

# BLACK BOOK

OF PUBLIC MONEY WASTE  
IN REPUBLIC OF MOLDOVA  
2019



FRIEDRICH NAUMANN  
FOUNDATION For Freedom.  
Moldova



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CHIȘINĂU 2019

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# FOREWORD

**THE BLACK BOOK OF PUBLIC MONEY WASTE** is a project of the Friedrich Naumann Foundation for Freedom, implemented in partnership with the Association of Independent Press.

We took up with project in order to offer to the Moldovan citizens information about how their money is used. Its main purpose is to contribute to a better awareness of the fact that each citizen deserves to be respected for being taxpayer, for paying their taxes and duties, and that the representatives of public institutions are responsible for the transparent and efficient use of such resources.

In this first edition, we present cases when taxpayer money was abusively used through public spending on useless or bad quality projects. In many cases, staggering amounts were used with no justification and without meeting any public needs. This work also brings examples of officials' low responsibility leading to poor achievements and delays. Finally, it presents cases that raise suspicions of abusive use of public money in the interests of certain persons i.e. conflicts of interests that have come in the sight of the law enforcement.

As revolting are the cases of corruption and defrauding of funds coming from assistance projects of the European Union or of other international donors. Although the procedures for spending and control of European money are stricter than in national projects, abuses have been documented by investigative journalists and have thus been included in the Black Book. This edition focuses especially on clarifying some of such situations.

The idea of this project is to reassert the importance of citizen control to prevent notable abuse by the representatives of the governance.

Together with media organizations and investigative journalists, we will continue to collect cases of abuse and misappropriation of public funds, and to present them to you periodically. However, such an effort also requires citizen participation.

Beyond the above-said, the Black Book is an invitation to all interested parties to work together for a society that is more transparent and more accountable to its citizens and their resources.

**SERGIU BOGHEAN,**

Project Coordinator in the Republic of Moldova  
of Friedrich Naumann Foundation for Freedom

# **MILLIONS OF LEI MISAPPROPRIATED IN CRIULENI FROM CROSS-BORDER PROJECT.**

## **DISTRICT RISKS RETURNING EUROPEAN MONEY FROM ITS BUDGET**

**SVETLANA CERNOV,**  
**„EST-CURIER”, October 2019**

*A Romania-Ukraine-Moldova cross-border project funded by the European Union that provided for the construction of a waste management service in the District of Criuleni was totally compromised by conflicts of interest, mismanagement and misappropriations. The project cost 1,893,819 euros and was to be implemented from 2013 to 2015. The landfill has not been built even as of 2019, although millions have been spent. A significant number of the people involved in the project's implementation have appeared in criminal cases, and the Criuleni District Council has received a summons from Romania to return the European grant money. The council does not want to return the money (investigations are underway to establish who misappropriated it) and would prefer instead to allocate funds for finishing the project. They could then report to the Europeans that the work has been done which would remove the obligation to return the funding and avoid being black listed. The Criuleni District Council, however, has not yet decided how to solve this problem.*



## PROMISING BEGINNING

Several months before the liberalization of the visa regime for Moldovan citizens when the country was called the “success story” of the Eastern Partnership, Criuleni was with great pomp and circumstance launching two projects for which European money had been allocated: the Cross Border Waste Management Tool for Rural Localities and the Cross-Border Inventory of Degraded Land (CRING). Both received funding from the EU through the Joint Operational Programme Romania-Ukraine-Republic of Moldova 2007–2013 (Ro-Ua-Md JOP), but neither has been successfully completed. The value of the waste project was EUR 1,893,819 and of the inventory of degraded land was EUR 1,935,500.

Criuleni District was a partner in both projects and allocated public money for their implementation in the amount of EUR 102,455 and EUR 42,850, respectively, about 2,906,000 lei in all. Hereinafter, we refer to the first project, i.e. the Cross-Border Waste Management Tool for Rural Localities. The second one deserves a separate investigation.

