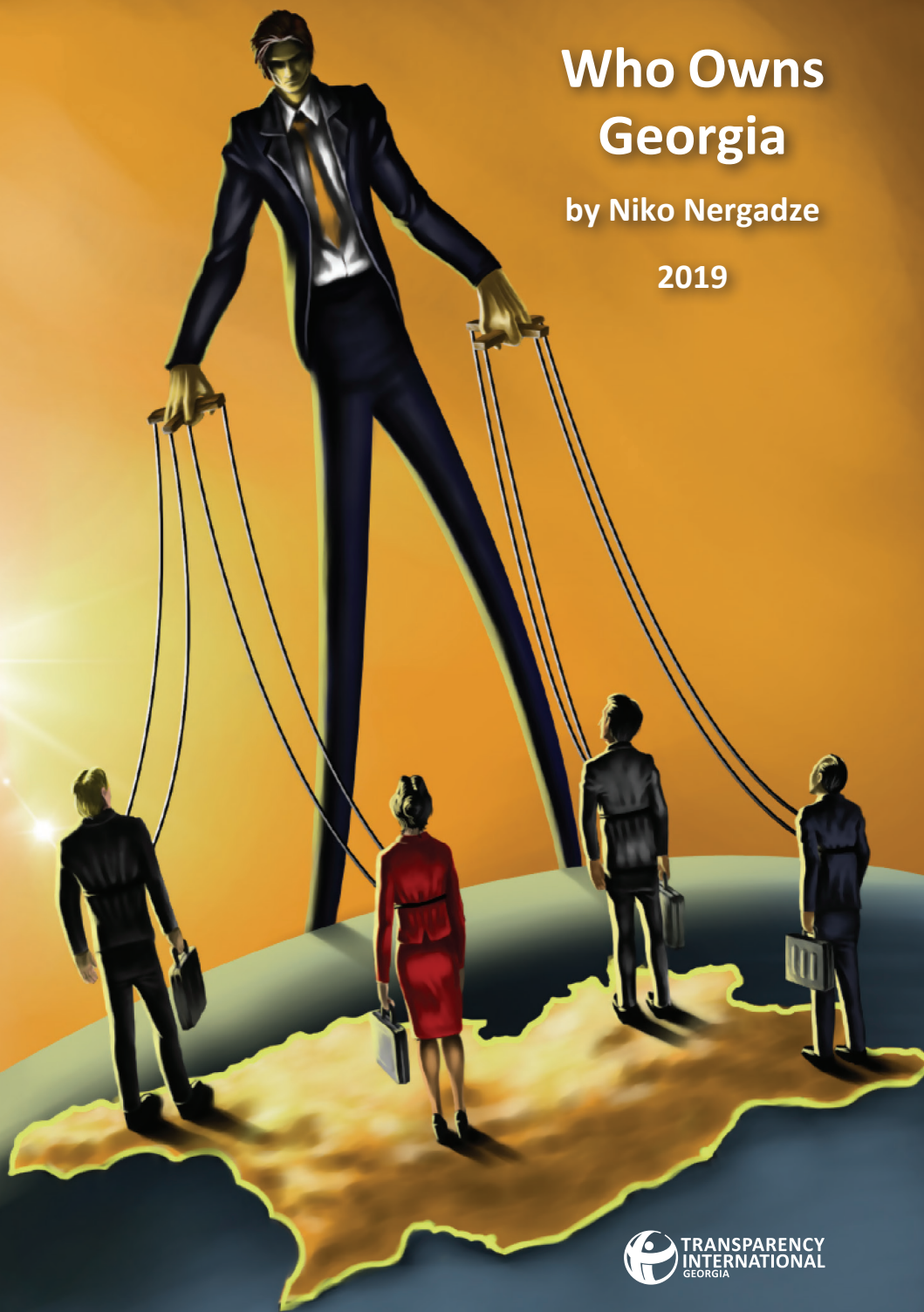


# Who Owns Georgia

by Niko Nergadze

2019



TRANSPARENCY  
INTERNATIONAL  
GEORGIA



# **Who Owns Georgia**

**Niko Nergadze**

**2019**





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## FOREWORD

A book titled “Who Owned Georgia” was first published in 2012. It was devoted to the key players of the several important sectors of Georgian economy and to their links with the ruling party. The main theme of the book was the overlapping of politics and business – along with the threats that this overlapping posed both to integrity in public administration and to free and fair competition in the private sector.

Seven years on from the publication of the original book, not only do those threats persist but they have also acquired an entirely new dimension due to an unprecedented consolidation of political and economic power in the country. Clearly, the situation where the country’s richest man is also the ruling party’s leader and the country’s de facto ruler is a new kind of challenge for the democratic political system and its key institutions.

What are the consequences of this consolidation of power for the judiciary, the law enforcement system or the media? What is its impact on elections? How does it affect the daily affairs of citizens and change the places where they live?

We tried to answer these and some other questions in a book which we prepared together with Radio Liberty journalist Niko Nergadze.

The work on this book ended in the summer of 2019, so it does not cover a number of important events that have taken place since then.

Transparency International Georgia is grateful to the Open Society Foundation for the financial support of the publication. At the same time, the views expressed in the book do not reflect the Foundation’s position. Transparency International Georgia solely responsible for the book’s contents.



## INTRODUCTION

Last year, I went along with a friend to look at an apartment. He had almost made up his mind to buy it but, before signing the contract, he wanted someone else to reassure him that he was making the right choice.

It was a lovely little apartment in a 19th-century building in downtown Tbilisi. The building's location was the only thing that my friend was concerned about. On the one hand, he liked it: It was in a good neighborhood and within walking distance from all the important places. At the same time, he was worried about the possibility of construction soon starting nearby and covering the area in dust. Also, the apartment's good location could attract an investor: The owner told us that the neighbors could not wait for someone to tear down the building and offer them generous compensation.

My friend didn't want compensation. He wanted to live in that building. At the same time, he didn't want a conflict with the neighbors: A situation where they would want to sell their apartments and his refusal would be the only obstacle.

I tried to reassure him, telling him that the structure was solid and, most important, that it had been included in the list of Tbilisi's cultural heritage. Even if an investor's interest was very strong, they would still be unable to touch this building, I told him.

My friend calmed down. He said that I was right: No one would be able to touch it unless Bidzina Ivanishvili himself decided to build something there.

The apartment's owner agreed and said that the building would stand there for another 100 years, unless Bidzina decided to do something with it.

Neither the apartment's owner nor my friend were opposition activist. The latter even claims that he was dismissed from civil service for political beliefs in 2011 (when Ivanishvili's Georgian Dream party was in opposition). Whenever he talks about politics, he always says that, although he's not a Georgian Dream activist and dislikes a lot of things the government does, he ultimately always votes for them because he cannot see anyone better.

My friend bought the apartment in the end and is very happy with the purchase to this day. He probably doesn't even remember the above conversation because it didn't contain anything special or new.

There is nothing special or notable to anyone in Georgia about the fact that there are two sets of rules in the country: One applies to everyone and the other – exclusively to its “first citizen.”

Everyone has the answer the question of “who owns Georgia”: “Bidzina Ivanishvili does, of course.”

Everyone – both young and old, government supporters as well as opposition members – will tell you this. Some people say this openly, while others only imply it. Some do not consider it a problem, while others think it is a disaster. Yet, I don't think anyone would dispute the answer.

So, why bother to write a book and do research about it?

If one delves deeper into the matter, it will turn out that it is often quite obscure who owns what, in what way, and since when. This could be what triggers the talk about “well-known facts” and the circulation of all sorts of stories, both true and false: When there is a lack of information and one gets the impression that important information is being concealed on purpose, one finds it easier to believe hearsay.

Obviously, a single book cannot provide an exhaustive (or even satisfactory) answer to the question of who owns what in Georgia. Still, we will try to highlight several aspects of the matter. How transparent is ownership in Georgia? To what extent do the businessmen who own different assets operate in equal conditions? How lawful is the acquisition of these assets? How does the question of ownership affect politics and the daily lives of citizens in Georgia? How truthful is the media coverage of all these issues?

The book relies primarily on research by Transparency International Georgia, materials of Studio Monitor, articles and reports by different media outlets, including Netgazeti, Liberali, Radio Liberty, Guria News, on.ge, Tabula, Rustavi-2, Imedi, TV Pirveli, and others, as well as open public information.

## WHEN THE OWNER IS HIDDEN

*“I have practically not had any business in Georgia, except for Cartu Bank, which I set up to help the country and which was intended to be an investment bank,” – Bidzina Ivanishvili, 2012.<sup>1</sup>*

Only six years have passed since the previous version of this book was published, but Paul Rimple’s *Who Owned Georgia 2003-2012* consists of an entirely different cast of characters. The previous book starts with a description of a few rumors, but those rumors – Dato’s Chocolate and Vano’s Chocolate – refer to very different people (former Defense Minister Davit Kezerashvili and former Interior Minister Vano Merabishvili).

Paul Rimple’s book was published during a period of transition for Georgia. It was a chaotic time. The election was approaching. Thousands and sometimes tens of thousands had taken to the streets against the government of that time. The immediate catalyst for the protests was the scandal over “prison recordings”, although the backdrop of resentment had been building for several years. A part of this buildup was also the question posed in the title of this book – Who Owns Georgia?

Answering this question was not easy even then. One reason for this was that, as Paul Rimple wrote, “although the government has done a lot to improve the transparency of contracts and ownership, much is still hidden behind a miasma of spin, legal distortion and shell companies”.<sup>2</sup>

The characters have changed, but the problem has remained the same or, in some cases, has grown worse.

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- 1 Interview of Revaz Sakevarishvili with Bidzina Ivanishvili, 2012, (in Georgian), <http://geonews.ge/news/story/25885-revaz-sayevarishvili> (accessed in April 2019)
  - 2 Transparency International Georgia, *Who Owned Georgia (2003-2012)*, 18 December 2012, <https://www.transparency.ge/en/post/who-owned-georgia-2003-2012>

This reality contrasts with a common sentiment expressed by Georgian Dream supporters in 2012, before the historic election, that the opposition party leader, billionaire Bidzina Ivanishvili, was already very, very rich. The logic was the following: “Newcomer politicians immediately seek to enrich themselves and their relatives. Bidzina has no need for this, and since in Georgia he used his money for charity alone, he will continue to do so...”

Bidzina Ivanishvili’s own vision at the time was perhaps best illustrated in an extensive interview with Forbes magazine. Due to his being a leader of the opposition coalition, it was not safe to publish an interview with him. The interview was accompanied by a type of confrontation that was a common occurrence at the time. The author of the interview, then editor of the magazine Revaz Sakevarishvili, resigned saying that he was a victim of political censorship and that the Forbes owner was planning to publish a deliberately distorted version of the interview.<sup>3</sup> The magazine owner followed up by accusing the journalist Revaz Sakevarishvili of plagiarism (it is unclear how an interview could be plagiarized, but the owner claimed that the journalist plagiarized questions from a Russian-language interview published years before.)<sup>4</sup>

These accusations and counter-accusations are no longer relevant today. But the interview itself, which was later disclosed by Revaz Sakevarishvili online, may be more interesting from today’s point of view than it was at the time.

For example, in the interview, Bidzina Ivanishvili discusses the areas of investment that would be most profitable to both Georgia and the investor. These areas are, first and foremost, “agriculture,

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3 Radio Free Europe / Radio Liberty (Georgian Service), Revaz Sakevarishvili Accuses Forbes Georgia of Distorting Interview with Ivanishvili, 6 April 2012, (in Georgian), <https://www.radiotavisupleba.ge/a/24539865.html>

4 Radio Free Europe / Radio Liberty (Georgian Service), Media Partners Accuses Revaz Sakevarishvili of Plagiarism, 28 March 2012, (in Georgian), <https://www.radiotavisupleba.ge/a/24530119.html>

medicine and education”.<sup>5</sup> He also mentions the importance of transparency for a politician who owns a huge amount of wealth.

Bidzina Ivanishvili starts off by saying that he has not had business interests in Georgia so far and that he did only charity. He even expresses regret – pointing out that job creation is more important than financial assistance.

Six years have passed since then and circumstances have changed fundamentally. Bidzina Ivanishvili will probably no longer be able to claim that he has no business interests in Georgia. We say ‘probably’ because it is difficult to tell which of his ventures are ‘just’ business (a source of income) for him, which are a means to satisfy personal interests or ambitions, which are intended as charity, and which are used to gain or maintain political influence.

Let’s start with the fact that it is impossible to determine exactly what the wealthiest person in Georgia owns (he is most likely the only billionaire in Georgia. According to various media sources, there are several billionaires of Georgian descent in the world, but some are based in Ukraine, some in the United States, and some in Russia)<sup>6</sup>. This is not unusual by itself, since determining the exact amount of funds owned by any person with this much wealth is a difficult task. They may even not know themselves, for example, what stocks they own at any given moment, since the decisions to buy and sell stock portfolios are often made independently by hired individuals.

Adding to this is the difficulty of measuring even that property which Bidzina Ivanishvili has declared publicly. Some companies

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5 Interview of Revaz Sakevarishvili with Bidzina Ivanishvili, 2012, (in Georgian), <http://geonews.ge/news/story/25885-revaz-sayevarishvili> (accessed in April 2019)

6 Business Press News, Three Richest Georgian Men, 9 December 2014, (in Georgian), <https://bpn.ge/persona/5626-5-umdidresi-qarthveli-kaci.html?lang=ka-GE>

are owned directly by Bidzina Ivanishvili or his closest family members. Some are owned by more distant relatives, or by persons who are considered to be affiliated with him. In these cases, it is difficult to prove who the owner is – the official owner or Bidzina Ivanishvili.

It is even harder to determine who the decision maker is in these companies – its official owner, Bidzina Ivanishvili, or both.

\* \* \*

Many companies can be linked to Bidzina Ivanishvili through their official registration address: Georgia, Tbilisi, Vake-Saburtalo District, Chavchavadze Ave., №39a. The four-story building at this address belongs to Cartu Group. This is where many companies that have links with Bidzina Ivanishvili are registered. According to Cartu Group though, the building is also being leased to various legal entities. So, in theory, a company registered there may have nothing to do with Bidzina Ivanishvili. However, looking into some of these companies has yielded multiple indirect connections.

Indeed, some of the companies mentioned in this book are not directly connected to Bidzina Ivanishvili. They are often owned by a joint stock company that is itself owned by another, offshore company registered at Cartu Bank's address, or managed by a person affiliated with Cartu Bank.

Much of the information presented in this book has been obtained from open, public sources. Some of its parts do not refer to any legal violation; for some readers, these parts may not contain any immoral actions at all.

However, questions arise nevertheless. When Georgia's richest man is at the same time politically most influential, openness and transparency become essential no matter what position he holds at any given moment.

Bidzina Ivanishvili states in his interview: “I have kept and continue to keep my property transparent. I do not have a hidden position in this regard”. While we cannot say anything about his past, his current assets lack transparency. Let’s start with the story of Laguna Vere Sports Complex, located near Hero’s Square in the city center.

\* \* \*

Laguna Vere Sports Complex, located in the middle of Tbilisi, near Heroes’ Square (official address is Merab Kostava Lane 1, #34), currently looks like a Hollywood set for a zombie apocalypse film. Looking at the place, it is easy to tell that it used to be full of life at one point; that is used to be significant. Today, however, the sitting areas are dilapidated, and the pool is covered with soil and grass. The complex was further destroyed by the flood of June 13, 2015.

Laguna Vere was an important place of gathering for Tbilisi since 1978 – water polo players trained there, children learned how to swim, and the city’s residents found relief from the heat...<sup>7</sup>

Laguna is one of those places, which “everyone knows” was bought by Bidzina Ivanishvili. “Give that man some time. Renovation takes time. He will restore it and it will be just like it is in Europe”, I was told by the mother of my daughter’s friend as we waited for our children’s gymnastics lesson to be over (the gymnastics federation is located right next to the former sports complex).

At this point, another parent interjected, saying: “I know for sure they will tear Laguna down and build elite multi-story residential buildings in its place”.

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7 agbnBusiness Press News, The Fate of Laguna Vere Remains Unclear, 3 May 2018, (in Georgian), <https://bpn.ge/ekonomika/44993-laguna-veres-bedi-isev-gaurkvelia-ratom-uaryofen-fond-qarthusa-da-qarthu-jgufshi-kompleqsis-sakuthrebashi-arsebobas.html?lang=ka-GE>



One way or another, no one really knows what the fate of Laguna Vere will be. Despite “everyone knowing everything”, no one is able to say anything specific about its owner either.

Let’s have a closer look:

Laguna closed on December 28, 2013, presumably temporarily, for repair. “Peoples should really calm down, it’s not as bad as it seems,” stated Davit Chkhetiani, General Director of the sports complex, a few months after the fact; “We had to lay off some people. We use one-year employee contracts. We cannot pay salaries without the employees having actually worked, so we had to give them unpaid vacation time.”<sup>8</sup>

Davit Bedoidze, Technical Director of Laguna Vere, also suggested that the swimming pool would open soon. He said: we have not closed, we were supposed to open on February 20, but were delayed by problems with the water supply system. All the works have been completed now and we may open as soon as in a week’s time.<sup>9</sup> Five years have passed since this interview was published.

The unemployment of up to 300 employees was confounded by the overall uncertainty about why Laguna was shut down, who its owner was and what the plans for the future were.

Frequent changes in management did nothing to alleviate this uncertainty. Some executives were dismissed, while some swapped positions.

According to the records of September 24, 2013, the Executive Director of the sports complex was Vepkhvia Khundzakishvili, and its Directors were Vladimer Goiashvili and Davit Bedoidze.

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8 Netgazeti, Why is Laguna Vere Closed, 5 March 2014, (in Georgian), <http://netgazeti.ge/business/29911/>

9 Versi.ge, Exclusive Interview with the Director of the Company that Owns Laguna Vere, 31 July 2013, <https://bit.ly/2W3aZLL> (accessed in April 2019)

As of February 24, 2014, Vladimer Goiashvili and Davit Be-doidze continued to hold the positions of Director, while Davit Chkhetiani had become the Executive Director.

As of May 19, 2014, Mirian Mchedlishvili chaired the Laguna Vere Supervisory Board, with Giorgi Dvaladze serving as Deputy Chairperson and Domenti Goletiani as a Board Member.

As of December 10 of the same year, Giorgi Janelidze had become the Board Chairperson, with Giorgi Dvaladze and Domenti Goletiani serving as Board Members. Vladimer Goiashvili was the Director and Davit Chkhetiani held the position of Executive Director.

On December 15, 2014, the Sports Complex management was joined by: Giorgi Janelidze, Giorgi Ksovreli, Gela Koberidze, Davit Chkhetiani, Vladimer Goiashvili.<sup>10</sup>

Why is all this important? The information above suggests that Laguna Vere was never truly abandoned. When its walls and infrastructure were crumbling, an invisible process was (and is) underway behind the scenes. It is hard for outside observers to determine exactly what is happening. The leadership keeps changing for unknown reasons, while Laguna Vere keeps deteriorating.

What does Bidzina Ivanishvili and Cartu have to do with this?

The fact that ‘Laguna belongs to Bidzina’ is common knowledge in Georgia. Even before the building was officially sold, its employees (who would lose their jobs soon after) stated that the complex was now being managed by the Cartu Foundation. This was denied by both Davit Chkhetiani and the Cartu Foundation,

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10 Business Press News, The Fate of Laguna Vere Remains Unclear, 3 May 2018, (in Georgian), <https://bpn.ge/ekonomika/44993-laguna-veres-bedi-isev-gaurkvevelia-ratom-uaryofen-fond-qarthus-da-qarthu-jgufshi-kompleqsis-sakuthrebashi-arsebobas.html?lang=ka-GE>

who had told Netgazeti at the time that: “We have nothing to do with Laguna Vere”.<sup>11</sup>

This seems to be true at first glance – official documentation has no mention of Cartu. However, looking deeper reveals a web of several companies and individuals connected to the sports complex. At the center of this network is the office of Cartu Group at #39a Chavchavadze Ave.

To begin with, according to the Business Registry, the June 29, 2007 extraordinary meeting of the Shareholders of Laguna Vere Sports Complex was held on the 14th floor of this building.<sup>12</sup>

Adding to this is the fact that Davit Chkhetiani is the Executive Director of Laguna Vere Sports Complex. 99% shareholder of this company is JSC Union, the director of which is Ekaterine Bolkvadze, who is also the director of JSC Inter-Invest and JSC Aisi, both of which have the same legal address as JSC Cartu Bank and JSC Cartu Group.<sup>13</sup>

The former director of Union, Roin Motsradze, was also the director of LLC Inter-Service. A journalist investigation by Studio Monitor linked Union with Bidzina Ivanishvili based on the fact that, in January 2008, a piece of land in the Tskneti Gorge behind the Cartu Bank building was sold building to this company.<sup>14</sup>

The second company, Inter-Service, is connected to the construction of Bidzina Ivanishvili’s business center. In 2008, this company ceased to exist and, as a result of reorganization, completely merged with JSC Cartu.<sup>15</sup>

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11 Netgazeti, Why is Laguna Vere Closed, 5 March 2014, (in Georgian), <http://netgazeti.ge/business/29911/>

12 Liberali, Who Owns Laguna Vere, 28 March 2014, (in Georgian), <http://liberali.ge/articles/view/3549/vin-flobs-laguna-veres>

13 Companyinfo.ge, Companies owned by Ekaterine Bolkvadze, <https://www.companyinfo.ge/en/people/234305> (accessed in April 2019)

14 Studio Monitor via Youtube, The Destroyed House of the Meladze Family (video), 2012, <https://www.youtube.com/watch?v=NfKpNjLQ3vo>

15 Liberali, Who Owns Laguna Vere, 28 March 2014, (in Georgian), <http://liberali.ge/articles/view/3549/vin-flobs-laguna-veres>

The warehouse complex adjacent to Laguna Vere is owned by LLC Leasing Twenty One, whose director is also Davit Chkhetiani. Leasing Twenty One is registered at the same address as Cartu Group and is fully owned by Finsec Limited, a company registered in the British Virgin Islands.<sup>16</sup> Finsec Limited is one of the offshore companies affiliated with Bidzina Ivanishvili and Cartu.

Davit Chkhetiani also manages LLC Coastal View, which is fully owned by Limestone Finance International SA, another offshore-registered (Panama) and Cartu-affiliated company (that used to own the Black Sea Arena).

Going a little further, Davit Chkhetiani and Cartu Foundation are also connected through Chkhetiani's son, Nikoloz Chkhetiani. According to founding documents, Nikoloz Chkhetiani was appointed as the Board Member and Chairperson of Cartu Foundation on February 13, 2012, replacing Irakli Gharibashvili. On March 17, 2014, Nikoloz Chkhetiani was appointed as the Executive Director of Citizen, a non-governmental organization founded by Bidzina Ivanishvili.

What is the point of describing these links, if everyone already knows that "Laguna belongs to Bidzina"? The swimming pool and the surrounding area are already associated with the billionaire.

But this connection is only indirect. To identify the real owner of Laguna Vere, we had to list a large number of names and companies. And, even after all that, it is still theoretically possible that the above facts have nothing to do with each other and that the Cartu connection is just a cascade of amazing coincidences. However, this latter explanation is by far the least likely one.

Davit Chkhetiani himself denies connection with Cartu Foundation. He told Studio Monitor that: "It doesn't matter where any

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16 Companyinfo.ge, Finsec Limited profile, <https://www.companyinfo.ge/en/people/105733> (accessed in April 2019)

of his companies have indicated their addresses”, nor does it matter that his son first headed the Cartu Foundation, and now heads the NGO Citizen.<sup>17</sup>

Why is it important to identify these connections? After all, why do we need to know who the owner is, if no violation of the law has taken place? Or, why should Cartu deny the connection with Laguna Vere? (Except if a specific employee of the foundation actually does not know about the connection between Cartu and the Sports Complex).

First of all, it is a matter of responsibility. Laguna Vere is not simply a space – it is also a historical memory of Tbilisi. In addition to the many generations of athletes raised here, regular citizens often visited the pool as well. The complex was crowded even after several better-equipped alternatives opened in the city. In other words, many Tbilisi residents are not indifferent to whether this place remains a swimming pool or becomes a high-rise building, suggesting that it may be more advantageous for a politician to keep their name away from such an unpopular move.

An “ordinary” businessman may be held responsible for leaving 300 people unemployed. Such a move must be very unpopular for a businessman with open political ambitions.

City officials may also decide to hold an “ordinary” owner accountable for letting an important building in the middle of the city fall apart for years. However, when it comes to Mr. Ivanishvili, officials stop asking questions and, on the contrary, facilitate the lack of transparency.

