



## **GYLA to Provide Legal Assistance to Former Shareholders of JSC Tbilaviamsheni**

Georgian Young Lawyers' Association (GYLA) will provide legal assistance to former shareholders of TAM Tbilaviamsheni and former partners of JSC Tbilaviamsheni, who under the sale agreement concluded in 2004, brought from the state 90% of shares of JSC TAM Tbilavbiamsheni for the equivalent of USD 67 million in Georgian laris.

Following intimidation and pressur exerted in 2010, the shareholders were forced into giving their property to the state for free. The illegally acquired property remains in state ownership, as property of the Ministry of Economy and Sustainable Development.

Statements provided by shareholders and evidence available in the case suggest that various state authorities committed a numer of illegal activities against the shareholders, most of which show signs of crime; in particular,

On June 19, 2010, representatives of the Ministry of Finance's investigating authorities inspected the company and seized all accounting and financial/economic documents as well as computer processors based on a court warrant. Despite applicable stipulations of the law, protocols of seizure were not drawn up and the documents were returned to the owner only after the shareholders gave their property to the state for free;

On Saturday, June 26, 2010, the largest shareholder and the director of the company, Pantiko Tordia, was summoned to the MOF's investigating authorities and charged. He was subjected to psychological pressure for several hours and eventually was demanded to "give the company to the state for free". P.Tordia was forced to agree to

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the demand, after which the legal proceedings brought against him were discontinued. This clearly suggests that the only reason the probe was launched was to force P.Tordia into giving the property to the state for free in fear of the arrest.

Other shareholders also faced problems. Throughout months the public registry refused to provide an abstract title for reasons unknown, even though the law stipulates that the agency must provide the document within the period of one day. After the state needed the document for preparing a notary act, the public registry issued it in five minutes after closing of COB on Sunday without a delay. They had remaining partners of the JSC sign a deal of free concession of shares the same day. In following days 24 more shareholders expressed their wish for a charity in favor of the state and transferred their property to the latter free of charge.

Notably, the company concerned was considered to be one of the most successful companies in Georgia, until it became state-owned. Unlike many other enterprises in Georgia, it was able to maintain its technical capacity and the product it produced held an important place in Georgian exports.

Over the recent years there have been gross and large-scale violations of property right. It is alarming that the office of the chief prosecutor of Georgia has reported 9600 cases where property was transferred into the ownership of the state for free. Decisions made by various administrative and legal authorities grossly violating the right to property are far more. This is a far-reaching problem and the public expects for the authorities to make effective and reasonable decisions for improving the difficult situation, which will have a positive impact on business climate and promote economic welfare of the country.

Further, it is impossible to tackle the problem without delivering fair and lawful decisions in concrete cases. The case that involves JSC Tbilaviamsheni is one of the most vivid examples of how the state acted against property owners. There is now a simple way available to remedy the illegal practice – the property is still under the state's ownership and it is possible to restore justice without involving ad hoc commissions and using any other additional legal mechanisms. The only thing required is the government's good will, which we believe exists. From legal point of view, it will be as easy to return the property as it was in the case of Imedi TV Ltd.

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GYLA will provide legal assistance to former owners of Tbilaviamsheni and we will file in court seeking the return of property back to its owners. In view of the fact that it is the policy and the desire of current government to restore justice and illegally violated rights under the previous leadership of the country, which was publicly stated on a number of occasions, we expect the Ministry of Economy and Sustainable Development to hold the right position and the court to deliver a lawful decision by granting the claim and restoring the violated rights.