On 28 December 2013 at a big ceremony in the meeting room of Criuleni District Council (DC)<sup>1</sup> with the participation of the president of the Liberal Democratic Party of Moldova (PLDM) and of then

ex-Prime Minister Vlad Filat, the implementation of the project with an investment of 1,893,819 euros was announced. The project was to implement an efficient waste management tool based on the experience of neighboring countries Ukraine and Romania in order to have a waste collection and storage/sorting mechanism, "... as clean and as ecological as possible in the future." The target group was the residents of the three communes of Hrușova, Boșcana and Coșernița that encompass six localities in total. The project was to result in two waste landfills in line with all European standards: a new one in the village of Hrușova and an extension to an already existing one in the town of Storojineț, Storojineț District, Ukraine. The partner town of Hîrlău, Romania already had such a landfill at that time. Hence, the role of the Romanian side was to transfer their experience in creating a mechanism for solid waste collection and management and in organizing a landfill to their partners in Criuleni and Storojineț. The funding that the Hîrlău mayor's office received was to improve the service already provided to its citizens.

The launching ceremony was attended by then Mayor of Hîrlău Constantin Cernescu who called on the partners to persevere and to educate the population in the correct use of the service but also to be very careful how they managed the resources allocated: "I'd like to wish the project's implementation team a lot of success and also ask them to be very careful because, many times, if eyes aren't wide open, the money pouch is, and then we'll have to give the money back from the revenues of the respective localities' own budgets. So, be very careful in the implementation of the project!" the Hîrlău mayor said.

## WHAT HAD TO BE DONE

The land plot in Hrușova allocated outside the locality's boundaries between the villages of Chetrosu and Ciopleni was to be fenced off by a net and to have photovoltaic panels on utility poles. All three partners in the project were to be supplied with 6,000 waste bins, four waste compactors and four waste collection and transportation vehicles as well as with information and education activities for the population on selective waste collection.

Of the project amount of 1,893,819 euros, 90% was offered as a



grant and 10% was the input from the partners in the three countries. The biggest investment was to be in Criuleni at 1,043,181 euros, while the District of Storojineț in Ukraine was to receive 392,941 euros, and Hîrlău Municipality 356,967 euros. The remaining resources were to be shared by two NGOs, one in Ukraine and one in Romania, as project co-partners with each receiving about 100,000 euros. With this money, the NGOs were to carry out information and education activities for the population and to publicize the project via websites, leaflets, information campaigns and promotional films. The project was also joined by the Moldovan NGO Applicative Studies Association Asstreia as project supervisor, a member of which was one of the project's authors.

Criuleni DC was the main beneficiary, and at the end of the second project year (the beginning of 2016) was to have a much desired mechanism for solid waste management for the three communes in the district. The grant contract was signed on 29 November 2013 by the Ministry of Regional Development and Public Administration (MRDPA) of Romania represented by Liviu Dragnea, and Criuleni DC, represented by Vitalie Rotaru.

**THE PROJECT WAS COMPROMISED AND  
THE DISAPPEARANCE OF THE MONEY IS UNDER  
INVESTIGATION AT PRESENT, SIX YEARS AFTER  
CONTRACT SIGNING**

The actions on the Criuleni side and of the local partners both during the project's active stage and after the expiration of the deadline for completion delayed the project for many years and for some time since have even been incurring costs from the budget. The district authorities are now compelled to allocate additional sums to cover the gaps caused by the presumed misappropriations from the European Union's grant.

The discussions on the participation of Criuleni District in Ro-Ua-Md JOP actually started right after the 2011 general local elections when the Liberal-Democratic leadership came to rule the district and Vitalie Rotaru became president. A team of experts developed the Cross-Border Waste Management Tool for Rural Localities, and to

make the investment possible, sought a suitable plot on which to build the landfill. A plot on which the mayors of the three localities involved agreed was found outside the commune, and on 22 June 2012 based on Decision 11.02 of 30 May 2012 of Hruşova Commune Council, Criuleni DC took management of the 2.5 hectare plot for the landfill for a term of three years. Presiding over the meeting was the Liberal-Democratic councilor Ghenadie Cazacu; the vote was very close (17 for to 15 against). After three years, Mayor Parascovia Cotovici of Hruşova reminded everyone that the land was to come back into the commune's possession along with the landfill.<sup>2</sup>