The fact that Bidzina Ivanishvili’s interests are being diligently protected at all levels of government is also common knowledge. To what extent is this true?

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17 Liberali, Who Owns Laguna Vere, 28 March 2014, (in Georgian), <http://liberali.ge/articles/view/3549/vin-flobs-laguna-veres>

To illustrate how decisions are made when it comes to Bidzina Ivanishvili's interests, let us consider the case of purchase of land plots in and adjacent to the Tbilisi Botanical Garden in 2016.

## HOW IS IT DECIDED, WHAT BELONGS TO WHOM?

*“The borders of the Botanical Garden were adjusted in full compliance with the law. As a result of red line adjustments, the Botanical Garden received 4 hectares. In return, the company Finservice was given 4 hectares of land,” – Tbilisi Mayor Davit Narmania, 2016.<sup>18</sup>*

At the end of April 2016, the Tbilisi authorities consented to the swapping of land plots in and adjacent to the Botanical Garden. Finservice XXI, a company affiliated with Bidzina Ivanishvili (which owned 10 hectares of land adjacent to the Botanical Garden since 2007), transferred 4 hectares of land to the Botanical Garden, in return for receiving an equal area of land that was previously part of the Botanical Garden.<sup>19</sup>

At first glance, everything seems fine. But subsequent events reveal many suspicious circumstances.

The Tbilisi City Hall’s Property Management Agency auctioned a 29-hectare plot of land located in the recreation zone adjacent to the Botanical Garden. The privatization condition was the construction of an at least 80-room hotel complex on the purchased land.<sup>20</sup>

The auction was won by the Co-Investment Fund, set up by Bidzina Ivanishvili, which bid GEL 6,326,495.<sup>21</sup>

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18 Netgazeti, Narmania: Mr. Bidzina Ivanishvili Saved the Botanical Garden, 8 May 2016, (in Georgian), <http://netgazeti.ge/news/112931/>

19 Netgazeti, According to the Botanical Garden administration, they have exchanged 4 hectares of land in another area, 26 April 2016, (in Georgian), <http://netgazeti.ge/news/110366/>

20 Auction announced by the Tbilisi Property Management Agency, 22 April 2016, <http://auction.tbilisi.gov.ge/Pages/Auctions/Lot.aspx?id=19647>

21 Liberali, The co-investment fund purchased 29 hectares of land near the Botanical Garden, 3 May 2016, (in Georgian), <http://liberali.ge/news/view/22357/botanikur-baghtan-29-ha-mitsis-nakveti-tanainvestirebis-fondma-sheisyida>

As a result of these operations, companies associated with Ivanishvili acquired a consolidated area much larger than what they had owned until April 2016.<sup>22</sup>

Non-governmental organizations Tiflis Hamkari and Georgian Young Lawyers Association immediately stated that the decision to give up a part of the Botanical Garden “was made in a non-transparent manner, without stakeholder participation” and that “there are reasonable grounds to believe that the adjustment of boundaries was done inside an area that was under cultural heritage protection,” raising questions about the legality of the process.<sup>23</sup> Transparency International Georgia identified signs of corruption in the process of disposal of land in the Botanical Garden.<sup>24</sup>

Several circumstances caused the NGO protest. First of this was the fact that the privatization process was suspiciously short.

According to documents in the database of Tbilisi Architecture Service, the process of auctioning off the 29 hectares of land adjacent to the Botanical Garden with the condition of constructing a hotel began with a letter sent by Nodar Chichinadze, Head of the City Hall’s Economic Policy Department (now Director of the Finance and Administrative Department of the Public Broadcaster) to Karlo Laperadze, Head of the Tbilisi Municipal Property Management Agency, on April 18, 2016.<sup>25</sup>

The land plot was placed on the auction in less than five days

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22 Tbilisi City Hall, Map of the Botanical Garden and the results of the land swap, 27 April 2016, <https://bit.ly/2BB5yKx> (accessed in April 2019)

23 Georgian Young Lawyer’s Association, Joint Statement of Gyla and Tiflis Hamkari Regarding Tbilisi Botanic Garden, 28 April 2016, <https://gyla.ge/en/post/sias-da-tfilis-hamqaris-ertoblivi-ganckhadeba-tbilisi-botanikuri-baghtan-dakavshirebit#sthash.5l2E4yal.dpbs>

24 Transparency International Georgia, The process of disposal of land parcels in the Botanical Garden of Tbilisi and in the area adjacent to it reveals signs of corruption, 6 June 2016, <https://www.transparency.ge/en/blog/process-disposal-land-parcels-botanical-garden-tbilisi-and-area-adjacent-it-reveals-signs-corruption>

25 Correspondence with Tbilisi Municipal Property Management Agency, 18-19 April 2016, [https://drive.google.com/file/d/0B\\_mjaQE8wbGwWdD3Ry1HVjhRd3c/view](https://drive.google.com/file/d/0B_mjaQE8wbGwWdD3Ry1HVjhRd3c/view)



after the letter was sent. To illustrate the amount of work needed to announce such an auction, we will briefly describe the process:

The matter must first be reviewed by the Property Management Agency. It must select the appropriate area and submit the matter for review to the Architecture Service.

The matter must then be reviewed by the Architecture Service, which submits it for further review to the Zoning Board (the construction of a hotel in this zone requires a special zoning permit).

The Zonal Board has to make a decision on the matter.

The matter must then be returned to the Property Management Agency, which must then prepare for the auction, which includes, among other things, determining the starting price for the land being privatized.

The process described above is not a mere formality which can be harmlessly bypassed or simplified to speed things up. Clearly, when the matter involves not simply large-scale privatization but also decisions concerning what the city will look like in the future, all relevant agencies must be given reasonable time to carry out their procedures. Completing all of the steps above in a week's time cannot be considered reasonable.

We will return to the issue of what the city will look like shortly. First, we need to list the remaining violations and suspicious circumstances, of which there were plenty.

The auction itself took place over just six business days. We are left to wonder why, for one week is nowhere near enough if your objective is to attract more potential buyers and sell your land through maximum competition.

Speaking of hasty decisions, we need to point out that a special zoning permit is required to build a hotel in a recreational area. This permit was issued by the Zoning Board on April 21, based on an application by the Architecture Service. This application involved the issuance of a single permit for several land plots. Two of those plots were already owned by the company affiliated with Bidzina Ivanishvili at the time but one was still owned by the state. The latter was purchased by the Ivanishvili-affiliated company about two weeks later. Does this decision by the city authorities imply that they knew who the future owner of the land plot would be before the auction?

How does this land swap affect ordinary residents of Tbilisi? At first glance, what is so tragic in Bidzina Ivanishvili having received a piece of land through a hasty procedure, or by bypassing bureaucratic formalities? After all, as the then mayor of Tbilisi, Davit Narmania used to say, “Bidzina Ivanishvili saved the Botanical Garden”.<sup>26</sup> Couldn’t the city be grateful and allow for an exception?

The fact is that this is not simply about bureaucratic formalities. Such hasty decisions fundamentally disrupt the city planning process and, as a result, leave future generations with an even worse system to deal with.

Here is what we mean:

We mentioned a letter that was sent by the head of the Economic Policy Department to the head of the Property Management Agency, based on which the auction was announced. The letter says that there is a growing demand for hotels in Tbilisi and that “development of new road infrastructure across the capital is opening up new opportunities for development”. This was repeat-

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26 Netgazeti, Narmania: Mr. Bidzina Ivanishvili Saved the Botanical Garden, 8 May 2016, (in Georgian), <http://netgazeti.ge/news/112931/>

ed later by the then Deputy Mayor of Tbilisi Irakli Lekvinadze who commented on the results of the May 3 auction by saying that the construction of a new road in Tbilisi allowed for the development of new undeveloped areas.

The City Hall had previously held the position that Tbilisi, does not in fact need to develop new areas. Before city officials started talking about the benefits of a new road and “new development opportunities”, they were saying something very different.

For example, according to the winning concept for the city master plan (the future master plan was supposed to be developed based on this concept), which Tbilisi City Hall selected through competition, Tbilisi must be a “compact” and “resource-conserving” city. New development centers must not be created in areas where there are no well-developed public transport networks.

Tbilisi City Hall endorsed this concept in 2015.

A year later, the same management in the City Hall started discussing the development of new areas adjacent to the new Krtsanisi-Shindisi road, which clearly contradicts the above concept.

So, no, the suspicious circumstances identified in the process of swapping land plots in the Botanical Garden cannot be viewed as simplification of bureaucratic procedures by a grateful city for its benefactor. Tbilisi’s budget, its planning and future development directly affect the lives of its residents, as well as the future lives of their children. The lack of transparency in these matters hurts everyone.

In some cases, transparency is missing from even those actions that are carried out publicly for everyone to see. It is no secret that Bidzina Ivanishvili transports giant trees to his dendrological

park. There is nothing hidden about this, since Bidzina Ivanishvili himself talks about these trees in television interviews.<sup>27</sup>

The following chapter describes the circumstances concerning the buying and moving of those trees. Those Circumstances are sometimes vague not only for the public, but for those who are supposed to oversee the process as well.

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27 Georgian Public Broadcaster – Channel 1, Exclusive Interview with Bidzina Ivanishvili, 24 June 2018, (in Georgian), <https://1tv.ge/video/aqtualuri-tema-maka-cincadzis-stumaria-bidzina-ivanishvili-partia-qartuli-ocnebis-tavmjdomare/>

## WHO KNOWS, WHAT BELONGS TO WHOM?

*“What is behind this whim – this money which of course is not worth the park that I am building, is very expensive and a lot of personal money is spent so that it all remains in the society and in Georgia,” – Bidzina Ivanishvili, 2018.<sup>28</sup>*

These first shots are reminiscent of a dream – a grey-blue sky, endless water and an empty horizon, with a floating barge holding a giant lone tree.

What is a tree doing in the middle of the sea?

This tree – a centuries-old, 650-ton tulip – obviously did not decide to go for a swim by itself. It was being transported from Tsikhisdziri to Shekvetili by the order of Bidzina Ivanishvili.

It is perhaps this tree that for many Georgians has become the most recognizable expression of Bidzina Ivanishvili’s power. Not Georgian Dream’s victory in elections, or the endless praise voiced by Georgian politicians towards him... These are, of course, impressive, but they do not even come close to the effect that seeing a huge tree floating in the Black Sea has.

The tulip tree floated for four days... for four days new photos were posted online, accompanied by witty comments. Social media users spent a lot of time selecting the most appropriate soundtrack, with the best probably being ‘You Won’t Believe It’ by the Ishkhneli Sisters.

It really seemed unbelievable – what a single man can do! The word of one man was enough for an age-old tree to change its home!

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28 Georgian Public Broadcaster – Channel 1, Bidzina Ivanishvili: The population receives GEL 12 Million in compensation for the trees, 24 June 2018, (in Georgian), <https://1tv.ge/news/bidzina-ivanishvili-mosakhleobam-12-milioni-lari-miigho-nakvetebze-kheebis-gatarebis-kompensaciad-rasac-vaketeb-mtlianad-sazogadoebasa-da-saqartveloshi-rcheba/>

However, often the word of a man, even an almighty billionaire, is powerless against nature.

The tree's journey proved to be difficult and full of adventure. They first had trouble transporting the tulip tree to the sea. They managed this by placing concrete tiles on the way. They worked day and night, but it still took two days.

Concrete tiles were not enough. They also had to take down the railway power lines for several hours. This created a kilometer-long traffic jam on the Batumi-Kobuleti highway. Part of the village of Natanebi in the Ozurgeti municipality lost power...<sup>29</sup> To fit the tree on the road, they had to cut down centennial eucalyptus trees in Bobokvati; the chopped down timber left behind was then collected by local residents.<sup>30</sup>

And all this was seemingly done in vain. According to Guria Moambe, the tree did not survive the journey. According to local residents, the tree was tended to by the best "doctors", but it could not be saved. The tulip tree withered and was cut down a few days later.<sup>31</sup>

The first shock passed and today no one is surprised by traveling trees. Most of these are transported over land, but once in a while, giant trees do take to the Black Sea. This has become normal. Internet memes have also become rare. The joke has gotten old. Only Rustavi 2's comedy shows and Giorgi Gabunia periodically mention the traveling trees.

Again, nothing seems to be wrong at first glance. A swimming tree is impressive, but does it harm anyone? Is the law being vi-

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29 Rustavi 2, Railway Power Lines Cut due to Transportation of Ivanishvili's Tree, 13 January 2017, (in Georgian), <http://rustavi2.ge/ka/news/65466>

30 Adjara TV, Report on the transfer of a Magnolia tree (video), <http://ajaratv.ge/news/ge/10169/magnolias-gadatana.html> (seen in April 2019)

31 Guriis Moambe, The centennial tulip tree that traveled in the sea was chopped down, [http://guriismoambe.com/index.php?m=105&news\\_id=25078](http://guriismoambe.com/index.php?m=105&news_id=25078) (seen in April 2019)

olated? A billionaire wants to and can replant giant trees – so what?

Bidzina Ivanishvili himself said in an interview with the Georgian Public Broadcaster that his passion for trees may be a whim, but that the country and the local residents are only profiting from it. “You can’t name a single disadvantage. One small disadvantage was that, on a few occasions, a traffic jam was created which lasted five, 10 or 15 minutes at most,” – Bidzina Ivanishvili told journalist Maka Tsintsadze.<sup>32</sup>

Often, however, the circumstances surrounding the purchase and relocation of these trees are vague not only for the locals but also for the authorities that are supposed to oversee the process.

Everyone knows that the trees are transported by the order of Bidzina Ivanishvili. However, in many cases, no one knows to what extent these relocations are in compliance with the law, who issued the permit, or who the trees belonged to before...

It’s not that certain state agencies deliberately hide something, refuse to disclose information about a certain document or delay its disclosure. No, the relevant authorities themselves are not aware of what is happening in the area they are supposed to oversee.

Often, when it comes to Bidzina Ivanishvili’s property or his decisions, it is difficult to know who to ask for transparency.

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The construction of the Dendrological Park near Bidzina Ivanishvili’s country house in the Ozurgeti Municipality’s Tsvermaghala and Shekvetili area started in 2016.

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32 Georgian Public Broadcaster – Channel 1, Bidzina Ivanishvili: The population receives GEL 12 Million in compensation for the trees, 24 June 2018, (in Georgian), <https://1tv.ge/news/bidzina-ivanishvili-mosakhleobam-12-milioni-lari-miigho-nakvetebe-kheebis-gatarebis-kompensaciad-rasac-vakete-mtlianad-sazogadoebasa-da-saqartveloshi-rcheba/>

One year after the launch of construction of the park, Giorgi Udzilaure, head of Cartu Group's Public Relations Department, stated that up to 60 trees were to be replanted to the park, 95% of which had been purchased from private owners and the rest from the state. However, it was clear during the interview that he himself did not know the full story. For example, he did not know how large the park would be: "It is very difficult to say in advance. Other components may be added. So far, it's only a few hectares," – he told *Liberali* magazine.<sup>33</sup>

By the spring of 2018, *Imedi Weekly* reported that about a hundred trees had been replanted in the park. The park is four and a half hectares and is expected to be completed by 2019. This story of *Imedi Weekly*, which showcased the virtues of the dendrological park, mentioned "centennial trees that have been moved at different times, in different ways and from different places".<sup>34</sup> The specificity is to be admired. However, determining the specific time, way and place is very difficult. Sometimes, even the owner of the tree does not know – even when the owner is the state and trees are cut down along a state road.

For example: In March 2018, the *Batumelebi* newspaper was informed that trees were being dug up in two locations along the Batumi-Kobuleti section of the state road. One tree was located on land owned by a private company. The other tree belonged to the state.<sup>35</sup>

No explanation should be needed that digging up a state-owned piece of land, cutting down and relocating state property

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33 *Liberali*, What we know about Bidzina Ivanishvili's Dendrological Park, 4 April 2017, (in Georgian), <http://liberali.ge/news/view/28630/ra-vitsit-bidzina-ivanishvilis-dendrologiuri-parkis-shesakheb>

34 *Imedi TV*, Exclusive Report from the Dendrological Park (video), 15 April 2018, (in Georgian), <https://www.imeri.ge/ge/video/23168/eqskluziuri-reportaji-dendrologiuri-parkidan>

35 *Netgazeti*, New Fact – Ivanishvili's trees are being dug out from state land, but the government knows nothing about it, 23 March 2018, (in Georgian), <http://batumelebi.netgazeti.ge/news/124675/>



(trees) requires a permit. As it turned out, the relevant authorities did not even know that someone was digging on state land.

Batumelebi contacted the National Agency of State Property, where they said that the land in question was indeed state-owned, but that they did not know anything about the trees being dug up. The Agency was provided with photographs showing the process of digging trees. The reply was: “we will look into this and let you know”. Batumelebi never received an answer.<sup>36</sup>

In some cases, the state knows that trees are being illegally dug up, but does not consider it a problem.

On November 15, 2017, the Ministry of Finance and Economy of Ajaria granted the company Atu permission to cut down 19 camphor trees near the Supreme Council building in Chakvi.<sup>37</sup> According to locals, the company cut down and relocated many more than 19 trees. Ajaria Supreme Council MP Gia Abuladze confirmed this, telling Batumelebi that he had called the hotline of the Department of Environmental Supervision, but no one had responded.<sup>38</sup>

The state granted the permission to cut down and store the trees. But the removal and transportation of trees requires a separate permit which no one had issued. Therefore, the removal of state-owned trees was illegal. Batumelebi informed the Ajaria government about this, but this report was also ignored.<sup>39</sup>

To be fair, cases like these are not common. As a rule, Bidzina Ivanishvili’s companies do not dig up state-owned trees without

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36 *ibid*

37 Netgazeti, Ivanishvili’s Company is Cutting Down Camphor Trees in Chakvi, 11 January 2018, (in Georgian), <http://batumelebi.netgazeti.ge/news/110069/>

38 *ibid*

39 Netgazeti, Ivanishvili is illegally taking trees from Chakvi – Adjara Government has not approved it this time, 17 January 2018, (in Georgian), <http://batumelebi.netgazeti.ge/news/110371/>

a permit. However, sometimes they get the permit only after the trees have been dug up.<sup>40</sup>

Not everything is in order when land is purchased seemingly in accordance with the law either.

The following is a story of a piece of land purchased by Bidzina Ivanishvili's company in Ajaria, from which several trees were extracted.

In 2016, a company called Business Development (fully owned by LLC Georgian Tourism Development Fund, a subsidiary of Bidzina Ivanishvili's Co-Investment Fund) purchased about 18,000 square meters of land for GEL 1.99 million in the village of Tsikhisdziri, near Kobuleti. The auction had been announced by the National Agency of State Property and the Ministry of Finance and Economy of Ajaria.

"The privatization value of this land plot was assessed by an independent audit, after which the property was put up for sale on an unconditional electronic auction, which was open to all interested parties," the ministry said in its statement.<sup>41</sup>

At first glance, everything is in order. Bidzina Ivanishvili wanted the land, paid the price determined by an independent auditor, and then (since the auction was unconditional) did whatever he wanted with it. What could be the problem?

Let's start with the fact that according to this auction, the price of 1 square meter of land is GEL 60.6. It is unclear what methodology was used by the independent auditor to determine the price,

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40 Netgazeti, Follow-up Order – Ivanishvili first dug some trees out and got it legalized later, 24 January 2018, (in Georgian), <http://batumelebi.netgazeti.ge/news/112091/>

41 Netgazeti, The government unconditionally sold Tsikhisdziri land to Ivanishvili for GEL 60 per square meter, 20 November 2017, (in Georgian), <http://batumelebi.netgazeti.ge/news/102991/>

but hoping to get a piece of seaside property in a tourist area for 60 or even 100 GEL is a recipe for disappointment.

Here is how I tried to determine the price: I Googled “land for sale in Tsikhisdziri”. The search engine found numerous ads on various real estate sites. One square meter was priced at USD 185.<sup>42</sup> While the ad did say that the price could be negotiated, it is unlikely to have dropped from GEL 460 to 100.

Some sellers offered lower prices as well. One person offered to sell for GEL 380 per square meter,<sup>43</sup> another one offered to sell 2,500 square meters for GEL 200, this one a bit further away from the seaside.<sup>44</sup> There were more expensive land plots as well: a 4,000 square meter one at the seaside for USD 300.<sup>45</sup> There were no offers for GEL 60 or even 100.

Another problem is the unconditional sale of this land. Usually, the buyer of an auctioned land plot is required to fulfill certain investment responsibilities: building a hotel, renovating a road, and so on. The cheaper the land, the greater these responsibilities are. The Ministry of Finance and Economy of Ajaria had previously stated that all land plots sold to Business Development in Ajaria came with investment responsibilities, yet, for some reason the one in Tsikhisdziri was sold to Bidzina Ivanishvili unconditionally.<sup>46</sup>

Therefore, information about what project the company plans to implement in Tsikhisdziri is unavailable. Batumelebi inquired

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42 Home.ge, advertisement to sell a land plot, <http://home.ge/ads/?id=124172> (seen in April 2019)

43 Allproperty.ge, advertisement to sell a land plot, <https://allproperty.ge/iyideba-mitsis-nakveTi-230533> (seen in April 2019)

44 Samaklero.ge, advertisement to sell a land plot, <http://samaklero.ge/43309> (seen in April 2019)

45 Myhome.ge, advertisement to sell a land plot, <https://www.myhome.ge/ka/product/?id=7663942> (seen in April 2019)

46 Netgazeti, The government unconditionally sold Tsikhisdziri land to Ivanishvili for GEL 60 per square meter, 20 November 2017, (in Georgian), <http://batumelebi.netgazeti.ge/news/102991/>

about this to the Tourism Development Fund of Georgia, but did not receive an answer.

To recap, Bidzina Ivanishvili's company purchased a land plot at a suspiciously low price with no investment commitments and dug out several trees from it. No one knows what the fate of this land will be.

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In some cases, land in Ajaria is sold with investment obligations. However, these obligations remain unfulfilled, while trees end up being dug out.

For example, in September 2016, Prime Minister Giorgi Kvirikashvili signed an order authorizing "the direct sale of 5,436 square meters of state-owned non-agricultural land with accompanying buildings [484.8 square meters] located near Kobuleti, in a small town of Chakvi to Taniel Paghava for GEL 400,000."<sup>47</sup>

Taniel Paghava was required to invest at least GEL 500,000 in the area. In addition, at least four cottages were to be built on the plot, each with at least four hotel rooms. He was also required to build a playground, a catering facility, a car parking area for at least 20 cars, and "cultivate plants".<sup>48</sup>

No plants were planted in the area. No cottages were built either. Shortly after the contract was signed, heavy equipment did indeed enter the premises, but instead of building a playground, several large trees were dug out and, presumably, taken to Ureki.

Within a few weeks of the signing of the purchase contract between the state and Taniel Paghava on October 18, 2016, the property was mortgaged in Cartu Bank.<sup>49</sup>

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<sup>47</sup> Netgazeti, The area where Ivanishvili is digging out trees was sold by the state to an offshore company, 9 March 2017, (in Georgian), <http://batumelebi.netgazeti.ge/news/70374/>

<sup>48</sup> *ibid*

<sup>49</sup> *ibid*

This land plot, which was supposed to house new cottages and a 20-car parking lot, shares a fence and a common perimeter with neighboring plots, which are guarded by the same security service that does not allow trespassers.

These neighboring plots were purchased from the state by LLC Seaside through an unconditional auction. Seaside is fully owned by LLC Old City Development, which in turn is owned by the Panama-registered JSC Frankston International S.A. The Director of Old City Development was Irakli Karseladze, Chairman of the Co-Investment Fund Supervisory Board and Head of the Tourism Development Fund established by the same fund.<sup>50</sup> Currently, Irakli Karseladze is the First Deputy Minister of Infrastructure and, in parallel, holds the position of Head of the Roads Department.<sup>51</sup>

All of this raises a suspicion that the obligations imposed on Taniel Paghava were fictional to begin with – no construction was planned and the land in question was sold by the state so that Bidzina Ivanishvili could extract some trees from it. Did the government, including the Prime Minister, know about this when issuing a direct sales order? Did they deliberately participate in this farce, or was the Prime Minister ‘bitterly deceived’? It is difficult to say which option is worse.

We have so far discussed three examples: when the owner is hiding behind companies and sub-companies, when obvious violations occur in the process of issuing permits, and when the responsible bodies are themselves not sure about who makes the decisions. All three of these are combined in the Panorama Tbilisi Project.

