov and the other suspect under investigation together with him - Mario Nikolov. The EU anti-fraudsters described the so called Nikolov/Stoikov group as a "criminal network of companies composed of more than 50 Bulgarian, European and off-shore companies".

"This criminal company network is managed and/or financed by two Bulgarians, Mario Nikolov and Lyudmil Stoikov, who are said to have close links to the current Bulgarian government.

"One of the individuals allegedly financed the election campaign of the current Bulgarian President and is the business partner of the former Deputy Foreign Minister (Feim Chaushev - editor's note), who, according to information available, attempted to influence an ongoing investigation into that individual," says the report.

According to OLAF, the Nikolov/Stoikov group is involved in tax fraud, subsidy fraud, document forgery, money laundering, illegal import and export to Bulgaria and the EU of Chinese meat.

The report claims that Stoikov and Nikolov are involved not only into the publicly known shady deal with the old equipment which was presented as new in order to receive SAPARD subsidy, but also into two more criminal affairs amounting to nearly 20 mln euro with false offers under five SAPARD projects.

There are also allegations of illegal import and export of Chinese rabbit meat with falsified health certificates from Argentina and misappropriation over debt purchase from the National Electric Company and a shady deal with railway wagons.

The report slams the Agriculture State Fund (ASF), the prosecution authorities and the courts for lack of co-operation and communication.

According to OLAF, the ASF failed to initiate timely recovery procedures concerning payments under SAPARD projects made to companies involved in the first uncovered fraud of the Stoikov-Nikolov circle. The Fund also failed to forward information to prosecution authorities and prosecutors, in their turn, led the investigations into the Nikolov/Stoikov group without proper coordination and centralized control.

The OLAF mission also criticizes the courts for quickly granting bail of 10 000 euro to Nikolov and Stoikov. It also calls into question the instruction given by the courts to the State Receivables Collection Agency to release assets to the amount of 3 mln euro seized from beneficiaries linked to the criminal

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group, as well as the court repeal of ASF orders attempting to recover the illegally disbursed euromoney. "I will not comment on a report that was not meant to be seen by the media. I think it is irresponsible and inadmissible to make public the correspondence between two institutions without their prior consent," Bulgaria's chief prosecutor Boris Velchev told Dnevnik on Tuesday. Earlier, Velchev said before the Supreme Judicial Court that due to OLAF's criticism all investigations into the Stoikov/Nikolov group are currently centralized and well-coordinated.