Four months later on 12 October 2012, Criuleni DC unanimously decided to participate in the second project tender under the Ro-Ua-Md JOP and set up the Project Implementation Agency (PIA) under the administration of the district president. Assurances were made to the donors at that time that the district would provide the required co-funding if the project won the competition.<sup>3</sup>

PIA management was entrusted to Pavel Gore of Criuleni; Iurie Popovici, who at that time was employed by the DC as Deputy Chief of the Division for Investments and Foreign Economic Relations, was appointed project manager. Veaceslav Botnari was hired as financial manager. The PIA president received very broad powers: to interact on behalf of the beneficiary (Criuleni DC) with all project partners both in Moldova and abroad; to contract experts; to open and to manage bank accounts; to sign financial-banking documents; to have his own stamp and to apply it on all project documents; to negotiate and sign contracts for the supply, transportation, installation of equipment, publicity services and communiques; to submit reports; and to represent the applicant in relations with decision makers inside and outside the country in issues related to project implementation. Control over the PIA was assigned to the district president (Vitalie Rotaru at that time). He also had the right to sign requests for funding and partnership agreements with project donors. PIA staff were to be paid salaries from the project, not from public money.

In August 2013, the decision changed,<sup>4</sup> so the project staff changed. On 31 May 2013, the Chief of the Division for Investments and Foreign Economic Relations Sergiu Ceauş sent an informative note to the Secretary of Criuleni DC requesting him to draft a decision for

removing Iurie Popovici from the position of manager because, “The main specialist Iurie Popovici does not meet the requirements” of the donor, although it was also he who in October 2013 argued in the plenary meeting of the council that Popovici should be manager because, “A colleague is needed who speaks English because the entire correspondence will be in English, and he should also be an economist so he could manage the funds according to the European Union budget.” In 2012 Ceauş had said that as chief of division he could not be manager because that would be a conflict of interests, but in 2013 Ceauş proposed himself not only as a replacement for Popovici as manager but also as project coordinator this time ignoring the risk of a conflict of interests. On 22 August 2013, the councilors accepted Ceauş’ proposal and passed Decision no. 13.11 that legalized the change.

Another staff change took place on 28 March 2014. The council accepted the proposal of Iurie Popovici, then Acting Division Chief, to replace Pavel Gore, President of PIA, who allegedly was to be transferred by the Ro-Ua-Md JOP Operational Office to another project, with Andrei Revenco, the brother of Svetlana Chesari, President of ASA Asstreia, the Moldovan NGO partner. Ms Chesari had frequently reported on the project’s implementation in plenary meetings of Criuleni DC, stating that Asstreia was “project supervisor” based on a memorandum signed between PIA and her association.<sup>5</sup>

After the 2015 local elections, Sergiu Ceauş became an employee of the Government Chancery, and in February 2016, he acceded to Parliament. By that time he was already under criminal investigation for misappropriating funds from the grant along with PIA member Veaceslav Botnari and District President Vitalie Rotaru, whom Asstreia members denounced for demanding bribes for not delaying the project. The judgment issued by Chişinău Court in November 2017 refers to the scheme described by the prosecutors that had been used to misappropriate the money. Except for Botnari, nobody has been convicted as yet nor has anyone returned the money that disappeared from the project since the prosecutors are still carrying out their investigations. In June 2019, the Anticorruption Prosecutor’s Office at the direction of Prosecutor Alexandru Găină informed the leadership of Criuleni District that two criminal cases were still pending in relation to the European project and that, “The criminal investigations have not been completed.”

## **MAYOR PARASCOVIA COTOVICI FLAGS ABUSES AND OBTAINS PROJECT SUSPENSION. AN ALLEGEDLY FALSE DOCUMENT APPEARS**

On 12 December 2013, Cruleni DC decided to allocate the first funds from the district budget for the cross-border project in the amount of 102,455.62 euros (5.41% of total project costs, about 2 million lei).<sup>6</sup> By the end of 2015 when the project was to have become operational, digging and constructing the cell receptacles for the solid waste and installing the fencing for the landfill were still incomplete. The construction of the auxiliary room and of the power line was finished, but the construction of the road and the mounting of the geomembrane on the fencing had not even been started.