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<sup>50</sup> *ibid*

<sup>51</sup> Georgian Public Broadcaster – Channel 1, Irakli Karseladze Appointed First Deputy Minister of Infrastructure, 4 April 2018, (in Georgian), <https://1tv.ge/news/irakli-karseladze-infrastrukturis-ministris-pirvel-moadgiled-dainishna/>

## WHO OWNS TBILISI'S FUTURE

*“When you tell Ivanishvili to abide by the law, you need to have evidence that he has ever broken the law. There were many meetings about Panorama Tbilisi, the first time it was introduced to the public. Many meetings took place, all questions were answered. They are out of things to say about it, so now they say that the project should be built on the left bank of Mtkvari,” – Bidzina Ivanishvili, 2015.<sup>52</sup>*

This place used to be Tbilisi's most famous unistore (department store). Back when the word “unistore” was a common word used by ordinary people in everyday speech. “Let's go to the unistore” – how strange this sounds today...

The slow decline of this unistore began in the 1990s. The smelly and abandoned halls housed sad vendors who for years tried to sell poor quality goods that no one wanted to buy.

Today, the unistore has been replaced by a glossy modern shopping mall, Galleria Tbilisi, built by the Co-Investment Fund, housing expensive and not-so-expensive shops, a movie theater, a bowling alley and restaurants. There are always a lot of people there. The mall balcony is also always full, being the only place where smoking is allowed.

It is easy to tell who has visited the mall balcony for the first time. From here you can look down on the Rustaveli Avenue and the Freedom Square. But neither the statue of St. George in the center of the square, not the hundred-year-old buildings, nor the noisy young people gathered below attract the most attention of visitors on the mall balcony.

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52 Ambebi.ge, Panorama Tbilisi project is unique and must be implemented – Ivanishvili responds to Elisashvili, 3 May 2015, (in Georgian), <https://www.ambebi.ge/article/130191-qpanorama-thbilisq-proeqti-unikaluria-da-is-aucileblad-undagankhorciel-des-ivanishvili-elisashvils-pasukhobs/>

What attracts most attention is the giant unsightly wall rising from behind the building at #1 Rustaveli Avenue. Cement, brick, and gray colors seem to scream for attention. This wall reaches inside the mall and is reflected on the laptop screens of visitors sitting inside.

Of course, the concrete and gray colors will soon disappear. The final outline of the building is slowly emerging. It is already clear where the cable rope-way will be installed. Glass tiles have been installed in several places already to cover the concrete. But no glass can hide the fact that this building has been forcibly embedded in the center of Tbilisi.

The Panorama Tbilisi project has been the subject of one of the biggest controversies in recent years between the government and NGOs and Tbilisi's concerned residents. Although the initial protest has slowly diminished and the focus has shifted to other issues, it did not fade away, and occasionally arises anew.

What is Panorama anyway?

In 2015, online magazine Marketer commissioned a company called ACT to survey a small number of Tbilisi residents about their knowledge of and attitude towards Panorama.

According to the results of this survey, the majority of Tbilisi residents (74%) said they had heard of the Panorama Tbilisi project. Of these, 69% knew about its planned location and a little more than half (55%) had seen the architectural mockup.

As for the attitudes, of those who had heard about Panorama, less than half (45%) liked its look, but did not like the location. Every fifth respondent (19%), on the contrary, considered the location to be acceptable, but did not like its design.<sup>53</sup>

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53 Marketer, Public Attitude of Tbilisi Residents towards Panorama Tbilisi Project, 6 March 2015, (in Georgian), <https://www.marketer.ge/tbiliselta-damokidebuleba-panorama-tbilisi-proektis-mimart/>

The fact that most people had heard of Panorama is not surprising, since the media often reported on the virtues of the project or the protest rallies against it (depending on the media organization). There is, however, reason to doubt the sincerity of the respondents who reported being informed about the project, since much of the information about Panorama is incomplete and non-transparent. As it turns out, even Panorama's creators may not know what it will ultimately look like.

Searching for Panorama Tbilisi online reveals a lot of links that seem to explain what this project is about. Standard descriptions read:

"The Panorama Tbilisi project is unprecedented in that it combines four multifunctional complexes (1. Sololaki Rise, 2. Sololaki Gardens, 3. Freedom Square and Erekle II Square) and connects them with ropeways and sloping elevators, which enables fast, convenient and carless travel between the complexes during even the busiest times of the day."<sup>54</sup>

One is likely to find similar and only slightly altered descriptions on dozens of different websites. Some websites drop the words "unprecedented" and "convenient", but the point remains the same. To be more precise, the descriptions use general words that do not actually contain any important information and are more confusing at a closer look. What are "multifunctional complexes"? Are they good or bad? What are they like?

Online information about the benefit brought by the project to the city is also completely contradictory. One source says: "2,000 people will be employed during the project implementation, and once completed, all four complexes will create over 1,000 permanent jobs".<sup>55</sup>

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54 Marshalpress.ge, What Will Panorama Tbilisi Look Like (Video), 3 May 2015, (in Georgian), <https://marshalpress.ge/archives/3614>

55 *ibid*



Another source states that 6,000 people will be employed during the construction process, and 2,000 will be employed in permanent jobs.<sup>56</sup>

It is more likely that the authors of these statements have no idea how many people will be employed before or after, and simply hope (or rather, they know) that no one will ever remember these numbers.

Moreover, the statements also show that, in most cases, the authors themselves do not know exactly what the final result will be. Plans are being changed on the way without anyone asking the city.

Mockups of Panorama Tbilisi do exist. Pretty, computer-generated 3D models can also be found on YouTube. Birds-eye-view videos showing ropeways running from Rustaveli Avenue to Sololaki, taking people to a hotel surrounded by trees.<sup>57</sup>

However, according to experts, these videos and renders do not say much: “Panorama Tbilisi’s architectural project does not exist, and therefore has not been approved. From the material presented by the Co-Investment Fund – renders and animations – it is impossible to know the size of the building being constructed, the distance between pillars, floor height, etc. So we cannot call this a project. This is a concept with no architectural drawings, dimensions, height or width.”<sup>58</sup>

So, what exactly do we know about Panorama? The most reliable source is probably the official website of the project runner

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56 Business Press News, The Panorama Tbilisi Project to Employ 6,000 Citizens, 8 May 2015, (in Georgian), <https://bpn.ge/ekonomika/11453-qproeqti-qpanorama-thbilisiq-6-000-moqalaqes-daasaqmebsq.html?fullComments=1>

57 Marshal Press via Youtube, What Will Panorama Tbilisi Look Like? (video), 3 May 2015, <https://www.youtube.com/watch?v=YMea0H5GhE>

58 Liberali, Panorama Tbilisi – Investment That Kills, 19 January 2015, (in Georgian), <http://liberali.ge/articles/view/3851/panorama-tbilisi--investitsia-romelits-klavs>

– the Co-Investment Fund. While this website has no mentions of the word “panorama”, it does contain separate descriptions of the projects included in it:<sup>59</sup>

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The first phase of Panorama involves building a huge 220-room hotel on Freedom Square, at the site of the former Central Union of Consumer Cooperatives building, that will operate under the Marriott luxury brand name of Autograph Collection. The total investment amount of the project is USD 100 million and it is expected to open in 2019.<sup>60</sup> This is the grey building seen from the Galleria Tbilisi shopping mall.

The second phase of Panorama is the construction of an even larger, 370-room hotel on Sololaki Ridge, which will also carry the Autograph Collection brand. This complex will include restaurants, fitness centers, large aquariums, and the largest thousand-square-meter conference hall in Tbilisi. The investment amount for this hotel is also USD 100 million and is expected to open by 2020.<sup>61</sup>

Next is the construction of a golf course and recreation center on Tabori Ridge, near the Botanical Garden, which will also include a 5-star, 160-room hotel. The entire complex will be spread over 40 hectares, of which the hotel will occupy only 2 percent. The investment amount is USD 60 million and it is expected to open in 2019.<sup>62</sup>

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59 Georgian Co-Investment Fund, Investment Projects – Hospitality and Real Estate, <http://www.gcfund.ge/en/hospitalityandrealstate/>

60 Georgian Co-Investment Fund, Investment Projects – Hotel on Freedom Square, <http://www.gcfund.ge/en/hospitalityandrealstate/8/> (seen in April 2019)

61 Georgian Co-Investment Fund, Investment Projects – Sololaki Ridge, <http://www.gcfund.ge/en/hospitalityandrealstate/11/> (seen in April 2019)

62 Georgian Co-Investment Fund, Investment Projects – Tabori Ridge, <http://www.gcfund.ge/en/hospitalityandrealstate/10/> (seen in April 2019)

Finally, two more hotels are being built on Erekle Square. One will cost USD 10 million and the other – USD 60 million. One is expected to open in 2018 and the other – in 2019.<sup>63 64</sup>

We also know that the Panorama complexes will somehow be interlinked in some impressive and convenient way. “Somehow” – because, initially, the descriptions read “ropeways and inclined elevators”, but then Irakli Karseladze, Director of Panorama, told online newspaper Kommersant.ge that the original concept had changed and it was decided that “ropeways would only be used to connect Freedom Square and Sololaki”.<sup>65</sup>

Government officials often point out that Panorama will not only be used by the rich, but that it will also be a public good. Various government representatives commonly state that Panorama is being ‘built for the city’ and not for the investor, and that it will “benefit everyone”, including the socially vulnerable (however, the Co-Investment Fund’s website offers only an English language description and the information presented is clearly intended for investors).

“There will be halls for all kinds of sports, outdoor and indoor pools, with benefits for socially vulnerable children and large families. There will be educational halls and all sorts of cultural institutions,” – Rima Beradze, Chairperson of the Georgian Dream – Democratic Georgia faction of the Tbilisi Municipal Council, trying to explain why Panorama was good for “ordinary folk”.<sup>66</sup>

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63 Georgian Co-Investment Fund, Investment Projects – Hotel on Erekle Square, <http://www.gcfund.ge/en/hospitalityandrealstate/13/> (seen in April 2019)

64 Georgian Co-Investment Fund, Investment Projects – Hotel on Erekle Square, <http://www.gcfund.ge/en/hospitalityandrealstate/12/> (seen in April 2019)

65 Radio Free Europe / Radio Liberty (Georgian Service), Panorama Tbilisi – Requiem for Old Tbilisi?, 31 January 2015, (in Georgian), <https://www.radiotavisupleba.ge/a/aktsia-panorama-tbilisi-tsinaamdeg/26823007.html>

66 Business Press News, The Panorama Tbilisi Project to Employ 6,000 Citizens, 8 May 2015, (in Georgian), <https://bpn.ge/ekonomika/11453-qproeqti-qpanorama-thbilisiq-6-000-moqalaqes-daasaqmbsq.html?fullComments=1>

I don't know if Council Member Beradze has seen the hotel renders, or read their description, because it is hard to imagine the benefit received by vulnerable children and large families from a golf course.

Of course, no one really knows in advance to what extent the place will be open for everyone. What one can do, though, is to look at how this issue was handled in the case of Hotel Paragraph – an already completed project by the Co-Investment Fund.

Paragraph is a luxury hotel in Shekvetili in the Guria region, surrounded by a large green forest. Its construction, according to the Co-Investment Fund, cost 'only' 90 million – 10 million less than Panorama on Freedom Square.<sup>67</sup>

I found myself in Paragraph once by accident. I was vacationing nearby, ran out of cash and had to go to this hotel to use my bank's only ATM in the area.

I made special preparations before going to the hotel. Before approaching the turn, I put on my headphones and tried to pass by the security booth without stopping. I couldn't make it. The security guard kindly pointed to my ears and asked me where I was headed. I pretended to be a foreigner and said in English: "hotel, my room". The guard smiled and let me go. While most hotels allow anyone to enter freely, I knew that this place was different, for two days prior two friends of mine had decided to ride their bicycles outside the hotel and were turned back by the security guards.

It took me a good 10-15 minutes to walk from the turn to the hotel. It was beautiful – the trail was covered with yellow foliage, although the trees around were still mostly green... I only saw two or three people on the way.

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<sup>67</sup> Georgian Co-Investment Fund, Investment Projects – Paragraph Hotel, <http://www.gcfund.ge/en/hospitalityandrealstate/16/> (seen in April 2019)

I stayed at the hotel for only 4 minutes to use the ATM, so I was not able to look around inside. It seemed luxurious at first glance. The reason I left so quickly (even though I had a legitimate reason to be there) was that I felt that I did not belong there at all.

This is what I remembered hearing Ms. Beradze words about the benefits the vulnerable will get from Panorama. While I do not consider myself to be socially vulnerable, having stayed at good hotels in the past, I still felt different at Paragraph – like an orphan from the village of Jughaani attending a nineteenth century opera performance in Tbilisi alongside all the nobles, or like a farm boy from Limoges sneaking into a Parisian salon in pre-revolutionary France, or like someone in a dystopian future – a Hunger Games teenager finding themselves at an aristocratic ball...

Hotels like these are only for those who have the money to spend the night there.

I doubt that I was the only one feeling this way. How many of the thousands of vacationers staying in more affordable hotels and apartments a 10-15 minute drive away from Paragraph take regular walks there? None! It's not that there are better walking places elsewhere, it's that they will either not let you in or the feeling of being out of place will make you leave soon enough!

\* \* \*

Who decided that Panorama Tbilisi would be built in the capital, and how was this decision made? There is no doubt that this is one of the largest construction projects Tbilisi residents remember. What kind of discussion and arguing preceded the decision to change the city's appearance so drastically?

This, of course, is a rhetorical question. The preparation of such a project would not have taken place without debate and discussion, but no one in Tbilisi was ever engaged in this discus-

sion. The details of Panorama are being decided in the offices of its authors.

I have seen several interviews online with experts who support Panorama. However, their main argument is usually that it is a big investment that Tbilisi cannot refuse, which is why the project is good.<sup>68</sup> There are no arguments, such as the city lacking luxury hotels so we should ask Bidzina Ivanishvili to build some... or that a lot of people want to play golf and we should do something about it on Tabori Ridge... There has never been any such demand.

To illustrate how Georgia's legislation is adjusted to the interests of Panorama, let's first look at one detail, which clearly shows what and how government representatives think. The history of Panorama is full of many such seemingly minor but ultimately very important details.

\* \* \*

In April 2017, a draft law on the Rule for Expropriation of Property for Essential Public Need was submitted to the Parliament.<sup>69</sup>

The draft law outlines all the grounds on which property can be expropriated by the state. The new version of the law submitted by the Government of Georgia to the Parliament left all of the reasons unchanged, and simply added one more – property can be expropriated if it “relates to the installment of stationary rope-way equipment”.

Although the draft law comes with a sizable explanatory note, substantiating the need for this or that change, there is no mention of why property has to be expropriated for the installment of ropeways.

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68 Pia.ge, Expert: Comparing Panorama Tbilisi and Kutaisi McDonalds is shameful, <https://pia.ge/post/158130-eqspertis-tqmit-panorama-tbilisisa-da-qutaisis-makdonaldsis-sedareba-usindisobaa> (seen in April 2019)

69 Draft Law on the Rules for Deprivation of Property due to Public Need, <http://info.parliament.ge/file/1/BillReviewContent/147615>

This lack of justification of such a specific initiative raises the suspicion that the change serves a private interest, rather than an objective public need.<sup>70</sup>

This exact question was posed by the Georgian Young Lawyers' Association. The organization issued a statement saying that the installation of a ropeway between two Panorama buildings (Freedom Square and Sololaki Highland) is supposed to take place in the historic part of Tbilisi, which may require property expropriation.<sup>71</sup>

It may be that Panorama has nothing to do with this. Maybe some lawmaker suddenly realized – my God, what kind of a state does not allow for property expropriation when installing stationary ropeway equipment? Although no other ropeways are planned in Georgia in the near future, decades will pass and then it will be too late, so we need to create a legislative framework in advance.

Either this or they changed the law to suit Panorama's requirements.

Which one is more credible?

This is one small example of the kind of processes surrounding Panorama. To show how Panorama affects Tbilisi residents, we must go back to where we started.

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At the beginning of this chapter, we mentioned the grey wall standing in the place of a former Soviet era building. The one that

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70 Explanatory Note for the Draft Law on the Rules for Deprivation of Property due to Public Need, <http://info.parliament.ge/file/1/BillReviewContent/147616>

71 Georgian Young Lawyer's Association, Initiative of Confiscating Property due to Installation of Stationary Ropeway Equipment Is Probably Related to the Panorama Tbilisi Project, 24 April 2017, (in Georgian), <https://gyla.ge/ge/post/stacionaruli-sabagiro-motsyobilobebis-damontazhebisvis-sakutrebis-chamortmevis-iniciativa>

blocks the view from the shopping mall balcony. Any idea who has it even worse? Those living literally under the shadow of this wall, have limited access to light and fresh air because of Panorama and have seen the value of their apartments drop.

The residential building at #1 Rustaveli Avenue was built by architects Melia, Kurdiani and Kubaneishvili in 1939. It is a building of historical significance and is believed to have given the Freedom Square a new look in the twentieth century (along with the former building of the Central Union of Consumer Cooperatives).<sup>72</sup>

No one knows how long this building will last in the twenty-first century. Nothing is wrong with it structurally, but...

The initial renders of Panorama on Freedom Square had the building at #1 Rustaveli erased, and replaced it with another wing of the hotel.<sup>73</sup>

It is unclear how seriously the demolition of this historic building was considered. We do not know whether they really changed their minds or decided to avoid a scandal. What we know for sure is that the living conditions for #1 Rustaveli residents have all but worsened.

Where residents could still open their windows a year before to get some fresh air (opening windows facing the Rustaveli Avenue is almost impossible due to constant noise and dust) now there is a 54-meter-high wall standing at a distance of only one meter.<sup>74</sup>

Residents of the buildings staged a protest. They complained that their living conditions were getting worse and they did not

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72 Tbilisi Architecture Network, Freedom Square, 13 March, 2013, (in Georgian), <https://www.tbilisiarchitecture.net/ka/freedom-square/>

73 Initial Design of Panorama Tbilisi, <https://forum.ge/?act=Attach&type=post&id=43285087>

74 Metronome, Under the Shadow of Panorama Tbilisi: Who Wants to Take Over Rustaveli Avenue N1?, 15 January 2016, (in Georgian), <https://bit.ly/32Dr3GD>



know what to expect. For example, if the hotel decided to install vents on their side, living there would become even more impossible. They also suspected that this is done deliberately, so that they can buy their apartments at a lower price and make the original renders a reality.<sup>75</sup>

The protest did not bear any results. It seems that no law was broken during construction. Due to its being a category five construction, the law provides for different requirements for the hotel.

What is a category five construction? This category includes the construction of strategic projects – large-scale buildings with foundations going deeper than 30 meters – such are dams, reservoirs, airports, subway stations...<sup>76</sup>

Hotels are not on this list. However, in the summer of 2015, the list was expanded to include ropeway construction, which is how Panorama Tbilisi became a category five project.<sup>77</sup>

Why would anyone want to be classified as fifth category? Don't strategic projects, as a rule, have stricter requirements and standards?

While this should be the case, in reality, the opposite is true. Projects in category five have simplified procedures for submission and approval of design documentation in Georgia. They are not required to submit the basic design documentation required for lower category construction projects. In other words, category five means that construction and demolition may be launched without the submission of architectural design documents. This makes monitoring impossible.<sup>78</sup>

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75 *ibid*

76 Liberali, Panorama Tbilisi – Investment that Kills, 19 January 2015, (in Georgian), <http://liberali.ge/articles/view/3851/panorama-tbilisi-investitsia-romelits-klavs>

77 *ibid*

78 *ibid*

This is why the residents' protest was futile. The terrible predicament they find themselves in is legal.

How is it possible that a construction of such a scale, which completely changes the look of the city and transforms historic sites and the space around it, is left entirely up to the will of the project authors and yet this is legal?

We mentioned earlier a draft law that allowed for property expropriation for ropeway construction. This was a small amendment made to a law that may or may not come in handy.

Many such small or large amendments were needed to build Panorama.

These amendments, laws and decrees are discussed in a study conducted in 2016 by the Initiative for Public Space titled *How Panorama Tbilisi Received Construction Permits in the Cultural Heritage Area*.<sup>79</sup> But before reviewing the findings of this study, we first need to talk about “cultural heritage”, since this – the loss of the city’s past and the future – the central issue of the activists’ protests in Tbilisi. For this reason, we need to consider the spaces where Panorama is being built and explain what is being changed.

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(The information below is almost entirely based on an interview with Maia Mania, a professor of architecture, a professor at Tbilisi State Academy of Arts, which she gave to *Liberal* magazine in 2015.)<sup>80</sup>

Let’s start with Erekle II Square. Erekle II Square is located in the middle of the old town, where in the seventeenth century

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79 Initiative for a Public Space, *How It Became Possible to Issue Permits for the Construction of the Panorama Tbilisi Project in the Area of Cultural Heritage Protection*, 2016, (in Georgian), <https://bit.ly/33QtrtF>

80 *Liberali*, *Tbilisi is an Unlucky City*, 18 February 2015, (in Georgian), <http://liberali.ge/articles/view/3907/tbilisi-uighblo-qalaqia>

King Rostom of Kartli built a palace and formed a whole chain of more or less regular rectangular squares. These were destroyed during the Persian invasion, and the Erekle II Square was formed nearby. The disfigurement of Erekle II Square began in the Soviet time and the process accelerated afterwards. In recent years, several historic buildings adjacent to the square were demolished, remodeled or left without any maintenance.<sup>81</sup>

The Freedom Square has changed in appearance due to a number of new constructions in recent years, but it still has a few buildings that are 'clean' stylistically. One such building is the former Zubalashvili house – an architecturally significant 1830s building of the Museum of Fine Arts designed by Joseph Bernardacci. This building is considered to be one of the most important architectural monuments in Tbilisi. The square also includes the 1824 building of the Museum of Art and the former military headquarters building that stand to this day. There is also the Pushkin Square, which is still more or less cozy and is used for relaxation by Tbilisi residents and tourists alike. In short, thanks to a few specific buildings, Freedom Square has retained human scale, which means that it is still possible to build, at the juncture of the old and the new cities, a building of a human scale whose scale and character will fit with those of the rest of the square.<sup>82</sup>

Tbilisi's concerned residents are most worried about the Sololaki Ridge. The city's peculiar terrain is inherently valuable, which is why the struggle to preserve it was started by monument protection specialists in the early 1980s. Based on the initiative of academician Vakhtang Beridze, the natural terrain surrounding Tbilisi was given the status of a landscape zone. Since then, the status of the landscape recreation zone has been changed (more

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81 *ibid*

82 *ibid*

on this later), which has led to new construction there. The terrain, the views, the hills, all of which are part of the cityscape, have been damaged in recent years by many large and small construction projects. "Construction on the Sololaki Ridge will lead to the destruction of Tbilisi. Construction here is inadmissible. This is a terrain that must remain intact," says Maia Mania.<sup>83</sup>

\* \* \*

Panorama's critics unanimously say that the city obviously needs development. The Soviet era building that preceded Panorama had been demolished for a long time and something must have been built there. Erekle Square was also in need of renovation. But this must be done with the city's interests, appearance and future in mind. This was previously regulated by law. Gradually, it became easier to launch constructions on cultural heritage sites.

The study by the Initiative for Public Space mentioned above describes this very process.

In general, the Law of Georgia on Cultural Heritage recognizes the objects of landscape architecture as cultural heritage – "the historic landscape of Tbilisi, being part of the city's historic and cultural environment, as well as having independent historic-cultural and ecological value, is worthy of legal protection."<sup>84</sup>

The Historic Landscape Protection Zone appeared on the map of Tbilisi in 1985 by the resolution of the Council of Ministers of Georgia. It was decided then that three general areas of cultural heritage protection would be designated in Tbilisi: 1. Historic Development Conservation Area 2. Development Regulation Area; and 3. Historical Landscape Conservation Area. The boundary of the landscape protection area was established

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<sup>83</sup> *ibid*

<sup>84</sup> Law of Georgia on Cultural Heritage, Article 3, Subparagraph k.a.)

along the Tabori Mountain, Tsavkisi Gorge, Mtatsminda and Turtle Lake.<sup>85</sup>

Although this resolution was adopted in another country – Soviet Georgia, it is supposed to still be in force today, since “instead of contradicting the Constitution of Georgia, it protects and affirms the constitutionally guaranteed right to live in cultural surroundings.”<sup>86</sup>

It is only “supposed” to be in force because, in 2009, the Tbilisi City Council ignored the above resolution on general protection areas of cultural heritage sites in Tbilisi during the process of approving the City Master Plan and did not include the historic landscape protection area in the plan.<sup>87</sup>

After the abolition of the conservation area, large-scale construction permits were issued without any significant obstacles. This was the beginning of the gradual destruction of the landscape surrounding central Tbilisi.<sup>88</sup>

On December 8, 2014, the Architecture Department of Tbilisi City Hall considered a request submitted by an individual regarding the change of the functional zone in the historic landscape conservation zone.<sup>89</sup> The change was related to the Panorama Tbilisi project.

Although the historic conservation zone had been abolished, there was still the landscape-recreational functional zone, which, despite being subject to relatively liberal regulation, would still not allow for interference of this scale on this territory.<sup>90</sup>

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85 Initiative for a Public Space, How It Became Possible to Issue Permits for the Construction of the Panorama Tbilisi Project in the Area of Cultural Heritage Protection, 2016, (in Georgian), <https://bit.ly/33QtrtF>

86 *ibid*

87 *ibid*

88 *ibid*

89 Tbilisi Architecture Service, application number: AR1270665, [www.tas.ge](http://www.tas.ge)

90 Resolution No. 14-39 of the City Council of Tbilisi of May 24, 2016 On Approval of the Rules of Regulation of Use and Development of Territories of the Municipality of Tbilisi, Article 16, Paragraph 1, Subparagraph a).

The Council, of course, issued a positive recommendation to implement this change, which was then reflected in the Resolution No. 20-105 on the Approval of the City General Land Use Plan adopted by the Tbilisi City Council on December 30, 2014.

As a result, the city developed a new general plan, which, as with the 2009 map, did not include the historic landscape conservation zone. The landscape-recreation zone was also changed.<sup>91</sup>

It was these changes that allowed for permits to be issued for large-scale construction on Gergeti Street in Tbilisi, the construction of a studio for TV company GDS near Sololaki Ridge, the auctioning off of 29 hectares of land adjacent to the Botanical Garden for the purpose of building a hotel and other large-scale construction projects that have been implemented or planned in the historic part of Tbilisi.

The current Tbilisi authorities also agree that the abolition of the historic-cultural landscape zone was wrong. Maia Bitadze, Deputy Mayor of Tbilisi, told reporters that the zone had been abolished during the previous government (although she did not mention that no one tried to reinstate it in 2014 under the new government) and said that they would bring the landscape conservation zone back and prohibit new construction, but would allow the completion of Panorama and other project that already had a permit.<sup>92</sup>

How is it that all issues related to Bidzina Ivanishvili are resolved in his favor? This is because he has loyal people in every branch of government. Loyal not to the Georgian Dream party,

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91 Initiative for a Public Space, How It Became Possible to Issue Permits for the Construction of the Panorama Tbilisi Project in the Area of Cultural Heritage Protection, 2016, (in Georgian), <https://bit.ly/33QtrtF>

92 Commersant.ge, Statement by Tbilisi Deputy Mayor Maia Bitadze, 25 July 2018, (in Georgian), <https://commersant.ge/ge/post/maia-bitadze-landshaftis-zonashisadac-panorama-tbilisicaa-moqceuli-axali-msheneblobebis-nebartvebi-ar-gaicema-tumca-dzveli-msheneblobebi-dasruldeba>

the Prime Minister or any political ideology, but loyal to him personally.

This is also why the Panorama project is so opaque. The largest construction project of recent time in Tbilisi was planned, modified, approved, and facilitated through legal changes and land swaps without any sort of open discussion.

Discussions were obviously held, but the authors of the project did not participate in them. So rises the wall behind #1 Rustaveli Avenue.

When it comes to the interests of Bidzina Ivanishvili, his companies or people related to him, government representatives on all levels – from the Prime Minister to a municipal council member – make decisions in his favor.

This is the topic of the following chapter.

## WHO OWNS PUBLIC OFFICIALS' LOYALTY

*"I wasn't controlling anyone. I assure you, there was no informal governance. I am a very law-abiding person and I try very hard to be the first to obey the law. This is what I ask others to do as well. They confuse management with control," – Bidzina Ivanishvili, 2018* <sup>93</sup>

There is one legend that is a good illustration of what is considered to be the main prerequisite for success in Georgian politics of today. The legend is about a poor, hard-working, and talented student who will eventually achieve enormous success, though not necessarily because of his talent and diligence, but thanks to luck and loyalty.

I heard this story from three different people (a friend, a relative of a coworker, a taxi driver) with slight variations.

The story goes like this: A Georgian student, who, through great effort from his family, had been sent to study in France, found himself without the money to pay for tuition (for reasons independent of him, something having happened in the family). Being a good student, it would have been a terrible pity if he was expelled due to financial reasons.

To pay for his tuition, the student worked three jobs as a waiter after school. He got almost no sleep – any time left after studying was spent working. Despite a hellish schedule, he managed to keep up his good performance. However, it all seemed to be in vain, since the payment deadline was approaching, and the money made from working at cafes and restaurants would simply not be enough.

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93 Georgian Public Broadcaster – Channel 1, Bidzina Ivanishvili – Those who accuse me of informal governance misunderstand informal governance with public control, 24 June 2018, (in Georgian), <https://1tv.ge/news/bidzina-ivanishvili-mat-vinc-araformalur-mmartvelobas-mabralebs-araformaluri-mmartveloba-sazogadoebriv-kontrolshi-erevat/>



One day, when waiting on tables at a restaurant, the student was spoken to in Georgian by a stranger. The stranger asked him what he was doing in France.

The young man replied and a conversation ensued. The student told the stranger his story, that despite his good performance in school he would most likely have to leave France due to the lack of money.

The stranger, obviously, was Bidzina Ivanishvili.

He took the student's story to heart. While he did not find fully believable that the student had run out of money due to objective reasons – a young man living in Paris may have easily succumbed to some unnecessary expense – he took a liking to the student nevertheless. He did not say anything at the time. Nor did he promise anything. But he immediately ordered his subordinates to obtain the student's personal details. Next morning, the young man found a hefty amount on his bank account.

The student did not believe his eyes – there was so much money that he would be able to pay his tuition and, with moderate spending, would not have to work during his studies. A few hours later, he was standing at his university, signing papers – he was not getting expelled.

This is where the interesting part comes in – what the student did afterwards surprised even Bidzina Ivanishvili. The young man identified his benefactor, found him and returned the amount he had left after paying off his university debt. And he did this tactfully as well by leaving the following message: "Thank you very much for your help, I will always be grateful, but I believe I must earn my own money".

Bidzina Ivanishvili was so impressed by the young man that, upon his arrival to Georgia, he hired him as a manager of one of

the departments in his company LLC Burji. For the next 8 years, the young man showed himself to be a dedicated, trustworthy, and hard-working individual with the ability to tackle any challenge.

This young man stood next to Bidzina Ivanishvili during the 2012 parliamentary elections. He became a Member of Parliament as well, however, gave up his mandate shortly after, as his talent was needed in the executive branch.

Within a year, Irakli Gharibashvili, whose name you may have already guessed, took over the executive branch.

According to legend, Bidzina Ivanishvili repaid the noble gesture of the student he made back in France and had the Parliament elect him as Prime Minister.

We called this story a legend, but much of it could actually be true. Granted, the story may also be entirely made up, but it is not impossible for something similar to have actually happened. Irakli Gharibashvili did study in France, where Bidzina Ivanishvili lived for a long time. Bidzina Ivanishvili has helped a lot of people, so perhaps their paths indeed crossed at some point.

What we know for sure is that it was definitely Bidzina Ivanishvili who “appointed” and “dismissed” him from the Prime Minister’s position.

Irakli Gharibashvili announced his resignation on December 23, 2015. His statement was not preceded by any particular open political confrontation or a visible crisis. He did not speak about the reasons for his resignation during a televised speech, but it was clear to many that it was Bidzina Ivanishvili who had urged him to resign.<sup>94</sup>

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94 Radio Free Europe / Radio Liberty (Georgian Service), Irakli Gharibashvili Resigned, 23 December 2015, (in Georgian), <https://www.radiotavisupleba.ge/a/premier-ministris-gadadgoma/27445412.html>

This was then indirectly confirmed by Bidzina Ivanishvili himself. Although he explicitly denied “forcing” Irakli Gharibashvili to resign, he did say that he had “advised” him to do so, noting that he had not told him to “resign in the next five minutes without fail.”<sup>95</sup>

After his resignation, Irakli Gharibashvili was no longer involved in politics. The former Prime Minister became an adviser to the Supervisory Board of a Chinese company. In March 2019, he was brought back to politics and appointed as the political secretary of the Georgian Dream party.<sup>96</sup>

After returning to politics, Irakli Gharibashvili made his first comment when speaking to journalist Inga Grigolia on the Pirveli TV station: “The power, the mandate actually belonged, belongs to Mr. Ivanishvili. Everyone tends to forget this. By everyone I mean everyone. People need a leader; nothing gets done without one. Of course, a leader cannot do this without the people... This mandate was given to me, and I think I carried it honorably for those two years. When it was decided that I should leave politics, I passed it on honorably as well.”<sup>97</sup>

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Remember the story of how at the end of April 2016 land plots in and adjacent to the Botanical Garden were exchanged? The story where everything seemed fine, but the process revealed many suspicious circumstances?

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95 Radio Free Europe / Radio Liberty (Georgian Service), Interview of Salome Asatiani with Bidzina Ivanishvili, 2 June 2016, (in Georgian), <https://www.radiotavisupleba.ge/a/salome-asatianis-interviu-bidzina-ivanishviltan/27775347.html>

96 TV Imedi, Irakli Gharibashvili Returns to Politics, 5 March 2019, (in Georgian), <https://imedinews.ge/ge/saqartvelo/98560/irakli-garibashvili-politikashi-dabrunda>

97 On.ge, Quote by Irakli Gharibashvili, 5 March 2019, (in Georgian), <https://bit.ly/35Owpka>

In that chapter, we discussed *how* specific decisions were made; *why* those decisions were made is harder – perhaps impossible – to pinpoint. One cannot read human thoughts, so one has to rely on their official statements, which, in our case, are not logical and credible.

Perhaps it is more useful to identify who the decision-makers are, after which everyone can draw their own conclusions about their motives.

In the case mentioned above, the person whose letter triggered the process of privatization of a part of the Botanical Garden (Nodar Chichinadze, then head of the Economic Policy Department of Tbilisi City Hall) had previously worked for TV company GDS in 2014-2015 (GDS was owned by Bera Ivanishvili, Bidzina Ivanishvili's son). Givi Kublashvili, head of the Tbilisi City Amenities Service, which oversaw the construction of the Krtsanisi-Shindisi road, had previously worked for a Bidzina Ivanishvili-associated company Elita Burji in 2014-2015.

Then Deputy Mayor of Tbilisi Grigol Liluashvili had worked for several companies owned by the Ivanishvili family in 2004-2016, including Old City Development,<sup>98</sup> which manages Panorama Tbilisi. In 2015, being the director of this company, Grigol Liluashvili was invited to a talk show at the Georgian Public Broadcaster, where he spoke about the benefits of Panorama.<sup>99</sup>

Once again, this does not serve as a definitive proof of anything. There is no direct evidence that a specific official made a

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98 Transparency International Georgia, The process of disposal of land parcels in the Botanical Garden of Tbilisi and in the area adjacent to it reveals signs of corruption, 6 June 2016,

<https://www.transparency.ge/en/blog/process-disposal-land-parcels-botanical-garden-tbilisi-and-area-adjacent-it-reveals-signs-corruption>

99 Georgian Public Broadcaster via Youtube, Panorama Tbilisi – The Most Controversial Architectural Project of Recent Time, 15 January 2015, (in Georgian), <https://www.youtube.com/watch?v=fou-VE3BLTo>

specific decision because of their past connection with Cartu or Bidzina Ivanishvili. While individually the dozens of examples discussed below are not enough to prove anything, it would be naive not to notice a trend when considering them collectively.

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When discussing what belongs to whom in Georgia, it is most important to know who the loyalty of government employees belongs to. To whom do they feel accountable? Who are they grateful to for their positions or prosperity? The voters, the party or a specific person?

Is it perhaps the case that seemingly unfair actions of the government or private companies are in fact legal only because the Parliament had changed the law to suit their needs? Or a municipal council made a decision not based on the needs of its constituents, but following a request from its benefactor?

Since 2012, dozens of people linked to Bidzina Ivanishvili and his companies have started working for institutions at every branch of government. While we will discuss these people later, the list is by no means complete. It is difficult to determine how many public officials are personally indebted to Bidzina Ivanishvili. There are many who have never worked for Cartu or Elita Burji, but still received and continue to receive money from Bidzina Ivanishvili – not as a salary but as a gift.

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In November 2017, Davit Darchia, Chairperson of the Georgian Dream district organization, was re-elected as the Chairperson of the fourth convocation of Ozurgeti Municipal Council. He was supported by 37 of the 40 Council Members. “We will do many important things. Our Municipal Council will be open and transparent. We will actively cooperate with the non-governmen-

tal sector and with the media,” said the newly elected Council Chairperson.<sup>100</sup>

Davit Darchia’s name may not be familiar to the reader, but he is well known in Ozurgeti. He was born in this city in 1958. An engineer-economist by training, he was the director of the local tea factory in the 90s, and deputy head of the Poti Customs Export-Import Department in the early 2000s. In 2012, he founded the Ozurgeti district organization of Georgian Dream. In 2014, he was first elected as Chairperson of the Ozurgeti Municipal Council. He has a wife and two children.<sup>101</sup>

In 2014, Davit Darchia wrote in his public official’s asset declaration that he had GEL 20 in his salary account, while his wife, Nino Sikharulidze, had GEL 50. According to this declaration, his wife’s annual income from various sources amounted to GEL 8,000.

In the field titled “any gift received by you or your family member from January 1 to December 31 of the previous year amounting to more than GEL 500” Davit Darchia indicated that he had received GEL 15,000 as a gift from LLC New Service.<sup>102</sup>

Why did he receive this gift? “For being a good man”. How so? Here is an extract from his interview with Guria News:

– “I don’t know what to tell you. He gave me a gift, and probably will do it again, for being a good person, a good man.

– Mr. Darchia, when this money was gifted to you, you were

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100 Georgian Public Broadcaster – Channel 1, Davit Darchia Elected as Chairman of Ozurgeti Municipality Council, 27 November 2017, (in Georgian), <https://1tv.ge/news/ozurgetis-municipalitetis-sakrebulo-savmjdomared-davit-darchia-airchies/>

101 Ozurgeti Municipality, Chair of the Municipal Council, (in Georgian), <http://ozurgeti.mun.gov.ge/ge/pages/view/sakrebulo-savmjdomare>

102 Guria News, Municipal Council Chair Receives GEL 15,000 for Being a Good Man, 7 October 2014, (in Georgian), <http://www.gurianews.com/article/mtavari/mtavari-tema/21967>

the chairman of the Georgian Dream party. Who gave you the money and for what purpose, cannot tell us?

– I will need to meet you face to face to be able to explain. I can't do it over the phone...

– You need a face to face meeting to be able to say who gave you such a large amount of money and why?

– He gave it to me for being a good person. I'm not the only one he gives gifts to, others get them as well," – says Darchia.

According to Darchia, had been getting this money for a long time and he really did not know who was doing it.

– This is not a secret. They gave me that money in 2006 as well. Not only me, but half of Georgia got it...

– Was it Bidzina Ivanishvili?

– No. Not Bidzina. LLC New Service. I really don't know who (?!) it is and there's nothing to hide here. I don't think you should resent the fact that people are getting money," – says Darchia.<sup>103</sup>

Several things need pointing out here. First is the reason why I decided to describe Mr. Darchia's biography and his family's 2014 income. I don't know about you, but I tried to put myself in his place: had someone gifted me money that exceeded my annual income and had I accepted this money, who would I be loyal to then? Would I start asking questions and creating problems, if the benefactor requested my support or a certain decision on my part? Would it be fair and ethical for me to turn my back on my years-long benefactor and "return the favor"?

Second, how would we have found out about this gift, if Mr. Darchia had not honestly declared it? Who knows how many of-

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103 Ibid

officials are paid for being “good persons” by LLC New Service or some other company without anyone knowing about it? Especially since we know for a fact that other officials avoid declaring their full property.

How do we know this? Even Bidzina Ivanishvili himself has not declared his Sololaki business center and therefore does not pay taxes for it. Ivanishvili filed his asset declaration twice – in 2012 as Prime Minister and in 2013 as former Prime Minister. The business center, designed by a Japanese architect Shin Takamatsu and costing between USD 40 and 50 million according to various sources, is not mentioned in either declaration.<sup>104</sup> The business center does belong to Bidzina Ivanishvili (in one interview he spoke about how he and his wife worked on the interior design of the building). This too is legal it seems, since apparently Bidzina Ivanishvili does not own his own business center, but rather rents it. He pays USD 194,460 a year to LLC Finservice XXI, which officially owns the building. Finservice XXI is allegedly Bidzina Ivanishvili’s own company, though he has not included it in his declarations. Nor is Ivanishvili listed in the Public Registry as its owner.<sup>105</sup>

To be frank, of course, Davit Darchia knows who sends him the money. You and I know it too. LLC New Service was registered in the Virgin Islands in 2010. It is headed by Natela Kalichava. According to documents kept in the Public Registry, LLC New Service was founded by Cartu Bank, while Natela Kalichava is also a member of the Supervisory Board of Cartu Bank.<sup>106</sup>

Naturally, the chairperson of Ozurgeti Municipal Council is not the only one who receives money from New Service. However, it

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104 Netgazeti, Business center and masterpieces of art beyond Ivanishvili’s asset declaration, 13 January 2014, (in Georgian), <http://netgazeti.ge/news/28539/>

105 *ibid*

106 Guria News, Large Cash Gifts Received by the Spouse of a Deputy Minister, 6 March 2017, (in Georgian), <http://www.gurianews.com/article/mtavari/mtavari-tema/romeli-ministris-moadgilis-meughles-adzlevs-shps-solidur-pulad-sachukrebs>



is impossible to know how many people are indebted to Bidzina Ivanishvili in this way.

Information about these gifts is usually revealed by those recipients who do not consider it a problem and believe that it is normal to receive annual gifts whose value may exceed the annual salaries of many of them. One such person is Deputy Minister of Agriculture Iuri Nozadze.

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Deputy Agriculture Minister Iuri Nozadze stated in his asset declaration that his wife, Lena Mamatsashvili, had received more than GEL 80,000 from LLC New Service in three years. In 2016, she received GEL 17,800, GEL 21,000 in 2015, GEL 20,850 in 2014 and GEL 20,850 in 2013.<sup>107108109</sup>

What is this money and from whom did she receive it? Iuri Nozadze offered an honest and straightforward explanation to Guria News:

“To tell you straight away, we are from Cartu... Relatives, actors, singers receive money as aid. In order for the money to be taxed and made official, Cartu established LLC New Service, which gives away this money. This is financial assistance.”<sup>110</sup>

Asked about what area of the arts his wife is involved in, the Deputy Minister replied:

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107 Public Service Bureau – Declarations.gov.ge, Asset Declaration of Iuri Nozadze, 17 February 2016, (in Georgian), <https://bit.ly/2BAmzV7>

108 Public Service Bureau – Declarations.gov.ge, Asset Declaration of Iuri Nozadze, 10 February 2015, (in Georgian), <https://bit.ly/31ApeZH>

109 Public Service Bureau – Declarations.gov.ge, Asset Declaration of Iuri Nozadze, 3 February 2014, (in Georgian), <https://bit.ly/33TeCGY>

110 Guria News, Large Cash Gifts Received by the Spouse of a Deputy Minister, 6 March 2017, (in Georgian), <http://www.gurianews.com/article/mtavari/mtavari-tema/romeli-ministris-moadgilis-meughles-adzlevs-shps-solidur-pulad-sachukrebs>

“She is not a representative of the cultural sphere; she is an ordinary spouse. I am a relative of Cartu, which provides such assistance to my spouse.”<sup>111</sup>

Readers may find the phrases “we are from Cartu” and “Cartu’s relatives” strange. But, in fact, prior to becoming Deputy Minister, Iuri Nozadze worked in several companies related to Cartu.<sup>112</sup> It seems that Cartu’s employees think of it as a family, even after moving to the public service, like the Ministry of Agriculture.

It is unclear whether this next fact has any connection with the above gifts, but Iuri Nozadze donated GEL 20,000 to the Georgian Dream in 2016, which he did not include in his asset declaration.<sup>113</sup>

Why is it a problem if a company sends gifts to its “family member” from time to time? The problem is that it could actually constitute a direct violation of the law.

According to Transparency International Georgia, the Deputy Minister, by accepting these gifts, violated the Law on Conflict of Interest and Corruption in Public Institutions, since the monetary gift received annually by his wife exceeds the legal limit. (According to the Law of Georgia on Conflict of Interest and Corruption in Public Institutions, the total value of gifts received by a civil servant in the course of one year must not exceed 15 percent of his or her annual remuneration for the work performed while holding the office, while the value of a single gift must not exceed 5 percent of the annual remuneration. The total value of gifts received by each member of a civil servant’s family in the course of a year

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<sup>111</sup> *ibid*

<sup>112</sup> Ministry of Agriculture, Iuri Nozadze Biography, (in Georgian), <http://www.moa.gov.ge/7/deputy/6>

<sup>113</sup> Transparency International Georgia, Gifts received by public officials need to be studied further, 7 March 2018, <https://www.transparency.ge/en/blog/gifts-received-public-officials-need-be-studied-further>

covered by the declaration must not exceed GEL 1,000, while that of a single gift – GEL 500.)<sup>114</sup>

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The existence of the system of asset declarations serves two main purposes: prevention of unlawful enrichment of public officials and the discovery of cases of conflict of interest. Based on these purposes, the law establishes a whole range of prohibitions for public officials: for example, they are not allowed to hold any position or perform paid work in the private sector in parallel with being in civil service, or to accept any gift that could influence their work while in office. Similar restrictions apply to public officials' family members – public officials are obliged to include in their asset declarations any gift that they or their family members receive if its value exceeds GEL 500.

However, these restrictions do not apply to the gifts received by officials from their family members or close relatives. According to Transparency International Georgia, this exception can be reasonable and justified but, at the same time, there is a risk that (in the absence of proper oversight) it could become a “loop-hole” in the law which corrupt officials would use to conceal or “launder” illegal income – that is, the unlawful income would be declared as a gift received from a family member or a close relative.<sup>115</sup>

If these declarations are not properly checked by relevant authorities, there is not much that can be done to find out whether the gift actually came from a public official's mother or brother. The only thing civil society representatives can do is to report about these gifts and let the public decide for themselves whether there is any worrying trend.

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114 *ibid*

115 *ibid*

The following is a list of officials who, according to Transparency International Georgia, have received large gifts in recent years:<sup>116</sup>

- Giorgi Kvirikashvili, former Prime Minister, received USD 50,000 from his father in 2017.
- Nino Tsilosani, secretary of the Georgian Dream faction, received GEL 100,000 from her parents in 2017.
- Revaz Nadaraia, a Tbilisi Court of Appeals Judge, received USD 20,000 from his father in 2016.
- Levan Tevzadze, a Tbilisi Court of Appeals Judge, received USD 20,000 from his father in 2015.<sup>117</sup>

To be more precise, this is only a small part of the complete list. The full list has many more names with gifts of USD 5,000-7,000 which they received from their mothers-in-law. This, of course, does not mean that all transactions are suspicious. Sometimes a parent just helps out their child. For example, the list also includes deputy chairman of the Georgian Dream faction Davit Matikashvili, who received USD 120,000 from his father in 2016. According to Davit Matikashvili, his father sold his shares in a company during this time and gave the money to his son, which is confirmed by the Public Registry data. Some of the other cases on this list will also have a legitimate explanation. Once again – of course, there exist rich mothers- and fathers-in-law who are generous with their money. There is nothing surprising in a mother or a brother making a gift either. However, it is also reasonable to doubt how often these gifts reflect generosity and as opposed to the cases where “mother” and “father” are just a way to cover up illegal income.

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<sup>116</sup> ibid

<sup>117</sup> ibid

Suspensions are further strengthened when one discovers that a person who did not have much before, suddenly becomes a skilled businessman after starting a job in the public service. One example is Ioseb Gogashvili, who overcame poverty in two years and bought up to a million square meters of land. Do you think he invented something? Introduced some business novelty? Did he create a viral app? Did he discover an oil field?

No, he simply got a job!