On 4 October 2015, Hrușova Mayor Parascovia Cotovici went to court and requested cancelation of all the decisions and authorizations issued for the construction of the landfill since, and we quote from the court judgment:

No management contract has been signed with the Criuleni DC for the construction and management of the household waste landfill, no acts have been signed for the submission of that land plot, and so the land plot has not been assigned; the three-year term for which the land plot had been assigned for management to Criuleni DC under decision 04-11/02 of 30 May 2012 has expired.

The plaintiff also claimed that the construction works were already illegal since the plot had returned into Hrușova ownership, and drew attention to the risks of fraud with serious consequences and the danger of seizure of that land. The court of first instance rejected the objection of the Hrușova Local Council, but the appellate court supported it. The Chișinău Court of Appeals considered the arguments brought by the Hrușova administration credible and on 22 February in an irrevocable judgment ruled that the work should stop.<sup>7</sup>

While the court proceedings were unfolding, Mayor Cotovici found out from the district leadership (Iurie Andriuța) that there was a decision by the Hrușova mayor's office in place in which it had assigned the plot for the landfill to DC management for 14 years. This meant that the landfill construction works could continue. Firmly convinced that the local council had not passed such a decision, Mayor Cotovici

requested information from the State Chancery then traveled to the Regional Office for Cross-Border Cooperation (ROCB) based in Iași, Romania to seek confirmation. “I went there and I asked for the package of documents. The ROCB file contained a copy, not an authentic decision, but the original was not there because it did not exist. I photographed the falsified documents, I wrote to Bucharest, to the European Union and to Brussels, and I announced to everyone that those documents were fakes.”

In parallel, District President Iurie Andriuța also sent an interpellation to the Criuleni Prosecutor’s Office asking it to investigate the allegedly false documents. The competent authorities started investigations and promised to inform district leaders and the mayor about the results, but no clear answer on whether the documents had been falsified has been received so far.

Ghenadie Cazacu, the one who had signed the original decision to accept the Hrușova land from the mayor’s office, was part of the delegation of Criuleni DC to ROCB in Iași in 2018. The delegation’s visit was dictated by the need to complete the project, but meanwhile, another district chief had come to power, i.e., Veaceslav Burlac. The council had been instructed by Romania to return the grant money, so the delegation went to Iași to present their case. Ghenadie Cazacu said he stated in writing that the signature on the documents at ROCB called “District Council’s decision” did not belong to him. He informed his colleagues in the DC of that fact and demanded that the falsification be investigated:

I made a written request to the DC to make an expert examination of the signature alleged to be mine but which is not mine! The president of the district in 2018 was V. Burlac, and he understood that the project had to be completed, that the project had to work. I supported the idea to assign the project management to Mayor Parascovia Cotovici, that she had the capacity, but Parascovia Cotovici already opposed it. I think that if the project starts going, the money won’t have to be returned; they need to check a box because Romania will also look bad because of the failure to execute the project since this is European money that had come via the Romanian Government. Now the task is for the prosecution to move as soon as possible to recover the money, and for the competent bodies to deal with it and look for the robbers.

## **DISTRICT DEPUTY PRESIDENT: “FIFTY MILLION LEI GRANTED BY FOREIGN DONORS HAVE BEEN BURIED IN THE GROUND”**

One month after the court interdiction on landfill construction, Chief of the Division for Constructions, Utilities Management and Architecture Ivan Lungu sent a note to the DC to inform it that the work had not been completed and that about 900,000 lei were yet to be capitalized. Deputy DC President Vitalie Verebceanu said on 26 March 2016 at a council meeting:<sup>8</sup>

The Agency (PIA: author’s note) *de jure* is active until 31 March 2016. The informative note submitted (by Ivan Lungu: author’s note) is the grant agreement, we couldn’t find the Agency’s president to give us broader information, but I can assure you, dear councilors, that the project has not been completed even to 50%, while 50 million lei granted by foreign donors have been buried in the ground. The object cannot be used and no money for completion is provided.