### **Ioseb Gogashvili**

From December 2011 to July 2012, Ioseb Gogashvili's four-member family was registered as socially vulnerable and received monthly assistance of GEL 102 from the state. After the birth of the fifth family member, the assistance increased to GEL 126.<sup>118</sup>

The family stopped receiving assistance after Ioseb Gogashvili was appointed as an Inspector at the General Inspectorate of the Ministry of Internal Affairs in late 2012 and then as deputy head of the Operative Service in 2013. He filed his first asset declaration in this capacity and, according to that declaration, he and his family did not own any real estate.<sup>119</sup> This field in the declaration form was empty in 2014 as well.<sup>120</sup>

Subsequently, another field of his asset declaration drew media attention. It was reported that Nino Gogashvili, the 20-year-old daughter of the Head of the General Inspectorate, was employed

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118 Rustavi 2, Exclusive: Real Estate Registered in the Name of Soso Gogashvili's Sister's-in-law, 23 April 2017, (in Georgian), <http://rustavi2.ge/ka/news/73874>

119 Netgazeti, The Deputy Head of the State Security Service reported to the Prosecutor's Office, 25 April 2017, (in Georgian), <http://netgazeti.ge/news/189583/>

120 *ibid*

as a chief specialist at the General Inspectorate, and had received up to GEL 14,000 between December and January 2013.<sup>121</sup> This was followed by a minor scandal, but it was reported shortly afterwards that Nino Gogashvili was no longer working at the General Inspectorate, so the story died down.<sup>122</sup>

In 2016, Gogashvili became entangled in a much bigger scandal over the real estate which his family and close relatives had acquired. In the 2016 declaration, which Gogashvili filed as the First Deputy Head of the State Security Service, included a piece of land belonging to him in the village of Machkhaani, Dedoplistskaro Municipality, as well as a residential house and two land plots owned by his son Nikoloz Gogashvili in the same village.<sup>123</sup> Also, on June 7, 2016, he bought 261 square meters of land at #91 Avto Varazi Street, with an accompanying three-story house. He bought the house through a mortgage from his own sister-in-law (wife's sister), Nino Martkoplshvili.<sup>124</sup>

While the above alone is enough to raise suspicion, there is more. According to the Public Registry, in August 2016, nine plots of agricultural land were registered in the name of one more of Soso Gogashvili's sisters-in-law Khatuna Martkoplshvili. Combined, the size of the nine land plots exceed a million square meters. At around the same time, Khatuna Martkoplshvili was registered as the owner of another apartment in Tbilisi, Tsagareli Street.<sup>125</sup>

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121 Tabula, The daughter of the new chief of the General Inspection of the Ministry of Internal Affairs is a chief specialist at the General Inspection, 9 December 2014, (in Georgian), <http://www.tabula.ge/ge/story/90644-shss-s-geninspeqciis-axali-ufrosis-shvili-geninspeqciis-mtavari-specialistia>

122 Tabula, MIA: Ioseb Gogashvili's daughter no longer works at the General Inspection, 9 December 2014, (in Georgian), <http://www.tabula.ge/ge/story/90646-shss-ioseb-gogashvilis-shvili-generalur-inspeqciashi-aghar-mushaobs>

123 Rustavi 2, Exclusive: Real Estate Registered in the Name of Soso Gogashvili's Sister's-in-law, 23 April 2017, (in Georgian), <http://rustavi2.ge/ka/news/73874>

124 ibid

125 ibid

Maybe Khatuna Martkoplshvili was lucky in business? Maybe she imported a large shipment of slime just in time when all Georgian children decided that this was the best new toy? Why should one doubt that the sister-in-law of a public servant could have the ability to make good money and buy a million square meters of land?

One should doubt this because when the Rustavi 2 journalists checked on the Tsagareli Street apartment, they found that it was guarded by the State Security Service and that Khatuna Martkoplshvili, who makes her living as a private seamstress, lives in a rented apartment elsewhere.<sup>126</sup>

A private seamstress may have good income in Georgia, but not enough to buy a million square meters of land.

No media has reported commencement of any kind of investigation, but Ioseb Gogashvili did resign at the end of August 2018.<sup>127</sup> When asked whether this resignation was linked to the financial scandals, Georgia's Prime Minister Mamuka Bakhtadze responded by saying that it was all just political hullabaloo.<sup>128</sup>

The case of Soso Gogashvili illustrates that it is not often necessary to cultivate devotion through gifts. Sometimes, it is enough to give certain people the opportunity to amass wealth on their own, and then simply shield them from unnecessary inquiries by the relevant authorities. Or, as has been the case in one of the most high-profile cases of recent years, allow them to "respond" to these relevant authorities themselves.

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126 *ibid*

127 TV Imedi, First Deputy Head of the State Security Service Ioseb Gogashvili Resigns, 21 August 2018, (in Georgian), <https://imedinews.ge/ge/dzalovnebi/74694/susis-uprosis-pirveli-moadgile-ioseb-gogashvili-tanamdebobas-tovebs>

128 News.ge, Mamuka Bakhtadze Responds to Statements about Ioseb Gogashvili's Resignation, 22 August, 2018, (in Georgian), <https://news.ge/mamuka-baxtaze-ioseb-gogashvili-gadadgomastan-dakavsirebit-gaketebul-gancxadebebs-politikur-jiotajs-uwodebs/>

## Otar Partskhaladze

In November 2018, the Prosecutor's Office formally indicted the former Chief Prosecutor Otar Partskhaladze for physically assaulting former Auditor General Lasha Tordia. The court set GEL 5,000 bail as a preventive measure. The prosecution described the confrontation between the two former officials as having occurred due to a "personal quarrel."<sup>129</sup>

The indictment was preceded by several reports aired by Rustavi 2 about Otar Partskhaladze. He was accused of physically assaulting former Sports Minister Levan Kipiani and extorting USD 4 million from businessman Zaza Okuashvili.<sup>130</sup> The reports also looked into one of his houses – a fortress under construction in Tskneti, whose basement alone (or rather an underground bunker) covered an area of 380 square meters.<sup>131</sup>

More about Partskhaladze's houses and the Kipiani 'incident' later. For now, let's look closer at the incident between him and Lasha Tordia, which the Prosecutor's Office called a "personal quarrel", but which everyone else reasonably suspects was an attempt to "put the relevant authorities in their place" for doing their job, rather than just another scuffle between drunk men.

This view is shared by all major NGOs operating in Georgia, which issued a joint statement and expressed their "outrage regarding the assault committed against Lasha Tordia, the Auditor General of Georgia". According to the statement, of particular

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129 Radio Free Europe / Radio Liberty (Georgian Service), How Will Prosecutor Partskhaladze Be Punished for Assaulting Tordia?, 6 November 2018, (in Georgian), <https://bit.ly/2qpqW31>

130 Rustavi 2, New Recordings in the Omega Group Scandal – Ex-minister Locked Up, Beaten and Threatened with Rape, 30 September 2018, (in Georgian), <http://rustavi2.ge/ka/news/114883>

131 Rustavi 2, Where Does Otar Partskhaladze Live – The Fortress of the Former Chief Prosecutor, 6 October 2018, (in Georgian), <http://rustavi2.ge/ka/news/115479?fbclid=IwAR2pXGNLdw5vgegTSPi2JpBBHGSsOu9bTnHF3ILTRZYLy00Ksmheu8BAaLo>



concern is the fact that, according to the victim, the assault was related to a specific case which the State Audit Office had been investigating.<sup>132</sup>

The background to this incident is as follows: Lasha Tordia said that Partskhaladze's aggression was triggered by an ongoing inquiry into the relationship between Partskhaladze's company and the Tbilisi City Hall, which was showing signs of corruption.

The case concerns the BSRCDG Development company which was registered on July 17, 2006. In February 2016, it was first fully transferred to the Royal Development company, and on June 29, 2016, Otari Partskhaladze became its sole shareholder.<sup>133</sup>

BSRCDG Development owned a plot of land in Tbilisi, near the Mziuri park through which a new road was built. The company had been denied compensation for years. After the company was sold by its former owners, Israeli businessmen, and Otari Partskhaladze entered the frame, the Tbilisi City Council issued a resolution on April 15, 2016, according to which, the company was given two land plots on Nutsubidze street (5,515 and 1,193 square meters respectively) instead of the 2,302 square meters it owned near Mziuri.<sup>134</sup> In other words, Tbilisi City Hall gave Partskhaladze's company land worth GEL 2,615,000 in exchange for land worth GEL 513,000.

There are other circumstances surrounding this case, which point to signs of corruption in the relationship between the Tbilisi City Hall and Otari Partskhaladze. These circumstances were described in the State Audit Office report.<sup>135</sup> The suspicion is that this

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132 Institute for Development of Freedom of Information, Joint Statement of NGOs regarding Assault of Lasha Tordia, Auditor General of Georgia, 13 May 2017, [https://idfi.ge/en/ngos\\_statement\\_on\\_attack\\_to\\_general\\_auditor\\_lasha\\_tordia](https://idfi.ge/en/ngos_statement_on_attack_to_general_auditor_lasha_tordia)

133 Netgazeti, What we (don't) know about Otari Partskhaladze, 20 May 2017, (in Georgian), <http://netgazeti.ge/news/195699/>

134 *ibid*

135 State Audit Office, Compliance Audit Report on the Management of Property Owned by Tbilisi City Council in 2015-2016, 9 January 2018, [https://sao.ge/files/auditi/auditis-angarishebi/2018/tbilisis\\_qoneba.pdf](https://sao.ge/files/auditi/auditis-angarishebi/2018/tbilisis_qoneba.pdf)

report became the reason why Otar Partskhaladze got angry and attacked Lasha Tordia.

Otar Partskhaladze himself pleads not guilty and claims that Lasha Tordia was drunk and attacked him because he had not liked the way Partskhaladze had greeted him.

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Otar Partskhaladze was appointed Prosecutor General in 2013 and served in this position for a little over a month. During his five weeks in office, everyone, including the ruling party, agreed that his appointment had been a mistake due to several reasons.

The first scandal was linked to his diploma. According to the information published on the website of the Prosecutor's Office, Partskhaladze had graduated from the Faculty of Law of the Open Humanitarian University of Georgia in 1995. However, Otar Partskhaladze was born in 1976 and was 19 at the time. Naturally, this raised questions about how a 19-year-old had managed to get a bachelor's degree.<sup>136</sup> More questions followed the discovery that, according to the Public Registry database, the Georgian Open Humanities University did not have any Faculty of Law in 1991, and that it had been set up only on June 2, 1992, with the permission of the Ministry of Education.<sup>137</sup>

Otar Partskhaladze has not provided satisfactory answers to these questions. However, the diploma related scandal was soon overshadowed by another one: the opposition United National Movement discovered that, in the early 2000s, Georgia's Chief Prosecutor had been convicted for theft in Germany. While Otar

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136 Netgazeti, How Partskhaladze received a diploma at the age of 19, 25 December 2013, (in Georgian), <http://netgazeti.ge/news/28308/>

137 Tabula, Partskhaladze could not have enrolled in law school in 1991, 24 December 2013, (in Georgian), <http://www.tabula.ge/ge/story/78515-1991-tsels-farxaladze-samartalmcodneobaze-ver-chaabarebda>

Partskhaladze did admit having a criminal record, he stated that it was for resisting police orders, rather than theft.<sup>138</sup>

This raised the question of how Otar Partskhaladze, a person with a criminal record, could have been appointed Chief Prosecutor. Justice Minister Tea Tsulukiani (who had nominated Partskhaladze to be appointed by the Prime Minister as Chief Prosecutor) stated afterwards that she had not known him beforehand and that he did not have the “moral right” to hold that position. According to Tsulukiani: “The Prime Minister and I both found ourselves facing this unpleasant surprise, which was the past criminal record of Mr. Partskhaladze. As was revealed afterwards, his criminal record was removed. While there are positions one can hold after having their criminal record abolished, Chief Prosecutor and prosecutor are not among them, since a prosecutor is charged with punishing others and must not themselves have been punished in the past. He did not that the moral right to hold this position, this is what I think.”<sup>139</sup>

Bidzina Ivanishvili described Otar Partskhaladze as a “very bold and manly man”, noting that his appointment had been a mistake and an “oversight” by the Georgian Dream. Ivanishvili also stated that he did not know Otar Partskhaladze properly, that he rarely saw him, but that, as far as he knew, Bera Ivanishvili was a godfather to Partskhaladze’s grandchild.<sup>140</sup>

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Prior to becoming Chief Prosecutor, Otar Partskhaladze owned the following property:

- 150square meter apartment in Tbilisi, on Janashia Street

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138 Netgazeti, What we (don’t) know about Otar Partskhaladze, 20 May 2017, (in Georgian), <http://netgazeti.ge/news/195699/>

139 Ibid

140 Ibid

- His wife owned a 76 square meter house on Mgaloblishvili Street in Tbilisi
- Approximately GEL 30,000 on his savings account
- A mortgage of USD 100,000
- A loan of GEL 20,000
- A 1994 Toyota 4-runner
- In 2017, after leaving office, Partskhaladze owned:
- Tabakhmela, village of Tsavkisi, four land plots with a total area of 4,089 square meters (ownership registration date – 25.11.2016)
- Tbilisi, Kostava Street, 38 square meter real estate (25.11.2016)
- Tbilisi, Kostava street, 90 square meter real estate (25.11.2016)
- Tbilisi, Kipshidze Street, 130 square meter apartment under construction (25.11.2016)
- Tbilisi, Kipshidze Street, 204 square meter commercial space (25.11.2016)
- Tbilisi, Kipshidze Street, 101 square meter commercial space (25.11.2016)
- Tbilisi, Paliashvili Street, 143 square meter commercial space (30.05.2016)
- Tbilisi, Paliashvili Street, 336 square meter commercial space (30.05.2016)
- Tbilisi, Mgaloblishvili Street, 77.5 square meter apartment under construction

- Bakuriani, Didveli, 26 square meter apartment (25.11.2016)
- Bakuriani, Didveli, 25 square meter apartment (25.11.2016)

In addition, his wife also owned:

- Tbilisi, Janashia Street, 150 square meter apartment
- Tbilisi, Alexander Kazbegi Street, 40.2 square meter apartment under construction (11.05.2015)
- Tbilisi, Alexander Kazbegi Street, 61.7 square meter apartment under construction (17.02.2017)
- Tbilisi, Alexander Kazbegi Street, 16.2 square meter parking space (22.01.2016)
- Tbilisi, Barnovi Street, 15 square meter parking space (28.12.2016)
- Batumi, Khimshiashvili Street, 44.12 square meter real estate (29.08.2016)

This information dates back to 2017. For most of us, the real estate we own remains largely unchanged from year to year. In the case of Otari Partskhaladze, this is almost definitely not the case, since, for example, everyone saw his huge palace in Tskneti, recorded by a Rustavi 2 drone.

What business skills does one need to have to make this much money in Georgia?

For example: Otari Partskhaladze acquired a 40 percent stake in a company called Royal Development in September 2015. Within a couple of weeks, the company launched a USD 85 million project jointly with the state and the Partnership Fund. The project involved the construction of an aircraft parts factory and the purchase and sale of land related to this construction. After Georgian media and nongovernmental organizations raised questions

about these deals, Otar Partskhaladze broke off his official relationship with Royal Development.

The word ‘official’ is important here. Even though the former Chief Prosecutor is no longer mentioned in the official documents, this project remains a source of income for him. How do we know this? From his own lawyer that is.<sup>141</sup>

The Partnership Fund was established by the state and it manages public funds. Otar Partskhaladze is a former senior official who did not have much experience in business before. This raises reasonable doubt about the role his influence and ties with the government played in the success of the above deal.

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In 2015, Transparency International Georgia published a report on the ties between high-ranking elected or appointed public officials and the companies of former Prime Minister Bidzina Ivanishvili. The report was based on asset declarations filed by officials. According to this report, “at least 38 officials had in the past worked in companies associated with Bidzina Ivanishvili”, while “in 14 other cases, it was family members of officials who had been employed in such companies”.<sup>142</sup>

There was nothing illegal about these appointments. However, Transparency International Georgia wrote that the tendency to transfer Ivanishvili’s employees to senior positions “raises concerns as to whether the principle of merit-based selection of pub-

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141 Tabula, Partskhaladze in Big Aviation – Lawyer confirms Partskhaladze receives money from Elbit, 11 October 2018, (in Georgian), <http://www.tabula.ge/ge/story/138002-farcxaladze-did-aviaciashi-advokati-adasturebs-rom-farcxaladze-elbit-igsaw-fuls-ighebs>

142 Transparency International Georgia, Ivanishvili’s companies – the forge for government officials, 1 May 2015, <https://www.transparency.ge/en/blog/ivanishvilis-companies-forge-government-officials>

lic officials has been justly applied, and reinforces the suspicion about Ivanishvili's informal influence on the government".<sup>143</sup>

The list presented in the report included top public officials in the country: then Prime Minister Irakli Gharibashvili had previously been the Chairperson of the Cartu Foundation, Director of the LLC Georgian Dream and Member of the Supervisory Board of JSC Cartu Bank; then Minister of Regional Development and Infrastructure Nodar Javakhishvili had previously been the Director General of Cartu Bank and Cartu Group; then Minister of Internal Affairs Vakhtang Gomelauri had worked for Bidzina Ivanishvili's Security Service for years and so on...<sup>144</sup>

For comparison, Transparency International Georgia looked at two other large companies: the construction company Axis and the Bank of Georgia. Between 2012 and 2015, only two persons had been appointed to office from Axis, and 12 from the Bank of Georgia. However, none of these people held political office or top positions in the executive branch.<sup>145</sup>

Three years later, Transparency International Georgia updated its study of public officials' asset declarations and biographies, and found that the trend of Bidzina Ivanishvili's employees being appointed to key positions in the public sector continued.<sup>146</sup>

Between 2015 and 2018, there were at least 17 new cases when persons who had previously worked for Ivanishvili's companies were elected / appointed to various positions; and another nine cases when such persons were elected / appointed to new positions within the public sector. Also, in at least in nine new cas-

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143 *ibid*

144 *ibid*

145 *ibid*

146 Transparency International Georgia, *Ivanishvili's Companies – Public Officials' Talent Pool Three Years Later*, 8 October 2018, <https://www.transparency.ge/en/blog/ivanishvilis-companies-public-officials-talent-pool-three-years-later>

es, public positions were assumed by persons whose family members were employed by Ivanishvili's companies.<sup>147</sup>

This happens in the Parliament, the judiciary, the executive branch, the local government and even in the media.<sup>148</sup>

To reiterate, none of these cases appear to be unlawful. While the merits of each appointment may be discussed individually; looking at the general picture, it is very difficult not to have questions.

According to Transparency International Georgia: "This trend casts doubts on whether the principle of selecting public officials is a meritocratic one and points to Ivanishvili's informal influence on the government."<sup>149</sup>

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147 *ibid*

148 *ibid*

149 *ibid*



## THE JUDICIARY YESTERDAY, TODAY, TOMORROW...

*“Until 2012, the judiciary was rotten; they did whatever Adeshvili told them. There were a million cases, bad cases; now there are no cases, so what does this mean? This means that the system has changed without a change of staff, and the people who used to do bad things on a massive scale, now are doing good things...”* – Irakli Kobakhidze, 2019.<sup>150</sup>

We said in the first chapter that the cast of characters described in this book had changed completely from its previous version 7 years ago. However, this is not quite so. There is an area where characters have remained almost unchanged. To better understand the current situation, we need to start with a story dating back a few years ago.

Today, Dachi Tsaguria appears on TV wearing a suit and a tie and talks about the achievements of the Railway Company. He holds the position of Director of the Passenger Carrier branch of JSC Georgian Railway.<sup>151</sup> However, he did not make a name for himself by working for the railway sector. Until 2012, you would rarely see him with a calm face on TV. He was constantly shouting, either reprimanding officials, or protesting against his own illegal detention.

Dachi Tsaguria was a member of several youth organizations during the time when the United National Movement was in power. He was engaged in political activism: disrupting the PR campaigns of then Tbilisi Mayor Gigi Ugulava,<sup>152</sup> or ruining din-

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150 Tabula, Kobakhidze: Judges who did bad things do good things now, 5 February 2019, (in Georgian), <http://www.tabula.ge/ge/verbatim/143898-kobaxidze-mosamartleebi-romlebic-cud-raghacebs-aketebdnen-axla-karg-raghacebs>

151 Georgian Railway, Dachi Tsaguria Biography, (in Georgian), <http://www.railway.ge/dachi-caguria/>

152 Interpressnews, Gigi Ugulava Serviced Dachi Tsaguria at the Gas Station, 2012, (in Georgian), <https://www.interpressnews.ge/en/geo/article/132724-gigi-ugulava-benzingasamart-sadgurze-dachi-cagurias-moemsaxura/> (accessed in April 2019)

ners for President Saakashvili.<sup>153</sup> Because of this, he often faced problems.

Once, for example, he was arrested in November 2009, along with Jaba Jishkariani and Irakli Kordzaia, for holding posters in front of the parliament building. A journalist of newspaper Alia, who was there at the time of the arrest, wrote that he asked the police: “Why are you arresting the boys, they didn’t do anything wrong”, to which the police officer replied: “They broke the law, that’s why”. A journalist of newspaper Rezonansi also said that: “They did not resist the police, did not violate public order, and did not hold a large rally that would create discomfort for MPs”.<sup>154</sup> All parties that have looked into this case have stated that all three had been arrested on political grounds. It seemed that they had not violated any law, even formally. They were accused of holding a rally 20 meters outside a state building and resisting police. In reality, they were 50 meters away from the building and did not even resist the police.<sup>155</sup>

The judge did not question the journalists present during the arrest (claiming that the trial would take too long), nor did he watch the video footage of the detention (which had been brought in by the defense,) and ordered a fine of GEL 500 for each defendant. “My judge was Sergo Metopishvili. This is a deaf, blind, foolish person who only pretends to be a judge. He is Misha’s (President Mikheil Saakashvili’s) slave and nothing else,” – this

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153 Interpressnews, The April 9 Youth Headquarters Bans the President from Going to Restaurants during Working Hours, 31 March 2009, (in Georgian), <https://www.interpressnews.ge/ka/article/16505-9-aprilis-axalgazrduli-shtabi-prezidents-samushao-saatebshi-restornebshi-siaruls-ukrzalavs/>

154 Radio Free Europe / Radio Liberty (Georgian Service), Overview of the Georgian Press – 24 November 2009, 24 November 2009, (in Georgian), <https://www.radiotavisupleba.ge/a/1886597.html>

155 Interpressnews, Dachi Tsaguria, Irakli Kordzaia and Jaba Jishkarian’s Case to be Appealed in Strasbourg, 24 November 2009, (in Georgian), <https://www.interpressnews.ge/ka/article/117812-dachi-cagurias-irakli-korzaiasa-da-jaba-jishkarianis-sakme-strasburgshi-gasachivrdeba/>

was how Dachi Tsaguria described the now Chairperson of Civil Cases Panel of Tbilisi City Court.<sup>156</sup>

It seems that Dachi was lucky at the time. During one of his subsequent arrests (this time in September 2012 when he was arrested as a Georgian Dream activist, along with Beka Aladoshvili and Davit Patsatsia), he was severely beaten by police officers and then persons dressed in civilian clothing. During the trial, Patsatsia was sentenced to 40 days of administrative detention for disobeying police orders, while Tsaguria and Aladoshvili were sentenced to 10 days each.<sup>157</sup>

“The judge could have taken interest in why I had been beaten, why I had injuries, why I had signs of torture that were visible during the court hearing that was presided by Gvritishvili. When I asked him to take interest in why I had the injuries, Dimitri Gvritishvili replied that it was not his job to do it,” – this is how Dachi Tsaguria recalls the behavior of the now Chairperson of Kutaisi Court of Appeals.<sup>158</sup>

However, neither the unjust fine of GEL 500, nor the brutal beating by the police followed by a 10-day detention sentence comes close to what the former Chairperson of the Chamber of Control Sulkhan Molashvili endured.

Sulkhan Molashvili was arrested in April 2004 on charges of mispending of budget funds, and was sentenced to 9 years in prison. He ended up spending four years in prison.<sup>159</sup> Coming

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156 Planeta.ge, Dachi Tsaguria describing judge Sergo Metopishvili, November 2009, (in Georgian), <https://bit.ly/2Pe7oZU>

157 Netgazeti, According to GYLA the judges violated the law while examining Tsaguria's case, 24 September 2012, (in Georgian), <http://netgazeti.ge/news/16156/>

158 Ipress, Tsaguria to Parliament: Don't elect Dimitri Gvritishvili as Judge of the Supreme Court!, 24 December 2018, (in Georgian), <https://ipress.ge/new/tsaguria-parlaments-ar-airchioth-dimitri-gvritishvili-uzenaesi-sasamarthlos-mosamarthled/>

159 Radio Free Europe / Radio Liberty (Georgian Service), EUR 20,000 and Re-investigation – European Court on the Case of Sulkhan Molashvili, 31 October, 2014, (in Georgian), <https://www.radiotavisupleba.ge/a/evrosasamartlo-sulkhan-molashvilis-saqmeze/26667717.html>

out of jail, he looked terrible – it was obvious that he had been through hell. The fact that Molashvili was a victim of a number of injustices and torture was confirmed by the European Court of Human Rights. According to the ECHR, the Georgian government had violated the right to liberty and inviolability, the right to a fair trial, inadmissibility of discrimination, torture, inhuman and degrading treatment.<sup>160</sup> Sulkhan Molashvili died of liver disease in 2016, though his family has no doubt that his physical and mental health was ruined by the state, or rather a few specific individuals.