On the other side, Svetlana Chesari, President of ASA Asstreia, said that at the end of 2015 the project was 90% operational. This was repeated by her brother, Project Manager Andrei Revenco, whom we contacted for a reaction.

In June 2019, MRDPA of Romania which had signed the funding agreement with Criuleni DC called on its Moldovan partners to reimburse the uncapitalized amount of 745,767 euros, i.e. about 14 million lei. For comparison, this amount is equal to the combined budgets for the schools in the three beneficiary localities (Boșcana, Hrușova and Coșernița) for 2018 (7, 631,000 lei) and 2017 (6,694,000 lei).

Construction remained blocked until 2018 when the district leadership felt forced to look for solutions to finish the project so as not to risk having to return funds to the donor. They started allocating money from the budget to bring the project to a successful end.

## **THE CHANGE IN LOCAL POWER IN 2015 ALSO BROUGHT CHANGES IN PROJECT IMPLEMENTATION**

Another reason for delaying the project was an attempt by Criuleni district leadership to deprive the Hrușova mayor’s office of the right

to manage the landfill, according to the statute of municipal company Hrușova-Boșcana-Coșernița-Salubritate (HBC-Salubritate) set up specifically for this purpose on 10 April 2015. The entity's statute, approved on the same day, stated, "The company is founded and endowed with assets by Criuleni DC as a result of the completion of the cross-border project." After the general local elections in 2015, Iurie Andriuța was elected district president and on 29 September 2015 at his suggestion, the new council voted to amend the decision for setting up HBC-Salubritate. Its name was changed to Edilitate-Criuleni with the note: "The company is set up to ensure the implementation of the cross-border intercommunity project Solid Waste Management for the Rural Localities Hrușova-Boșcana-Coșernița, and 50,000 lei was allocated to it from the reserve fund (budget money) for the formation of the statutory capital." At that meeting, Iurie Andriuța argued:<sup>9</sup>

This project has been started for three villages in the district of Criuleni namely, Hrușova, Boșcana and Coșernița, and therefore, the construction authorization has been issued by the chief-architect, not by the mayor's office. The investors requested that we set up a company and we have done so, but we have reached the conclusion that it is not cost effective to create a company just for one project and just for some communes. Therefore, we have agreed that we had better change its name and statute and broaden its scope to cover the entire district.

The proposal was accepted and the municipal company Edilitate Criuleni was set up with its premises at a different address: 108, 31 August Str., Criuleni (the premises of Criuleni DC). This vote was again close with 17 for, 1 abstention and 9 councilors against. Mayor Cotovici was opposed since she had been informed by her fellow mayors in the district that Edilitate-Criuleni had been set up to use the Hrușova landfill to store waste from many localities, not just from the three communes, and she was concerned: "Please take everything that is related to Hrușova out of your decision. We don't need your money or your help, just give us back what's ours and let us work, and please don't get involved in this project!" she demanded in the plenary meeting of 29 September 2015. Later, on 10 December 2015, the councilors came back to this decision and changed it by removing Edilitate Criuleni from the project's equation because the amendment had been determined illegal by the Regional Office of the State

Chancery (author's note: three years later, the DC suspended the work of that company as it never became cost effective). Iurie Andriuța was asked why he had proposed setting up the district company Edilitate Criuleni instead of the local one HBC-Salubritate; he said that it was the donor's request to have a company set up by the district and not by the local authority.

## **BUDGET MONEY WASTED FOR INPUT AND LATER FOR RECOVERY OF ASSETS AND IMAGE**

On 1 October 2018, Veaceslav Burlac, the third district president related to the project, issued Disposition no.178-AB (accepted by the councilors on 25 October 2018, together with the decision to allocate 84,000 lei from the district budget for its implementation) to contract two independent experts to seek, find and recover project documentation from all the project partners and subcontractors, and to present ways to solve the embarrassing situation in which the District of Criuleni had found itself as main applicant and partner in the cross-border project.

Three weeks later, experts Igor Țurcan and Veaceslav Botnari, who specified for *Est-Curier* that they acted under the Civil Code in their capacities as independent experts and as recoverers, submitted a report to the DC.<sup>10</sup> On 25 October 2018, Mr Țurcan described the following situation to the district councilors.

My colleague and I have traveled to Iași and Bucharest and have recovered a number of documents, including the bank statements in lei and in euros for project activities stored in the records of a Chișinău-based bank. The project was vitiated by conflicts of interests, flagrant abuse, lack of transparency, and misappropriation of funds. Until this moment (October 2018: author's note), Criuleni DC, as main applicant and beneficiary, has not officially received (from PIA: author's note) any supporting documents and valid reports on the management and use of the funds received for project management.

As mistakes that had led to excessive project delays, Țurcan mentioned the change in project management, procurement carried out in a deficient manner, false documents, the decision to involve Edilitate-Criuleni instead of HBC-Salubritate, and others. Referring to



procurement fraud, he said that for instance PIA had paid 52 euros for a bin when the real cost of such a bin was 17.9 euros. “We suspect that the same method was used to make other procurements of goods and services,” the expert said. He also communicated that ROCB Iași had been to Criuleni on 17 October 2018 but had not shown any interest in the project’s status but had instead investigated some documents from the Hrușova Mayor’s Office and the DC dated 2011 and 2012 and had refused to inspect landfill construction. Țurcan claimed that ROCB Iași documents as far back as March 2016 contained a final report attesting the completion of the project but that Project Manager Andrei Revenco had not submitted the report to Criuleni DC. He concluded:

During the review of the bank statements from December 2013 to January 2016, we found the following. The first installment of 238,655 euros arrived in PIA’s account in January 2014, and the second instalment—1,275,274 euros—came in July 2015. Both amounts together accounted for 90% of the grant amount. Criuleni DC honored its 10% project co-funding obligations. In 2014 and 2015, Criuleni DC transferred 1,926,404 lei in four instalments. At the average exchange rate of that time, this amount equaled about 99,000 euros. Of the two instalments of over 1.5 million lei deposited in the project’s account, the Ro-Ua-Md JOP received 679,396 euros. Hence, 854,597 euros plus 1,926,404 lei from the District Council, about 19 million lei in all, remained in PIA’s account, which this team was to allocate for project purposes.

The report also indicated that Andrei Revenco, project manager in 2014 and 2015, had not achieved the project’s performance indicators. Only 60% of platforms were complete, compacting equipment had been abandoned in the field and vandalized and some indicators had been replaced with others but still had not been achieved.

In Igor Țurcan’s opinion, the solution would be to allocate 2.5–3 million lei from the district or national budget and properly finish the construction of the landfill in Hrușova, “...so that we are credible before our partners and do not have to return the money.” Another solution would be to recover the money from the manager by filing a civil action in court against Andrei Revenco.

Svetlana Chesari, the President of ASA Asstreia, the organization said to have supervised PIA’s work, was also present in the room on

25 October 2018 and replied to Igor Țurcan's statements. Referring to the lawsuit and conviction of the second expert, Veaceslav Botnari, she said that the project they had implemented was very transparent but that the experts contracted by Criuleni DC allegedly had been the ones standing in the shadows and sabotaging the project from the beginning. She called those speaking about misappropriations, "...obscure forces who want to prove that theft has occurred." Asked about the reasons the project had not been completed, Ms Chesari referred to the fact that Veaceslav Botnari (employed by PIA as financial expert in 2012 and by the DC as expert and recoverer in 2018) allegedly had claimed money from Asstreia members to pay bribes to officials which she said she had denounced to the prosecution. In connection with that denunciation and conviction, Veaceslav Botnari explained to *Est-Curier* that he had complied with the court judgment that had sentenced him to four years of imprisonment with suspension and a fine of 90,000 lei without appealing it. "If I had appealed it, I would have immediately been arrested in a different case, but what had been insinuated against me by those who denounced the alleged bribes is an aberration," Botnari said. According to the sentence, Veaceslav Botnari was charged under Art.325 para (3) letter a) of the Criminal Code: active corruption, committed by two or more persons against a publicly appointed office holder or an international official. As shown in the sentence, Botnari is accused of transmitting money to publicly appointed office holder District President Vitalie Rotaru from the project's accounts in different ways, from Asstreia's members and from PIA, so that PIA could assure that the district's contribution to the project was transferred and nothing would impede project implementation.<sup>11</sup>

Eleven months after his conviction, Chișinău Court issued a ruling to dismiss Veaceslav Botnari's punishment before term.