“They say now that the public has questions regarding Kapanadze. I do not have any questions. I directly accuse him, among others, of killing my son. No one fired a bullet at Sulkhan Molashvili, nor stab him with a dagger, but from the very first day, the things they did to him... I will give you a list of names: Kapanadze, Meishvili, Murusidze, Valeri Grigalashvili, Bokeria, others as well, there were so many people involved in slowly killing my son. I do not need to ask questions, I directly accuse them of this crime,” – Sulkhan Molashvili’s father, Tamaz Molashvili.<sup>161</sup>

The “Kapanadze” mentioned by Tamaz Molashvili is Manuchar Kapanadze, who presided over Sulkhan Molashvili’s case at the time. Today he is a judge of the Tbilisi Court of Appeals.<sup>162</sup>

As stated above, the characters have not changed. The names of Metopishvili, Kapanadze and Gvritishvili can be heard more frequently on the news today than when Dachi Tsaguria and Sulkhan Molashvili was being sentenced. The name of Levan Murusidze, who was involved in reducing the sentence of persons involved

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<sup>160</sup> Ibid

<sup>161</sup> TV Imedi, Sulkhan Molashvili’s Father: I blame Manuchar Kapanadze (Among Others) for Killing My Son, 24 February 2018, (in Georgian), <https://imedinews.ge/ge/saqartvelo/50058/sulkhan-molashvilis-mama-pirdapir-brals-vdeb-manuchar-kapanadzes-rom-chemi-shvili-maganats-mokla>

<sup>162</sup> High Council of Justice, Manuchar Kapanaze Biography, (in Georgian), <http://hcoj.gov.ge/ge/kapanadze-manuchar>

in the murder of Sandro Girgvliani – the most notorious case in recent history, is still relevant.<sup>163</sup>

Government representatives themselves consider this to be normal. When journalist Inga Grigolia told the Speaker of Parliament: “Sulkhan Molashvili was my friend and I could never imagine that the judge who participated in his destruction would be relevant even after the change of government”, Irakli Kobakhidze responded: “People who did bad things on a mass scale before are doing good things now... One must draw a line at who is responsible; the Germans after World War II decided that there was some political level: Hitler, Goebbels, their friends, who were held responsible, the Nuremberg process and all that. As for the lower level, public servants and judges, who had been in the service of that regime, were not held responsible.”<sup>164</sup> “Come on, Mr. Kobakhidze!” – replied Inga Grigolia.

The assessment of the Parliament Speaker differed not only from the generally accepted views on Nazism (in 2018, a 94-year-old man was placed on trial in Germany who was a juvenile during World War II and served as a guard in one of the concentration camps. Even after all these years, nobody forgives “low-level civil servants”),<sup>165</sup> but also from the ECHR ruling, which reads: “the Court is struck by how the different branches of State power all acted in concert in preventing justice from being done in this gruesome homicide case”.<sup>166</sup>

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163 Netgazeti, Levan Murusidze explains the decision made on the Girgvliani Case by saying that he was “a hostage of the law”, 23 December 2015, (in Georgian), <http://netgazeti.ge/news/86802/>

164 Fortuna, Judges who did bad things do good things now – Kobakhidze, 5 February 2019, (in Georgian), <https://fortuna.ge/fortuna/post/mosamartleebi-romlebic-cud-raghacebs-aketebdnen-akhla-karg-raghacebs-aketeben-kobakhidze>

165 The Guardian, Nazi war crimes suspect, 94, faces German youth court trial, 21 September 2018, <https://www.theguardian.com/world/2018/sep/21/nazi-war-crimes-suspect-faces-trial-german-youth-court>

166 Civil.ge, Strasbourg Court Ruling on Girgvliani Case, 26 April 2011, (in Georgian), <http://old.civil.ge/geo/article.php?id=23925>

Even if we just forget the discussion about the judges being “low-level servants”, the judges themselves do not even agree with Irakli Kobakhidze’s assessment that they “used to do bad things”.

Not only the characters, but even the rhetoric has not changed. Court of Appeals Judge Levan Murusidze states today that he was the one who put Girgvliani’s killers in prison,<sup>167</sup> and that he did not do anything wrong.<sup>168</sup>

Sergo Metopishvili, Chairperson of the Civil Cases Panel of the Tbilisi City Court, says that he remembers Dachi Tsaguria’s 2009 case and, even though he refuses to comment on it, hints that he did not do anything wrong.<sup>169</sup>

Chairperson of Kutaisi Court of Appeals Dimitri Gvritishvili does not recall the case of Tsaguria’s beating, but says that he doubts that such a thin guy would be beaten by 50 men.<sup>170</sup>

The only difference in rhetoric is that Dimitri Gvritishvili is now indirectly blaming NGOs for the shortcomings of the judiciary under the previous government and is asking them what they were doing before 2012.<sup>171</sup>

The fact is that Gvritishvili should know who was where better than anyone. Transparency International wrote about his decision

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167 Tabula, Murusidze: I was the one who put Sandro Girgvliani’s murderers in prison, 27 January 2019, (in Georgian), <http://www.tabula.ge/ge/verbatim/143388-murusidze-sandro-girgvlianis-mkvlelebi-cixeshi-me-chavsvi>

168 Netgazeti, Levan Murusidze explains the decision made on the Girgvliani Case by saying that he was “a hostage of the law”, 23 December 2015, (in Georgian), <http://netgazeti.ge/news/86802/>

169 Ipress, Dachi Tsaguria Responds to Metopishvili, 10 January 2019, (in Georgian), <https://ipress.ge/new/dachi-tsaguria-methophishvils-ki-ar-shetsvilkharth-uphrodid-nadzirlebad-chamoqhalibebulkharth-amasobashi/>

170 Metronome, Gvritishvili: I do not recall the case of Dachi Tsaguria, 25 December 2018, (in Georgian), <https://metronome.ge/story/182036>

171 On.ge, Where were the NGOs before 2012? – Judge Dimitri Gvritishvili, 30 January 2019, (in Georgian), <https://bit.ly/2oUnDAK>

regarding Dachi Tsaguria at the time: “we think that such an action made during the pre-election period was undoubtedly politically motivated”.<sup>172</sup> The Georgian Young Lawyers’ Association which represented Tsaguria, Patsatsia and Aladoshvili in court wrote in detail about the violations observed during the process: “analysis of these cases creates a reasonable doubt that the arrest of these individuals was due to their political and civic activities, as opposed to any kind of legal offense”.<sup>173</sup>

Today, if one is to encounter the names of Gvritishvili and Murusidze in the same sentence in the media, they are highly likely to be accompanied by the name of Mikheil Chinchaladze and the word “clan”. The judges themselves do not like this word; they prefer “family”.<sup>174</sup>

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The dispute over how the judicial reform should be carried out and what the fate of judges involved in high-profile cases should be has been going on since 2013. However, open controversy erupted in the ruling party itself towards the end of 2018, when Eka Beselia resigned as chair of the Parliamentary Legal Issues Committee.<sup>175</sup>

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172 Transparency International Georgia, Statement on Recent Detentions, 25 September 2012,

<https://www.transparency.ge/en/post/general-announcement/statement-recent-detentions>

173 Georgian Young Lawyer’s Association, GYLA Protests Administrative Detention of Davit Patsatsia, Dachi Tsaguria and Beka Aladoshvili, 23 September 2012, (in Georgian), <https://gyla.ge/ge/post/saia-davit-facacias-dachi-caguriasa-da-beqaladoshvils-administraciuli-dakavebis-faqts-aprotestebis-74#sthash.G9LRzWNU.dpbs>

174 Liberali, Levan Murusidze: The judges are like a family for me, 28 December 2018, (in Georgian), <http://liberali.ge/news/view/42240/levan-murusidze-mimachniarom-mosamartleebi-chemi-ojakhis-tsevrebi-arian>

175 Georgian Public Broadcaster – Channel 1, Eka Beselia Resigns as Chair of the Legal Issues Committee, 27 December 2018, (in Georgian), <https://1tv.ge/news/eka-beseliam-iuridiul-sakitkhta-komitetis-tavmjdomaris-tanamdeboba-datova/>

Beselia cited the statement of the Parliament Speaker as the reason for her resignation – Irakli Kobakhidze had demanded that Eka Beselia reviewed and approved the list of judges on the fourth day after its registration in Parliament. Beselia stated that she had tried to negotiate this issue many times, had met with Irakli Kobakhidze and Bidzina Ivanishvili, and, when nothing came of it, she resigned to prevent the approval of the list of Supreme Court judges.<sup>176</sup>

Before resigning, Eka Beselia dismissed her deputy Vano Zardiashvili as well, since, according to her, she did not want the leave the committee in his hands. Vano Zardiashvili, according to at least five influential NGOs, is the contact person between the ruling party and the ‘clan’ of judges.<sup>177</sup>

The dispute in Georgian Dream over the judges went on for several weeks. Eka Beselia was scolded by Bidzina Ivanishvili, who said that, with her decision, she had gone against the team.<sup>178</sup>

Parallel to the ongoing dispute in the Georgian Dream, a secret video recording involving Eka Beselia’s private life was leaked online. The MP demanded that the relevant authorities identified the persons responsible for the leak: “I would like to publicly address Shalva Tadumadze, Giorgi Gakharia and Vakh-tang Gomelauri, to urgently identify who is behind this moral terror... I think everyone understands what it means to cross red lines”.<sup>179</sup>

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176 On.ge, Judges who did bad things do good things now – Kobakhidze, 5 February 2019, (in Georgian), <https://bit.ly/2BuFGjs>

177 Transparency International Georgia, NGOs respond to media reports on informal ties between the government and judiciary, 19 July 2017, <https://www.transparency.ge/en/post/ngos-respond-media-reports-informal-ties-between-government-and-judiciary>

178 On.ge, Eka Beselia went against the principles of the team and teamwork – Bidzina Ivanishvili, 10 January 2019, (in Georgian), <https://bit.ly/35VBIP2>

179 Netgazeti, Statement by Eka Beselia on the possible leak of a sex tape, 28 January 2019, (in Georgian), <http://netgazeti.ge/news/336539/>



The Ministry of Internal Affairs arrested 18 persons for leaking the tape.<sup>180</sup> None among the arrested were mass organizers of the “moral terror.” However, they did arrest, for example, a minor, Ana Aroshidze, in the middle of the night in front of her dying father. Ana Aroshidze had seen the tape and had sent it to three of her friends on social media.<sup>181</sup>

In late February, Eka Beselia and some of her supporters left the ruling party. As a result, the Georgian Dream lost its constitutional majority in the Parliament.<sup>182</sup> The dispute over the judges continues as of the writing of this book, and it is likely to continue well beyond it.

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In the first months following the Georgian Dream’s coming to power, things seemed to be moving in a very different direction. In May 2013, the First Wave of Judicial Reform entered into force, much of which was based on NGO recommendations. According to the reform, judges would have to elect seven new judge members (out of a total of 15) of the High Council of Justice, including the Council Secretary.<sup>183</sup>

Around the same time, Tea Tsulukiani, the Minister of Justice, introduced a draft law on establishing a Judicial Misconduct Commission to identify and revise the “unfairly treated” criminal cases processed under the previous government. The Minister did not rule the possibility that certain judges would be punished as

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180 Netgazeti, Ministry of Internal Affairs – 16 persons arrested for disseminating a sex tape, 1 February 2019, (in Georgian), <http://netgazeti.ge/news/337620/>

181 Netgazeti, Detainee on the case of secret recordings appeal to the Constitutional Court, 22 February 2019, (in Georgian), <http://netgazeti.ge/news/342817/>

182 TV Imedi, Georgian Dream Loses Constitutional Majority, 22 February 2019, (in Georgian), <https://imedinews.ge/ge/saqartvelo/97456/qartulma-otsnebam-sakonstitutsio-umravlesoba-dakarga>

183 Coalitions for an Independent and Transparency Judiciary, The Judicial System in Georgia, 6 May 2012, [http://www.coalition.ge/index.php?article\\_id=55&clang=1](http://www.coalition.ge/index.php?article_id=55&clang=1)

a result of the commission's work. Kote Kublashvili, chair of the Supreme Court at the time, protested against the creation of such a commission, saying that the draft law undermined one of the basic principles of the rule of law – legal security.<sup>184</sup>

The election of the High Council of Justice was viewed with hope. At first glance, the ruling team and its representative, Tea Tsulukiani, were in favor of making radical changes to the judicial system. For example, the Minister of Justice attended and supported the establishment of the Unity of Judges of Georgia, which was composed of judges critical towards the judiciary.<sup>185</sup> In an interview given prior to the election, Tsulukiani stated that “the judges are given a historic chance to get rid of Kublashvili, Meishvili, Chinchaladze, and the dictate of leadership. I am sure that judges will be brave enough to elect independent members of the High Council of Justice and the Disciplinary Commission.”<sup>186</sup>

Zaza Meishvili mentioned by Tea Tsulukiani was elected a member of the High Council of Justice three days after the publication of the above interview.<sup>187</sup> Levan Murusidze became the Council Secretary.<sup>188</sup> No judge critical of the system was elected to the Council. Mikheil Chinchaladze, also mentioned in the above interview, is the Chairman of the Tbilisi Court of Appeals.

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184 Radio Free Europe / Radio Liberty, A Special Commission Shall Study Shortcomings in the Judiciary, 16 March 2013, (in Georgian), <https://www.radiotavisupleba.ge/a/justice-commission/24930501.html>

185 Ambebi.ge, Tea Tsulukiani: June 9 is a big day in the history of jurisprudence , 4 June 2013, (in Georgian), <https://www.ambebi.ge/article/79224-tea-culukiani-9-ivnisi-martlmsajulebis-istoriashi-didi-dgea/>

186 Ambebi.ge, What was Tsulukiani's problem with Kbilashvili, 5 June 2013, (in Georgian), <https://www.ambebi.ge/article/79353-ra-pretenziebi-hkonda-culukians-kbilashvilisadmi/>

187 High Council of Justice, Zaza Meishvili Biography, (in Georgian), <http://hcoj.gov.ge/ge/zaza-meishvili>

188 Tabula, None of the candidates for the High Council of Justice passed the barrier, 9 June 2013, (in Georgian), <http://www.tabula.ge/ge/story/71963-iusticiis-umaghlesi-sabchos-tsevrobis-kanditattagan-barieri-vercertma-gadalaxa>

A few weeks after these elections, Levan Murusidze first met with Bidzina Ivanishvili, who was then Prime Minister, and seemingly made a good impression. “I was convinced once again that there are a lot of healthy, very progressive people in the judiciary,” Bidzina Ivanishvili said at the time.<sup>189</sup>

Since then, Bidzina Ivanishvili has repeatedly praised Murusidze. “Here I have found a man who will truly bear the responsibility for making the judiciary fair in the future, and for raising its prestige and public trust,” he said after one meeting.<sup>190</sup> Two years later, during a television address, he even absolved Murusidze of his responsibility for the Girgvliani case. “Girgvliani was a victim of the system, and not as it is portrayed today, as if all of it was done by Murusidze,” he said.<sup>191</sup>

By the end of 2013, it was clear that the Judicial Misconduct Commission would never be set up. Officially, its creation was postponed, though it was clear what this meant. “Nobody opposes the commission, but the government has decided to be very cautious, considering its economic and financial implications. If you absolve a person, he or she will have the right to demand material compensation, which is something our country is not ready for do due to its economic and financial situation,” Tea Tsulukiani said.<sup>192</sup>

Meanwhile, relations between the Clan and the Georgian Dream had been slowly consolidating for several years. Mikheil Chinchaladze’s friend Vano Zardiashvili was first appointed as First Deputy

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189 Netgazeti, Ivanishvili: we need to create maximum comfort for the judges, 17 July 2013, (in Georgian), <http://netgazeti.ge/news/23647/>

190 2013 meeting between Bidzina Ivanishvili and Levan Murusidze (video), Youtube video by user Old Georgia, <https://www.youtube.com/watch?v=XA4HZ5-EGn0>

191 Netgazeti, Ivanishvili: Girgvliani was a victim of the system rather than a specific judge, 30 December 2015, (in Georgian), <http://netgazeti.ge/news/88222/>

192 Tabula, Tsulukiani: Establishing a Judicial Misconduct Commission is premature, 28 November 2013, (in Georgian), <http://www.tabula.ge/ge/story/77543-tsulukiani-martlmsajulebis-xarvezebis-damdgeni-komisiis-sheqmna-naadrevia>

Auditor General.<sup>193</sup> Next, Levan Murusidze nominated Zardiashvili's wife Tinatin Abzalava for the position of Head of Judicial Performance Assessment Department of the High Council of Justice.<sup>194</sup> Vano Zardiashvili then entered the Parliament through the Georgian Dream party list and became the First Deputy Chair of the Legal Issues Committee, "after which he actively lobbied for legislative initiatives that led to a significant increase in the clan's power".<sup>195</sup>

The Third Wave of Judicial Reform was delayed by three years, as a result of which, according to Transparency International Georgia:

- "Putting the system of electronic distribution of cases into operation was postponed;
- The three-year trial period remained in force for all judges;
- The procedure whereby the Council of Justice appoints court chairpersons – rather than their election by judges – remained in force;
- The judicial appointment procedure still has the flaws that allows the High Council of Justice to make biased decisions;
- In 2014-2016, over 100 judges were appointed by a flawed procedure."<sup>196</sup>

This is how Giorgi Mshvenieradze, Chair of Georgian Democracy Initiative, describes the current situation: "Mr. Mikheil

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193 Parliament of Georgia, MP Vano Zardiashvili Biography, (in Georgian), <http://www.parliament.ge/ge/mp/5628>

194 High Council of Justice, Tinatin Abzalava Biography, (in Georgian), <http://hcoj.gov.ge/ge/about/organizational-charter/aparati/mosamartlis-saqmianobis-shefasebismartvis-departamenti/departamentis-ufrosi-tinatin-abzalava>

195 Transparency International Georgia, Dream Court Anatomy, 23 February 2019, <https://www.transparency.ge/en/blog/dream-court-anatomy>

196 *ibid*

Chinchaladze is the Chair of the Tbilisi Court of Appeal, Mr. Dimitri Gvritishvili is the Chair of the Kutaisi Court of Appeal, Mr. Vasil Mshvenieradze is the Chair of the largest city court, Mr. Sergo Metopishvili is the Chair of the largest Civil Cases Panel in the country. When we talk about the clan, this is the clan, these people are interconnected with each other.”<sup>197</sup>

However, a question arises: Does this cause any harm? Let’s say there are people in the judiciary who are interconnected, who used to make bad decisions (although they themselves do not see it that way); Why is there suspicion that, instead of serving justice, they serve the orders of the formal or informal government? There are several high-profile cases that strengthen this suspicion.

### **The Cable Case**

Five former employees of the Ministry of Defense and the General Staff were arrested in 2014 for embezzlement of budget funds.

According to the prosecution, the defendants had unfairly helped the company Silknet win a tender involving the purchase of an optic-fiber cable line running between Kojori-Akhaltzikhe-Batumi. According to the indictment, employees of the Ministry and the General Staff ignored the fact that other companies had offered better terms and, ultimately, overpaid for less work than was originally requested. The prosecution argued that Silknet’s services actually cost GEL 2,618,005 and, since the state had paid GEL 6,720,877, the defendants had embezzled GEL 4,102,872.<sup>198</sup>

What motive did the defendants have? This sounds like a stupid question, doesn’t it? What motive could they have? In

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197 On.ge, Where were the NGOs before 2012? – Judge Dimitri Gvritishvili, 30 January 2019, (in Georgian), <https://bit.ly/2oUnDAK>

198 On.ge, The Cable Case – Overview, 20 May 2016, (in Georgian), <https://bit.ly/2pwdBCN>

such cases, there is always one formula: officials pay less to the company and embezzle the difference. Or, pay the company in full, which then returns some of the money in the form of a kickback.

However, neither of the above happened in the Cable Case. The money was transferred to Silknet directly from the budget; the defendants had no contact with it. The Prosecutor's Office did not even attempt to argue that any of the five defendants had benefited from the transaction in any way. Responding to the questions regarding the motive, the prosecution stated that it is a crime not only to illegally increase one own property, but also to increase someone else's property. However, the prosecution did not provide any evidence that any of the defendants ever had contact with Silknet.<sup>199</sup>

As for Silknet itself, no one took it to court, but the company was still negatively affected. The company issued the following statement: "Information released by the Prosecutor's Office damages both Silknet's image and business reputation, as well as business in the country". The company claimed that they offered the state exactly those services that were included in the original request. Moreover, according to Silknet, other bidders had offered much higher prices to the Ministry.<sup>200</sup>

What does all this have to do with judicial independence, one may ask?

The commonly accepted suspicion is that the detention of those five persons served a specific purpose. The real target was then Defense Minister Irakli Alasania. By then, Bidzina Ivanishvili was openly and publicly opposed to his former teammate. This

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<sup>199</sup> *ibid*

<sup>200</sup> On.ge, Silknet: Prosecution material on the Cable Case is damaging business in the country, 18 May 2016, (in Georgian), <https://bit.ly/2PjMWaf>

confrontation eventually ended with the resignation of Irakli Alasania.<sup>201</sup>

This suspicion is reinforced by many different circumstances. Including the fact that during a televised interview former Prime Minister Bidzina Ivanishvili spoke about certain details of the case which he should not have had access to, since the case was classified. Bidzina Ivanishvili himself insisted that his statements were based solely on information released by the investigative authority, though this did not do much to quell the suspicion among many NGOs.<sup>202</sup>

Eight major NGOs issued a joint statement at the time, highlighting several suspicious circumstances: the defendants were not high-ranking officials of the Ministry of Defense and thus had no access to the money in question; they could not have made the decision independently at all, which raised the question of why the prosecution did not question their superiors, including the Minister of Defense; the indictment failed to substantiate that the defendants were being driven by personal gain...<sup>203</sup>

It was also noted separately that, after an 18-month trial, the judge ruled in just two non-business days and sentenced the defendants to seven years in prison.

The Court of Appeal then ruled to change their indictment to “malfeasance” and reduced the sentence to a year and six months.<sup>204</sup> After a year and a half of imprisonment, they were pardoned by President Giorgi Margvelashvili, who concluded that: “Unfortunate-

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201 Georgian Democracy Initiative, Joint Statement of NGOs on the Cables Case, 18 May 2016, (in Georgian), <https://www.gdi.ge/ge/news/arasamtavrobo-organizaciebis-ertoblivi-gancxadeba-kabelebis-saqmeze.page>

202 On.ge, The Cable Case – Overview, 20 May 2016, (in Georgian), <https://bit.ly/2pwdBCN>

203 Georgian Democracy Initiative, Joint Statement of NGOs on the Cables Case, 18 May 2016, (in Georgian), <https://www.gdi.ge/ge/news/arasamtavrobo-organizaciebis-ertoblivi-gancxadeba-kabelebis-saqmeze.page>

204 Radio Free Europe / Radio Liberty (Georgian Service), The Cable Case to Change Qualification – The Arrested to be Freed, 26 January 2017, (in Georgian), <https://bit.ly/2Jijai8>

ly, pre-emptive assessments made by politicians throughout the process aggravated the case and raised questions about selective justice and politically motivated criminal prosecution. At no stage of the entire process did the prosecution properly substantiate the charges. This was followed by a number of harsh assessments from both the Georgian public and the international community.”<sup>205</sup>

In the end, no one was happy about the Cable Case. Only Archil Talakvadze found it to be a sign of the country’s democracy; according to him: “institutions with different positions all played their part and contributed to this process”.<sup>206</sup>

The position expressed by Talakvadze was not shared by any prominent local or international human rights organization. On the contrary, references to this case can be found in numerous international reports. Human Rights Watch described the Cables Case in its 2017 report under the heading “Concerns about Politicized Justice”.<sup>207</sup>

It seems that the ruling party also does not fully share Archil Talakvadze’s position. For example, Irakli Kobakhidze told journalist Inga Grigolia that he had read the details of the case at the time and saw clear signs of a crime. However, according to him, since the defendants had not taken the money for themselves, it appeared that there was another, true culprit who had escaped justice.<sup>208</sup>

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205 Netgazeti, According to Kobakhidze the Cable Case involved violations but the real criminal has not been held responsible, 5 February 2019, (in Georgian), <http://netgazeti.ge/news/338726/>

206 Tabula, Talakvadze: The so-called Cable Case for me is a characteristic of a democratic country, 28 January 2017, (in Georgian), <http://www.tabula.ge/ge/story/116831-talakvadze-chemtvis-ets-kabelebis-saqme-aris-demokratiuli-qveknis-maxasiatibeli>

207 Radio Free Europe / Radio Liberty (Georgian Service), The Cable Case Awaiting Verdict of the Court of Appeals, 16 January 2017, (in Georgian), <https://www.radiotavisupleba.ge/a/kabelebis-saqme/28236565.html>

208 Tabula, Attorney for the Cables Case: Kobakhidze has admitted his team’s crime on air, 5 February 2019, (in Georgian), <http://www.tabula.ge/ge/story/143901-kabelebis-saqmis-advokati-kobakhidze-pirdapir-etseri-aghara-tavis-gundis-chadenili>



This statement by the Speaker of Parliament was immediately followed by noise and protest. Being the Executive Secretary of the Georgian Dream at the time, Irakli Kobakhidze should not have had access to a classified case.<sup>209</sup>

### **The Tobacco Case**

On February 24, 2016, Tbilisi Tobacco filed a lawsuit against Philip Morris over the sale of cigarettes at a price lower than the production cost.

You may know Philip Morris as the American producer of Marlboro – a giant cigarette and tobacco manufacturer. LLC Philip Morris Georgia is a subsidiary of Philip Morris International.

Tbilisi Tobacco is one of the largest local tobacco producers on the Georgian market since 1998. Tbilisi Tobacco manufactures, for example, Pirveli, which is among the top three best-selling cigarette brands in Georgia. The company is associated with one of Georgia's richest businessmen, Vano Chkhartishvili.<sup>210</sup>

How long do you think a court dispute between two enormous companies equipped with teams of lawyers can take, when the case is extremely voluminous and involves tens of millions of GEL? How about one day? The court considered the merits of the dispute in one hearing and announced its decision the same day. Philip Morris was ordered to pay GEL 93 million to Tbilisi Tobacco.<sup>211</sup>

Where did this huge sum of money come from? According to the Tbilisi City Court, Philip Morris had used price dumping to push

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209 Netgazeti, How did Kobakhidze access classified case files?, 6 February 2019, (in Georgian), <http://netgazeti.ge/news/338751/>

210 Transparency International Georgia, Smoke of Corruption: The Grand Scheme to Allocate the Tobacco Market, 3 October 2018, <https://www.transparency.ge/en/blog/smoke-corruption-grand-scheme-allocate-tobacco-market>

211 Liberali, Court on the Philip Morris Case: The Law on Competition was Breached, 31 March 2017, (in Georgian), <http://liberali.ge/news/view/28541/sasamartlo-filip-morris-saqmeze-daighva-konkurentsii-kanonis-motkhovnebi>

out its competitors, causing significant damage to JSC Tbilisi Tobacco. In one day, the court ruled that Tbilisi Tobacco had to receive compensation equal to the amount it would have made in 2013-2015, had its sales continued at the same pace as in 2011-2013. In addition, Philip Morris had to reimburse the lost income that Tbilisi Tobacco would receive had it placed the funds in a bank deposit. Tbilisi Tobacco was also to be compensated for the expenses of a 10-year advertising campaign it would have to carry out in order to rectify the existing situation. Finally, Philip Morris was also ordered to pay compensation for lost income for the next 10 years.<sup>212</sup>

The case was suspicious enough that NGOs, which had previously avoided commenting on the dispute between two tobacco producers, had to get involved.

Transparency International Georgia highlighted several circumstances. First of all, there is no legal norm in Georgia that regulates price dumping.<sup>213</sup> It was also unclear why the Law on Tobacco Control was applied to the dispute between private parties, given that only the state is authorized to sanction tobacco producers in cases of violation of this specific law.

The Tbilisi City Court's ruling in favor of Tbilisi Tobacco in this case was so unfounded that it raised suspicions of corruption – Transparency International Georgia concluded.<sup>214</sup>

The court's reply was that there was no need for unjustified and excessive criticism, the decision had not yet come into force and would most likely be appealed.<sup>215</sup>

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212 Transparency International Georgia, The Court decision on the imposition of up to GEL 93 million on Philip Morris raises questions, 30 March 2017, <https://www.transparency.ge/en/blog/court-decision-imposition-gel-93-million-philip-morris-raises-questions>

213 *ibid*

214 *ibid*

215 Liberali, Court on the Philip Morris Case: The Law on Competition was Breached, 31 March 2017, (in Georgian), <http://liberali.ge/news/view/28541/sasamartlo-filip-morris-saqmeze-dairghva-konkurentsii-kanonis-motkhovnebi>

Indeed, it was appealed. Case proceedings took place amid harsh local and international public outcry (one American congressman even called for sanctions against the Georgian Government).<sup>216</sup> The Tbilisi Court of Appeals fully overturned the decision of the first-instance court which had ordered Philip Morris to pay GEL 93 million. Tbilisi Tobacco appealed to the Supreme Court to overturn this ruling, but later withdrew the appeal.

This would have been the end of it, were it not for the secret recordings made public by TV company Rustavi 2, which featured secret deals being made parallel to the above dispute.

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In the fall of 2018, TV company Rustavi 2 obtained several covert recordings related to Omega Group. Omega Group is a union of several companies active in the areas of tobacco production and distribution, media and others.<sup>217</sup> The founder of Omega is the businessman and politician Zaza Okuashvili, who at the time had scores to settle with Bidzina Ivanishvili and who most likely was the one who provided the recordings to the TV company.

Two of these recordings were directly related to the distribution of shares on the tobacco market and the involvement of senior government officials in this process.

It must be stated that the authenticity of these recordings has not been established. Some of the conversation's participants confirmed having engaged in the negotiations, although they insist that the recordings that had aired on television had been doctored.<sup>218</sup> However, after analyzing additional information on the case, Trans-

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216 Tabula, US Congressman Demands Sanctions against Georgian Government, 9 December 2017, (in Georgian), <http://www.tabula.ge/ge/story/127397-amerikeli-kongresmeni-saqartvelos-mtavrobis-tsinaaghddeg-sanqciebs-itxovs>

217 Omega, About Omega, (in Georgian), <http://www.omega.ge/index.html>

218 For.ge, London Claims Rustavi 2 and Iberia Doctored the Chkhartishvili Recording, 2 October 2019, (in Georgian), <https://for.ge/view/54172/londoni-amtkicebs-rom-rusTavi-2-ma-da-iberia-m-CxartiSvilis-Canaweri-daamontaJes.html>

parency International Georgia concluded that “the evidence and the circumstances point to a likely corruption scheme. High-level government officials and the ruling Georgian Dream party appear to have benefited from the arrangement. What is more, representatives of the judiciary have also allegedly played a part.”<sup>219</sup>

The alleged participants of the secret recording are Zaza Okuashvili from Omega Group, and Vano Chkhartishvili and Irakli Chubinishvili from Tbilisi Tobacco. The following people are also mentioned during the conversation: Ucha Mamatsashvili – Bidzina Ivanishvili’s cousin; Dimitri Kumsishvili, former Minister of Economy and Minister of Finance; and Otar Partskhaladze, former Chief Prosecutor.<sup>220</sup>

The conversation is full of references and incomplete sentences, so understanding its content requires some “translation” by a knowledgeable person. (For example, here is what Irakli Chubinishvili had to say allegedly about the above court case: “They gave us a price markup by stopping the dumping on filtered cigarettes [...] He should tell the others not to engage in the imports which have been halted by the court.”<sup>221</sup>

According to Transparency International Georgia, the two recordings revealed that Ucha Mamatsashvili allegedly offered Omega Group and Tbilisi Tobacco to set up a joint distribution company. The conversation suggests that the terms and conditions of this deal had been agreed with Bidzina Ivanishvili. The conversation also mentioned “the fund”, also referred to as “the party”, which was to receive 50 percent of the said distribution company’s revenue.

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219 Transparency International Georgia, Smoke of Corruption: The Grand Scheme to Allocate the Tobacco Market, 3 October 2018, <https://www.transparency.ge/en/blog/smoke-corruption-grand-scheme-allocate-tobacco-market>

220 *ibid*

221 *ibid*

Tbilisi Tobacco representative Irakli Chubinishvili also allegedly discussed the illegal funding scheme of “the party” with Zaza Okuashvili, Omega Group founder. According to the scheme, foreign tobacco companies had also donated to “the party”, and Tbilisi Tobacco had made three contributions to “the party” in the pre-election period. Irakli Chubinishvili suggested that Omega Group followed suit and financed “the party” instead of trying to sort it out with the government. According to the conversation, the issue of funding of “the party” had been curated by “the minister”, presumably, Dimitri Kumsishvili.<sup>222</sup>

“Recordings suggest that, in this corrupt scheme, the judiciary was yet another instrument in the hands of influential individuals,” concluded Transparency International Georgia.<sup>223</sup>

Using phrases such as “alleged” and “suggests that” would not be necessary if had there been an investigation. No investigation was conducted. When NGOs called for an investigation into the Omega case, they were met with accusations from politicians and pro-government media: “where are these questions coming from and on whose orders are you asking them?”. This is what was said publicly... I remember a leader of one NGO telling me about all the messages they received on their personal Facebook pages from unknown accounts. It seems that requesting an investigation prompts many people to send threatening and slanderous messages...

## **The Rustavi 2 Case**

The lawsuit over Rustavi 2 began in August 2015. Court cases involving the TV company were reviewed by courts of all instances in Georgia, but the decision remained unchanged – former Rustavi-2 owner Kibar Khalvashi won the dispute on each occasion.<sup>224</sup>

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222 *ibid*

223 *ibid*

224 On.ge, The Rustavi 2 Case – Overview, 6 March 2017, (in Georgian), <https://bit.ly/2BxflI7>

We will not go into detail about every single process involving the TV company and all the accompanying violations – we already know how this story ends. Suffice to note that almost all Rustavi 2-related decisions made by judges were accompanied by strong negative assessments of local and international NGOs and influential diplomats. The US Department of State also responded to the Supreme Court decision: “the United States views with concern the impact of the Supreme Court’s decision regarding Rustavi 2, which could effectively limit the access of opposition voices to Georgian broadcast media. A pluralistic media environment is essential for Georgia’s democratic growth and Euro-Atlantic aspirations. We urge the Georgian government to take steps to ensure that the media environment remains free, open, and pluralistic.”<sup>225</sup>

NGOs wrote that the Rustavi 2 court process was notable for the judge’s biased attitude, citing the November 5 ruling of judge Tamaz Urtmelidze as an explicit example of this – the judge ruled that provisional owners of Rustavi 2 would be Revaz Sakevarishvili, former director of TV company Imedi, and Davit Dvali, former Rustavi 2 shareholder. According to Transparency International Georgia, this decision “on the one hand, contradicted the law, while, on the other hand, was an example of blatant interference in the activities of independent media, particularly since the judge’s main substantiating argument regarding the appointment of a provisional manager for the channel was based on the criticism of the broadcaster’s editorial policy”.<sup>226</sup>

From the moment of the launch of court proceedings on the

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225 Radio Free Europe / Radio Liberty (Georgian Service), Strasbourg Court Halts the Ruling of the Supreme Court, 4 March 2017, (in Georgian), <https://www.radiotavisupleba.ge/a/strasburgis-sasamartlos-mier-shecherebuli-gadacqveteleba/28350468.html>

226 Transparency International Georgia, Fair Resolution of Rustavi-2 Case Is Important, 25 November 2016, <https://www.transparency.ge/en/post/general-announcement/fair-resolution-rustavi-2-case-important>

Rustavi 2 case, questions arose about its political context. To be more precise, rather than having questions, everyone in Georgia was convinced that the process was political, rather than legal.

To many, the process of deciding who owns Rustavi 2 was particularly outrageous because of its hypocritical nature, since this case was considered in the context of “restoration of justice”. There have been many questions over the years about the ownership of this TV company. However, these questions were particularly tough in relation to the transfer of Rustavi 2 shares to Kibar Khalvashi. Therefore, transferring the company to him was perceived as an especially cynical move.

It is also important to note that media ownership in Georgia is rarely resolved in courtrooms. Decisions on controlling media are made behind the scenes, at informal meetings, as a result of non-transparent negotiations between owners and politicians.

We will have more to say about the media in just a few pages. Before that, however, we need to tell another story that is also related to media, the court, the Prosecutor’s office, the National Bank and the elections.

## ALL AGAINST MAMUKA KHAZARADZE

*“Take TBC Bank, for example. Khazaradze didn’t even thank me properly,” – Bidzina Ivanishvili, 2018.*<sup>227</sup>

As a rule, not many people follow the sessions of the Budget and Finance Committee of the Parliament of Georgia. However important the issue under review may be, for most people it’s still boring – finance, budget, numbers...

The committee review on March 4, 2019, was a clear exception to this, being broadcast live on TV as well as on a number of Facebook pages. The four-hour review session had thousands of viewers. Mamuka Khazaradze, the founder of TBC Bank, was in the Parliament to answer questions that had accumulated over the preceding few months.

Khazaradze complained about pressure from various state bodies against him and his bank, including formal and informal threats.

Let’s start with what Mamuka Khazaradze called an “orchestrated attack” by the state against TBC Bank.<sup>228</sup> In June 2018, four state agencies entered the bank simultaneously: the Financial Monitoring Service, the Prosecutor’s Office, the Tax Service and the National Bank. According to the founder of TBC Bank, this had never happened before over the 27-year-long history of the bank.<sup>229</sup>

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227 TV Imedi, Ivanishvili: Vano Chkhartishvili Was the Most Accommodating of Them All, 26 October 2018, (in Georgian), <https://imedinews.ge/ge/saqartvelo/82821/ivanishvili-vano-chkhartishvilma-kvelaze-meti-angarishi-gamitsia>

228 Radio Free Europe / Radio Liberty (Georgian Service), Mamuka Khazaradze in Parliament: Key Statements, 4 March 2019, (in Georgian), <https://bit.ly/2MAQIKy>

229 Tabula, Khazaradze: Cyber Attack Suspiciously Coincides with 4 Agencies Entering TBC Bank in June 2018, 4 March 2019, (in Georgian), <http://www.tabula.ge/ge/verbatim/145177-xazaradze-2018-tslis-ivnisshi-4-utskebis-shemosvlas-tbc-bankshi-saechvod-daemtva>



This was accompanied by a massive cyberattack on the bank, which, according to Mamuka Khazaradze, had been investigated by TBC employees, who had found the address and the computers from which the attack had originated and had provided the Ministry of Internal Affairs with detailed information. I personally wrote five letters to (then Internal Affairs Minister) Giorgi Gakharia and asked him what the investigation was doing, and in response, a considerable time later, we received a letter from “some investigator” who told us that the investigation was ongoing – Khazaradze said.<sup>230</sup>

The correspondence between the bank’s director and the interior minister did not seemingly end there. Mamuka Khazaradze told members of parliament that he had received a threatening letter from Giorgi Gakharia before the second round of the 2018 presidential elections, in which he threatened to ruin his reputation in Georgia and internationally if he did not “take specific steps.”<sup>231</sup>

Mamuka Khazaradze also spoke about his confrontation with other state bodies. He accused National Bank President Koba Gvenetadze and his deputy of blackmail. He said that the prosecution, which was investigating a money laundering case related to him, had promised to keep the information confidential so as not to interfere with the bank’s landmark project, but, within a few days, had announced publicly that he was being investigated for money laundering.<sup>232</sup>

Who is against TBC Bank and why? Mamuka Khazaradze answered the former question himself. In his view, the bank was “un-

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<sup>230</sup> *ibid*

<sup>231</sup> Radio Free Europe / Radio Liberty (Georgian Service), Mamuka Khazaradze in Parliament: Key Statements, 4 March 2019, (in Georgian), <https://bit.ly/2MAQIKy>

<sup>232</sup> Tabula, Khazaradze: They said on December 31 that the case was confidential, and on January 9 it was made public, 4 March 2019, (in Georgian), <http://www.tabula.ge/ge/verbatim/145180-xazaradze-31-dekembers-tqves-rom-saqme-konfidentialuria-9-ianvars-ki-gasajarovda>

der attack by two political leaders”, one residing abroad and the other in Georgia.<sup>233</sup>

It is not difficult to guess who the founder of TBC Bank was referring to. The political leader residing abroad is Georgia’s ex-President Saakashvili, who often attacks Mamuka Khazaradze on Facebook. However, it is also clear that Saakashvili has no means of exerting pressure on the bank other than writing Facebook posts, suggesting that Khazaradze may only have mentioned him in an effort keep some sort of political balance.

The one who could, in fact, pull off an orchestrated attack on TBC Bank (if such a thing actually took place, since the authorities refer to the developments surrounding the bank as regular legal processes) is the second leader mentioned by Kazaradze.

No one has a full and exhaustive answer to the second question – why. The answers to this question are more akin to speculation. So, let’s answer two more questions – when and how.

\* \* \*

On June 13, 2018, the Prime Minister of Georgia, Giorgi Kvirikashvili, resigned. The reason for his resignation was the difference of opinion between him and Bidzina Ivanishvili on fundamental issues. One such issue was the construction of the port of Anaklia.<sup>234</sup>

The right to implement the Anaklia Port project was granted to Anaklia Development Consortium as a result of a tender in February 2016, during Giorgi Kvirikashvili’s time in office. Anaklia Devel-

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233 Tabula, Khazaradze: We are under attack by two leaders – one from abroad and one from inside Georgia, 4 March 2019, (in Georgian), <http://www.tabula.ge/ge/verbatim/145186-xazaradze-ori-lideris-tavdasxmis-qvesh-vart-ucxoetidan-dasaqartvelodan>

234 Netgazeti, Roman Kakulia does not deny that Ivanishvili asked Kvirikashvili about Khazaradze, 14 July 2018, (in Georgian), <http://netgazeti.ge/news/292532/>

opment Consortium includes several international companies, as well as TBC Holding. The opening ceremony for the construction work was attended by Prime Minister Giorgi Kvirikashvili, Minister of Economy Dimitri Kumsishvili and Minister of Foreign Affairs Mikheil Janelidze. After the Prime Minister's resignation, both ministers were dismissed.<sup>235</sup>

One month after Kvirikashvili's resignation, articles appeared in the press connecting Khazaradze's name with Mikhail Khodorkovsky, with the implication being that he would be arrested soon.<sup>236</sup> Reports that criminal prosecution had been launched against Khazaradze was first denied by TBC Bank and later by then Interior Minister Giorgi Gakharia.

However, at the time, Bidzina Ivanishvili was already expressing his disapproval of Khazaradze. During his public addresses criticizing Giorgi Kvirikashvili, Ivanishvili also mentioned the founder of TBC Bank, saying that the TBC Bank (together with the Bank of Georgia) "ate the country up".<sup>237</sup> Pro-government TV station Imedi also reported that the disapproval towards Kvirikashvili's team was based on the Anaklia Port project.<sup>238</sup>

A month later, the Prosecutor's Office actually launched an investigation into alleged money laundering by TBC Bank found-

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235 Transparency International Georgia, Investigation against TBC Bank founders: A timeline, 2 March 2019, <https://www.transparency.ge/en/blog/investigation-against-tbc-bank-founders-timeline>

236 Newposts, Khazaradze to share Khadarkovsky's fate – what order did the Prosecutor's Office take from Ivanishvili?, 12 July 2018, (in Georgian), <https://bit.ly/33POa0l>

237 Radio Free Europe / Radio Liberty (Georgian Service), Bidzina Ivanishvili: TBC and Bank of Georgia Ate the Country Up, 24 July 2018, (in Georgian), [https://www.radiotavisupleba.ge/a/29388426.html?fbclid=IwAR3AfBa-3Fm2TK\\_SxdUljg4TSiguBJ5QlphynbVx1sPm2rnLkVGNTNcmU](https://www.radiotavisupleba.ge/a/29388426.html?fbclid=IwAR3AfBa-3Fm2TK_SxdUljg4TSiguBJ5QlphynbVx1sPm2rnLkVGNTNcmU)

238 TV Imedi, Bidzina Ivanishvili: Kvirikashvili Is Breaking the Balance between Business and State Interests, 24 June 2018, (in Georgian), <https://imedinews.ge/ge/saqartvelo/71460/bidzina-ivanishvili-kvirikashvili-argvedba-balanss-biznesis-dasakhelmtsipos-interesebs-shoris-mas-agar-sheedzlo-martva>

ers. However, this investigation raised questions right away. The main question was – why now? Why did the prosecution decide to investigate something that had happened 11 years prior, during the Russia-Georgia war? And why was such attention paid to a case, for which the National Bank had already fined TBC with GEL 1 million?

In one television interview Bidzina Ivanishvili himself spoke about the reason he disliked Mamuka Khazaradze. A bit of context first: TBC Bank and Vano Chkhartishvili had a dispute in court. Bidzina Ivanishvili met with the opposing sides and, according to him, convinced Vano Chkhartishvili not to continue the dispute. Here's the full quote:

“Vano Chkhartishvili managed to start doing good things in a field that I appreciate very much. Folk song and polyphony are precious elements of our culture. He set up a house of folklore, the opening of which I was unable to attend.

“I helped this man out for having built such a palace; in his disputes with the Patarkatsishvili family and with TBC. Chkhartishvili had already won in the first instance, I had them sit down together and Chkhartishvili beat them by a score of 100-0, Khazaradze and Japaridze were just sitting there. The Georgian judiciary became very strong after our arrival. My point was that the court did not have the backbone to prove to the public that you had won a case against TBC Bank, the Arabs, the Patarkatsishvili's...

“I can thank Chkhartishvili over this. He got nothing but losses out of our relationship. I offered to help with my money; I have done this with many people before to avoid them damaging the state and the country. Who saw losses as a result of these disputes? – It was Chkhartishvili,” – said Bidzina Ivanishvili and continued: “Vano Chkhartishvili has been the most considerate one towards me, compared to any other businessman, he has made

the most concessions and I thank him for it. And then there is TBC Bank: Khazaradze has not even thanked me properly.<sup>239</sup>

No one believed the claim that TBC Bank was under regular legal proceedings. EU Ambassador Carl Hartzell said: “As for TBC Bank, it is an important issue since we are talking about a systemic bank. It has impact on the stability in Georgia’s banking sector. Correspondingly, we will continue following the situation.”<sup>240</sup>

The American Chamber of Commerce in Georgia issued a special statement that read: “The actions of the National Bank appear to circumvent accepted legal norms by requesting that the TBC shareholders suspend the authority of the Chairman and Vice-Chairman without full due process. Most importantly, we encourage all parties to continue to work towards a timely, fair and transparent solution to this issue. Otherwise, an ongoing, very public dispute will result in irreparable harm to the Georgian economy, reputation and future FDI.”<sup>241</sup>

Ultimately, Mamuka Khazaradze and Badri Japaridze left TBC Bank. The Bank’s Supervisory Board decided to terminate the legal dispute with the National Bank and pay the fine of GEL 1.1 million. Khazaradze and Japaridze continue their private dispute.<sup>242</sup>

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239 TV Imedi, Bidzina Ivanishvili: Vano Chkhartishvili Was the Most Accommodating of Them All, 26 October 2018, (in Georgian), <https://imedinews.ge/ge/saqartvelo/82821/ivanishvili-vano-chkhartishvili-m-kvelaze-meti-angarishi-gamitsia>

240 Interpressnews, EU Ambassador: TBC Bank Situation Affects Stability of Banking Sector in Georgia, 22 February 2019, (in Georgian), <https://www.interpressnews.ge/ka/article/534064-evrokavshiris-elchi-tibisi-bankis-irgvliv-arsebuli-situaciagavlenas-axdens-sakartveloshi-sabanko-sektoris-stabilurobaze/>

241 Liberali, Special Statement of the American Chamber of Commerce on TBC Bank, 20 February 2019, (in Georgian), <http://liberali.ge/news/view/43289/amerikis-savachro-palatis-spetsialuri-gantskhadeba-tibisi-bankze>

242 TV Imedi, Khazaradze and Japaridze Continue their Private Dispute, 21 February 2019, (in Georgian), <https://imedinews.ge/ge/ekonomika/97341/khazaradze-dajaparidze-kerdzo-davas-ganagrzdoben>

For outside observers, the most obvious expression of the orchestrated nature of the attack on TBC Bank was Facebook. Most people do not understand the financial or legal details of the case, nor do they know what the Minister of Interior said to different people. But everyone sees social media posts made by fake or real Facebook pages. Seeing these posts, it becomes clear that they do not appear spontaneously. Facebook campaigns like this have systematic, managed nature.

In the next chapter, we will review these social media campaigns, along with the traditional media.

## WHO OWNS GEORGIAN MEDIA

*“If you turn off Rustavi 2 today, you’ll see nothing but growth and development in the country” – Bidzina Ivanishvili, 2018.*<sup>243</sup>

On the eve of the first round of the 2018 presidential election, Nika Gvaramia, Director of TV company Rustavi 2, ate a pepper on air and then published the video on Facebook, urging others to do the same. According to him, the pepper was catastrophically spicy, though “there is nothing one would not do for one’s homeland”.<sup>244</sup>

What does homeland have to do with eating peppers? According to Nika Gvaramia, he had challenged the then presidential candidate, “traitor” Salome Zurabishvili. The essence of the challenge, according to his logic, was that while peppers are bitter, Salome Zurabishvili’s presidency would be even more bitter.<sup>245</sup>

Nika Gvaramia also referred to the doctors who had donated to Salome Zurabishvili’s election campaign as “scum”, then stated that supporting a candidate was “neither a matter of freedom of expression nor political taste”, and whoever supports her “must be extremely oppressed” and “pushed out of all areas of public life, be it business, culture or politics”.<sup>246</sup>

For its part, Imedi TV declared a “state of emergency” ahead of the second round of elections. According to the statement, this would mean adding one new talk show and increasing the fre-

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243 Liberali, Ivanishvili: If you turn off Rustavi 2, you’ll see nothing but development, 23 October, 2018, (in Georgian), <http://liberali.ge/news/view/40338/rom-gamorto-rustavi-2-qveyanashi-aghmavlobis-meti-araferi-khdeba-ivanishvili>

244 Metronome, Salome is a traitor, eat peppers – Gvaramia launches new challenge (video), 17 September 2018, (in Georgian), <https://bit.ly/35YWbCj>

245 Georgian Public Broadcaster – Channel 1, Nika Gvaramia – Salome is a traitor, eat peppers and be patriots, 17 September 2018, (in Georgian), <https://1tv.ge/news/nika-gvaramia-salome-moghalatea-chamet-wiwaka-da-iyavit-patriotebi/>

246 TV Imedi, Nika Gvaramia Goes after Gynecologists This Time, 5 October 2018, (in Georgian), <https://imedinews.ge/ge/saqartvelo/80094/nika-gvaramia-amjerad-meanginekologebs-erchis>

quency of another. An announcement by a TV station that it would strengthen its news service ahead of elections would not be surprising, were it not for the rest of the statement, which claimed that the change was being made “to prevent the return of the [United National Movement] regime”.<sup>247</sup>

No one was surprised that Georgia’s two largest television channels were directly involved in the election campaign as political actors. Obviously, there was some outrage expressed by media experts, other experts, or just regular people active on social media. But nobody was surprised. After all, this was nothing new.<sup>248</sup>

Media in independent Georgian has always been this way.

For as long as one can remember, Georgian media experts have been saying the same things – discussions and round tables are being held, media monitoring reports are published by respected or not so respected organizations, but the conclusion is always the same – Georgian media (mostly television) is extremely polarized and this is bad.

During all these years, players changed, while the rules of the game remained the same. There were two main forces – Rustavi 2 and Imedi – that were perceived as mouthpieces of opposing political poles. The owners of these television stations have been publicly known to a varying degree over the years. However, it was always assumed that political forces were behind these de facto owners.

There are, of course, other television stations that have been influential for a certain period of time – Kavkasia, Iberia, Pirveli, Maestro, Channel 9 and others.

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247 TV Imedi, Imedi Enters Emergency Mode, 30 October 2018, (in Georgian), <https://imedinews.ge/ge/saqartvelo/83392/imedi-mushaobis-sagangebo-rejimze-gadadis>

248 Netgazeti, The Polarization of Media: Imedi’s Emergency Mode and Rustavi 2’s Peppers, 1 November 2018, (in Georgian), <http://netgazeti.ge/news/316414/>



There is also the Public Broadcaster, which is always relevant due to the fact that it is funded from the state budget, but never manages to achieve significant ratings. In short, the first and second places by rating are invariably held by Rustavi 2 and Imedi, which are always significantly ahead of whoever holds the third place.

It is always noted that there are other media outlets besides TV channels – quality online publications, radios, newspapers, regional broadcasters – though they have never been able to change the overall media environment.

It is safe to say that it has always been enough to look at the editorial policies of Rustavi 2 and Imedi to understand at least 80 percent of the overall media environment in Georgia. On one side there was always some variation of the “pepper”, and the “state of emergency” on the other. These two have been the main actors for the longest time, with all the others combined – radio, newspapers, online publications – playing supporting roles, as they say at the Oscars.

However, as of 2018, this may be changing. Television as a whole, as the only source of public opinion making, has seen the rise of a new rival.

Television is still the most important type of media in Georgia. All relevant studies suggest that television remains the main source of information for Georgians. However, every year, or maybe even every month, the scope of informational confrontation is expanding, with more of it taking place on the Internet.

Let's start by examining television first.

\* \* \*

The topic of television ownership can be divided into two parts. One first part is who are the official owners of this or that channel. The second is who defines a channel's editorial policy. Finding information about the first part is easy. As for the second

part, information often comes from secret recordings, leaked information and indirect evidence. However, it is also possible to draw conclusions by simply observing the news broadcasts.

We have already mentioned the legal proceedings concerning Rustavi-2. The dispute finally ended in July 2019 and the TV station was handed over to Kibar Khalvashi.<sup>249</sup> The nongovernmental organizations' fears that ownership change would jeopardize the channel's editorial independence<sup>250</sup> materialized soon, as the channel's new general director whom Khalvashi had appointed fired a group of the channel's leading journalists. Nodar Meladze, the head of the channel's news service who was among those dismissed, said that, two weeks earlier, an intermediary had delivered to him a message from Bidzina Ivanishvili who asked for his help in changing Rustavi-2's editorial policy.<sup>251</sup>

The journalists who were dismissed from Rustavi-2 joined the new Mtavari Arkhi TV station which former Rustavi-2 General Director Nika Gvaramia had founded.<sup>252</sup> Meanwhile, the Prosecutor's Office brought charges against Gvaramia, accusing him of abusing his powers as Rustavi-2 general director to the company's detriment.<sup>253</sup> According to nongovernmental organizations, the hasty actions by the Prosecutor's Office in this case raised suspicions that the "case may be politically motivated and is aimed at persecuting opponents and critical media."<sup>254</sup>

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249 Commersant.ge, Strasbourg Has Found No Violations in Rustavi-2 Case, Has Lifted Temporary Measure, 18 July 2019, (in Georgian), <https://bit.ly/2NHxgMN>

250 Statement of NGOs on the Developments Around Rustavi 2 TV, 18 July 2019, <https://bit.ly/36UDDUK>

251 Statement of NGOs on the Ongoing Staff Changes in Rustavi 2 TV, 20 August 2019, <https://bit.ly/2QaBiig>

252 Samkhretis Karibche, Nika Gvaramia Has Founded New TV Station Mtavari Arkhi, 17 August 2019, (in Georgian), <http://sknews.ge/index.php?newsid=23915>

253 Business Media Georgia, Prosecutor's Office Has Brought Charges Against Nika Gvaramia. What Is Investigation Accusing Former Rustavi-2 General Director Of?, 9 August 2019, (in Georgian), <https://bit.ly/34LbOMq>

254 Statement of NGOs on the Charges Made Against former Director-General of Rustavi 2, Nika Gvaramia, 9 August 2019, <https://bit.ly/2NZcdUI>

Imedi TV is fully owned by the Georgian Media Production Group, which, in turn, belongs to Badri Patarkatsishvili's widow and one of the wealthiest people in the country Ina Gudavadze. The TV company was returned to her after the United National Movement lost the 2012 election.<sup>255</sup>

Georgian Media Production Group also owns Radio Imedi, Imedi Films, Touch Media and TV company Aisi, which is not currently broadcasting. In early 2017, Imedi bought TV company GDS, previously belonging to Bidzina Ivanishvili's family, and turned it into an entertainment channel.<sup>256</sup>

The Imedi holding also includes TV company Maestro. Officially, 55% of Maestro is owned by Giorgi Gachechiladze,<sup>257</sup> but Ina Gudavadze has confirmed that she bought the shares from Gachechiladze.

Figuring out Imedi's political sympathies is also not a terribly complicated task. Even before declaring a state of emergency, the channel did not conceal which candidate it supported in the presidential election. A simple overview of its news and entertainment programs is enough to figure out which political pole Imedi is pointing to.

We mentioned earlier that these two channels are the ones that determine the environment on television. To illustrate that this is not just the opinion of the author, we can look at data from the TV rating company TV MR Georgia, according to which, from 2012 to 2018, Rustavi 2 and Imedi TV stations held the first and second places in terms of TV audience share.

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255 Radio Free Europe / Radio Liberty (Georgian Service), The Return of Imedi, 17 October 2012, (in Georgian), <https://www.radiotavisupleba.ge/a/imeditv/24742578.html>

256 Netgazeti, GDS Turned into an Entertainment Channel – What Is the Fate of Maestro?, 21 February 2017, (in Georgian), <http://netgazeti.ge/news/174606/>

257 Georgian National Communications Commission, TV Maestro ownership, (in Georgian), <http://gncc.ge/uploads/other/2/2829.pdf>

Third place was sometimes taken by the Public Broadcaster, Maestro, GDS and Comedy Channel. But the difference between the first two and the third places was always significant.<sup>258</sup>

Things become even clearer when looking at the TV advertising market – Rustavi 2 and Imedi holdings account for 81 percent of the entire market.<sup>259</sup>

This, of course, does not mean that other TV companies have no influence or that they are free of suspicious processes. For example, in this book we repeatedly referenced information broadcast on TV Pirveli. This TV company was also mentioned in the letter, which Mamuka Khazaradze claimed was written by the Minister of Internal Affairs Giorgi Gakharia. “Gakharia’s Letter” (the authenticity of which is denied by the minister) reads: “In the next five days, TV1 must adopt the TV Imedi trend, switch to a state of emergency broadcasting (we need to see this in the editorial policy of the channel)”.<sup>260</sup>

It is unclear why Mamuka Khazaradze would receive this demand, as he does not seem to have a connection with TV Pirveli, which is owned by businessman Vakhtang Tsereteli. However, information that the government is dissatisfied with this television and plans to do something about it periodically surfaces in Georgian media. In the beginning of 2018, at a roundtable on media challenges, Nino Zhizhilashvili, a journalist from TV Pirveli, said: “I want to tell you about the small signals that we, TV Pirveli received lately. These were quite alarming signals: the government

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258 Media Checker, Media Pluralism in Georgia – Myth or Reality, 26 April 2018, <https://www.mediachecker.ge/ka/mediagaremo/mimokhilva/article/51400-mediapluralizmi-saqarthveloshi-mithi-thu-realoba>

259 Forbes Georgia, Television Revenue: Two media holdings account for 81% of the advertising market, 22 February 2018, <http://forbes.ge/news/3486/satelevizio-Semosavlebi>

260 Radio Free Europe / Radio Liberty (Georgian Service), Rustavi 2: Badri Japaridze Delivered the Letter from Giorgi Gakharia to Mamuka Khazaradze, 10 March 2019, (in Georgian), <https://www.radiotavisupleba.ge/a/29813030.html>

is not comfortable with the fact that there is a small but solid independent media outlet on the market that is able to form public opinion. We have felt such signals lately.”<sup>261</sup>

In August 2019, as part of an investigation into alleged case of money laundering, the Prosecutor’s Office brought charges against businessman Avtandil Tsereteli whose family owns TV Pirveli. As in Nika Gvaramia’s case, nongovernmental organizations linked the Prosecutor’s Office’s actions against Tsereteli to government pressure on independent media.<sup>262</sup>

As we mentioned earlier, since 2018, more precisely, since the second round of presidential elections, it has become clear that an increasingly greater attention is being paid to social media: information, memes and comments posted on various pages and groups.

Compared to these social media posts, the previously discussed “pepper eating” and “state of emergency announcement” looked like balanced, measured journalism. Signing up on social media is easy and no one knows which user is a real person, and which is a persona created by politicians. Creating a website is also cheap, and it is often hard to obtain information from the Public Registry that would clarify whether a particular news agency, set up a few months ago, is a real media organization or one created for the purpose of spreading disinformation.

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Avtandil Kereselidze is no more.

He was an active, working young man who had his political sympathies and did not shy away from expressing them. He post-

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261 Netgazeti, Nino Zhizhilashvili: there were hints that TV Pirveli needed to change its editorial policy, 16 February 2018, (in Georgian), <http://netgazeti.ge/news/253378/>

262 Prosecution of TV Pirveli owner’s family member reinforces questions concerning freedom of speech and selective justice in the country, 22 August 2019, <https://bit.ly/2CMRsXj>

ed on Facebook quite often and had become an opinionmaker in the process. He was the administrator of several pages, which together still have tens of thousands of likes. In addition, he was active in various other groups as well. For example, his posts were read by the 230,000 members of the Facebook group called News.

When he wasn't sharing political memes, he did the same as everyone else: checked in from Germany, and posted professional photos of himself while asking for likes. From time to time, when he was tired of everything, he walked alone up to Mtatsminda, where someone took photos of him (the photos he posted were clearly taken by another person, although he claimed that he was alone) looking down at the city and thinking.

However, for the most part he shared political posts. He became especially active ahead of the second round of the 2018 presidential elections. He wrote "F... Misha, F... Grisha" and expressed his support for Salome Zurbishvili. After taking some time off, he became active again on January 9, 2019. It appeared that Avtandil Kereselidze had grown to despise Mamuka Khazaradze exactly at the time when the Prosecutor's Office announced an investigation into money laundering by TBC Bank. He started producing a lot of memes and caricatures featuring "usurers" and "stolen millions".

Avtandil left this world on February 25, 2019. This was the date when the Media Development Fund published its study titled Government Trolls Against Mamuka Khazaradze.<sup>263</sup> The study argued that Avtandil Kereselidze was not a real person, but a specially created social media tool designed to discredit government opponents.

Yes, but what about all the pictures? What about his contemplations on Mtatsminda? Whose photos were those?

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263 Media Development Foundation, Media Trolls against Mamuka Khazaradze, 2019, [http://mdfgeorgia.ge/uploads/library/103/file/saxelisuflebo\\_trolebi.pdf](http://mdfgeorgia.ge/uploads/library/103/file/saxelisuflebo_trolebi.pdf)

The photos actually belonged to Karo Manukyan, an Armenian engineer living in Yerevan, who had once visited Tbilisi, had taken a photo on Mtatsminda and had no idea that his photo had been used by “Avtandil Kereselidze”.<sup>264</sup>

However, Avtandil did live for a few hours following the publishing of the report. He wrote that he was real of course and that he would go to court over this. Within two hours, he was gone from Facebook.<sup>265</sup>

Avtandil is no more, but this is no consolation. The Georgian social media space has seen the emergence of so many trolls over the past two years that it starts to resemble a Scandinavian tale.

Still, how many are we talking about? This is what was discovered by the International Society for Fair Elections and Democracy, which analyzed the social media situation during the 2018 presidential election.

According to the report, the number of pages created to discredit politicians tripled between the first and second rounds of the election. ISFED discovered 54 such pages before the first round, this number increased to as much as 160 since October 19.<sup>266</sup>

The organization concluded that 43 pages acted against Salome Zurbishvili and the Georgian Dream, 72 pages attempted to discredit Grigol Vashadze and the UNM, 8 pages claimed to support one of the candidates, but were actually trying to discredit them (7 of these pages were against Grigol Vashadze, and 1 was against

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<sup>264</sup> *ibid*

<sup>265</sup> On.ge, Government troll Avtandil Kereselidze can no longer be found on Facebook – MDF, 25 February 2019, (in Georgian), <https://bit.ly/2SoqGtr>

<sup>266</sup> International Society for Fair Elections and Democracy, 2018 Presidential Election Social Media Monitoring – Second Interim Report, 20 December 2018, <http://www.isfed.ge/eng/news/sotsialuri-mediis-monitoringi-meore-shualeduri-angarishi>

Salome Zurabishvili). The remaining pages portrayed themselves as media outlets, but were actually engaged in propaganda.<sup>267</sup>

During this period, 23 ultra-nationalist pages also became active. While previously they published posts with the message of “the West is turning us into gays”, they started making political statements before the second round of elections – largely in support of Salome Zurabishvili, but at times also criticizing the Georgian Dream.<sup>268</sup>

Rather than a Scandinavian tale, the situation was more like the movie *The Matrix*, where nothing is real and robots control everything.

This “movie” started out as a light drama or comedy at first. The Georgian Dream positioned itself as being indifferent to whoever would become the president, even if the opposition candidate were to win.

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267 *ibid*

268 *ibid*



## WHO OWNS THE WILL OF THE PEOPLE

*“I am very pleased that the problem that has affected more than 600,000 people will be resolved. It is very difficult to link this to the elections. What would they say if the elections were over in the first round and this decision was announced afterwards?” – Kakha Kaladze, 2018.<sup>269</sup>*

Prior to the second round of elections, independent presidential candidate Salome Zurbishvili was removed from campaign banners. The banners still read “A Principled Choice” and bore the candidate’s electoral number (48), but the photos had been changed.

Some of these new banners featured the faces of Bidzina Ivanishvili, Kakha Kaladze or Irakli Kobakhidze under Salome Zurbishvili’s name.

The face of Georgia’s first female president was removed shortly before the elections. Portraits of five different men appeared in her place.

Many did not believe this at first. Facebook comments under these photos read: “there’s no way this is real, it’s a fake for sure”. But they were no fakes. Soon, many such banners appeared in Tbilisi and other cities in Georgia.

For several days, the entire Georgian internet made fun of these banners.<sup>270</sup>

Worth noting is the fact that prior to the elections, Bidzina Ivanishvili was saying that, since Georgian Dream controls

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269 Georgian Public Broadcaster – Channel 1, Kakha Kaladze: Did the the NGOs finally come out of there cellars?, 20 November 2018, (in Georgian), <https://1tv.ge/news/kakha-kaladze-gacokhldnen-arasamtavroboebi-gamovidnen-sardafebidan/>

270 Radio Free Europe / Radio Liberty (Georgian Service), What Does the Substitution of Salome Zurbishvili Mean, 16 November 2018, (in Georgian), <https://bit.ly/32wvove>

everything in Georgia, it would be no tragedy for the opposition candidate to win the presidential elections.<sup>271</sup>

His position at the time could be summarized as follows: Georgian Dream should support a worthy independent candidate, which will be a step towards strengthening democratic institutions in the country. If no one is worthy, we will not support anyone and let whatever happens be. Bidzina Ivanishvili also mentioned that there was a difference of opinion inside the party and here he was telling everyone to listen and obey.<sup>272</sup>

Obey they did, and so Georgian Dream decided to support independent candidate Salome Zurbashvili. Prior to the first round, the support was mild. As a result, the first round of elections on October 28 did not yield a clear victor: Salome Zurbashvili received 38.64% of the votes, while National Movement candidate Grigol Vashadze got 37.74%.<sup>273</sup>

As for the second round, Georgian Dream used all leverage at its disposal to have its candidate win the elections. Bidzina Ivanishvili himself was fully involved in the elections; nowhere did he reiterate that an opposition win would be fine. No, he was now calling the voters personally (through a pre-recorded automatic message), urging them to vote for Zurbashvili.

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Statements by election observers and NGOs about the misuse of administrative resources have been the rule rather than the

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271 Georgian Public Broadcaster – Channel 1, Bidzina Ivanishvili – My position is to support a dignified, independent candidate in the presidential elections, if there is none, we will not support anyone, and the opposition can share this institution, 24 July 2018, (in Georgian), <https://1tv.ge/news/bidzina-ivanishvili-chemi-poziciaa-saprezidento-archevnebze-ghirseul-damoukidebel-kandidats-davuchiro-tmkhari-tu-ar-iqneba-arc-aravis-ar-davuchiro-t-da-opoziciam-gainawilos-es-instituti/>

272 TV Imedi, The State Security Service Denies Involvement in Presidential Elections, 31 October 2018, (in Georgian), <https://imedinews.ge/ge/archevnebi-2018/83454/susi-saprezidento-archevnebshi-charevas-uarkops>

273 <https://imedinews.ge/ge/archevnebi-2018/83454/susi-saprezidento-archevnebshi-charevas-uarkops>

exception for almost all elections held throughout the history of independent Georgia. When assessing the above election, Transparency International Georgia wrote that: “the scale of the misuse of administrative resources for electoral purposes have increased considerably in the run up to the second round, which could significantly affect the election results”.<sup>274</sup>

However, the misuse of administrative resources took a back seat during the second round. This time, NGOs spoke about the “alleged vote buying on an unprecedented scale in Georgia”.<sup>275</sup>

Before the second round of presidential elections, the government announced a plan to write off bank loans for 600,000 debtors. The loans would be covered by the Cartu Foundation.

The government claimed that there was nothing unusual about this plan, which had apparently been in the works for a long time and its announcement simply coincided with the second round of presidential elections. This explanation was offered by the Mayor of Tbilisi, who also stressed that the state budget would not be used to implement this plan.<sup>276</sup>

Obviously, no one believed that the time of the announcement simply coincided with the elections. Mikheil Benidze, Executive Director of the International Society for Fair Elections and Democracy, told Radio Liberty that, had the initiative involved to spend

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274 Transparency International Georgia, *Misuse of Administrative Resources during Georgia's 2018 Presidential Elections*, 10 January 2019, <https://www.transparency.ge/en/post/misuse-administrative-resources-during-georgias-2018-presidential-elections>

275 REGinfo, *NGOs: The alleged vote buying of this magnitude is unprecedented for Georgia – NGOs*, 20 November 2018, (in Georgian), <https://reginfo.ge/politics/item/10864-amomrchevlis-am-masshtabis-savaraudo-mosybidva-saqartvelostvis-uprezendenttoa-%E2%80%93-arasamtavroebis>

276 TV Imedi, *Kaladze: The government has been working on solving the problem of excess loans for several months*, 21 November 2018, (in Georgian), <https://imedinews.ge/ge/saqartvelo/86351/kaladze-mtavroba-charbvalianobis-problemis-gadachraze-ramdenime-tvea-mushaobs>

money from the state budget, then it would be a matter of using administrative resources, but in this case, it constituted alleged vote buying.<sup>277</sup>

The suspicion that a 1.5 billion debt write-off by a foundation associated with a man whose face graced election billboards could be considered vote buying was voiced by each and every organization working on elections.

According to Irma Pavliashvili, Executive Director and the Election Programs Coordinator of Georgian Young Lawyer's Association, two things need to be considered: one is reflecting a new initiative in the state budget, and the other is vote buying by a particular party.<sup>278</sup>

A joint statement by three major NGOs read: "It is true that Bidzina Ivanishvili, who is the chairman of the party Georgian Dream, is not mentioned in the registration documents of the Cartu Group, however, for the general public, this organization is associated with him and his family. Besides, the chairperson of the board of Cartu Foundation directly states that the decision in question was made by Bidzina Ivanishvili. Consequently, the announcement made by the representatives of the government on the repayment of such a scale and amount of financial loan by the Cartu Group before the second round of the elections will be naturally associated with Bidzina Ivanishvili and his campaigning in favor of Salome Zurabishvili." <sup>279</sup>

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277 Radio Free Europe / Radio Liberty (Georgian Service), Debt Write-Off in Exchange for Votes?, 20 November 2018, (in Georgian), <https://bit.ly/2SsqGZG>

278 Tabula, GYLA: There are signs of vote buying in the loan write-off initiative, 19 November 2018, (in Georgian), <http://www.tabula.ge/ge/story/139981-saia-valebis-ganulebis-iniciativashi-amomrchevlis-moskidvis-nishnebia>

279 Transparency International Georgia, The initiative to write off debts represents unprecedented case of alleged vote buying, 21 November 2018, <https://www.transparency.ge/en/post/initiative-write-debts-represents-unprecedented-case-alleged-vote-buying>

Salome Zurabishvili won the second round of the elections with a considerable lead. Obviously, no one can measure exactly what impact the debt write-off had on the results, but, at the same time, no one doubts that it would definitely have real impact.

In a preliminary report issued by the International Election Observation Mission, observers noted that the second round of the presidential election was largely well administered, though the electoral process was marred by harsh rhetoric, violent incidents and misuse of administrative resources.

One of the most noteworthy assessments was the following: the line between the state and the party was blurred in the second round of elections.<sup>280</sup>

This assessment is especially noteworthy, because, even though the observation mission was referring to the elections, this phrase can easily be extended to comment on almost all chapters of this book.

In Georgia, the boundary between the state and the will of one man is becoming increasingly blurred.

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280 Radio Free Europe / Radio Liberty (Georgian Service), Second Round of Elections and Harsh Preliminary Assessment by International Observers, 29 November 2018, (in Georgian), <https://bit.ly/2P88TZp>