When asked why he had specifically employed Veaceslav Botnari who had previously been part of the PIA management to recover the project's goods and documents, District President Veaceslav Burlac said that Botnari had been one of those who had made depositions at the National Anticorruption Center (NAC) and had facilitated the misappropriation schemes, so he knew best where the money had gone and how. Concerning Igor Țurcan, Burlac said he was the author of the

project submitted to the EU. Igor Țurcan in his turn said he was one of the project's co-authors but did not engage in its management because he had been abruptly removed from the project when supervision of implementation was granted to Asstreia.

Andrei Revenco, project manager from March 2014 to March 2016, said he had not known anything about the illegal actions of his subordinate Veaceslav Botnari who allegedly had used false signatures to swindle money and that he had not taken any part in Botnari's case, not even as a witness. *Est-Curier* asked Revenco for a reaction to the 2018 allegations by Igor Țurcan and Vitalie Verebceanu that he had not taken the project to a successful end. The ex-manager repeated that when he reported project completion at the end of 2015 and submitted the final report to ROCB in March 2016, "The project was 90% operational." In regard to procurements, Revenco said that the donor did not state any objections to him as manager, that he had submitted reports every four months, that ROCB Iași had checked them in terms of both finances and procedures and had no objections, but that he ended up with objections from Țurcan who allegedly had no part whatsoever in the project. Revenco said those objections had not "come out of thin air" but rather stemmed from Criuleni DC: "I, as project manager, couldn't fight against the district council and give it something by force. They transmitted the assets to the Hrușova mayor's office only now in August 2019 when the summons came; however, the biggest problem is that the District of Criuleni risks being put on the black list of European donors."

In reply to the allegations of fraud in procurements and buying bins that cost 17 euros for over 50 euros, Revenco answered, "Just search on Google for bins of Sulo type, color black, of 120 liters, and you'll find out their price, and if you find cheaper ones, send me the link; I may also decide on a business." Regarding the summons of the Romanian MRDPA which he said he knew about, Revenco believes that the reimbursement of about 700,000 euros was asked not only from Criuleni DC but also from the other partners. The DC was asked for a little more than 600,000 lei, not the 19 million lei the experts said was missing.

As for the allegations of the current district administration that he had not left any documents with the DC, Revenco says he was

responsible for the project's technical side and that a delegation came to Criuleni from ROCB once every four months and checked project implementation. He wanted to submit the documents, but it was Verebceanu in particular who refused to sign the delivery-acceptance transcript and to assume responsibility for preparing the final report. He insisted:

As of 15 December 2015, the project was 90% ready. Only a fence of 800 meters was still to be made, the geomembrane had to be installed, and some trees had to be planted. The light and water networks had been connected, the compactors had been installed, and the administrative building had been built. Only two cells for the waste had been provided for in the technical project, but for technical reasons we made four instead.

The goods procured under the project for equipping the sanitation service in Hrușova—special vehicles, bins, computers and furniture—started to become the property of the beneficiaries, i.e., the Hrușova mayor's office and the municipal company, in August 2019, four years after the expiration of the deadline set for the implementation of the project.

The experts appointed by the DC continue to recover what they can, and in 2019, they say that their contract with the council has expired and that they are now doing the work as volunteers. After the report issued by Igor Țurcan and Veaceslav Botnari, in November 2018 the DC allocated 320,000 lei to repair the two abandoned compactors and 1 million lei to finish the construction of the waste cell. Both amounts also appear in their decisions in 2019 after several reallocations, but the works have not taken place. The district councilors' attempt to assign the unfinished project to Hrușova commune for management at the end of 2018 failed. Mayor Cotovici said then that she, "...will not manage in only several weeks what others did not do in six years,"<sup>12</sup> and therefore she rejected the 1 million lei that the councilors wanted to allocate to Hrușova to finalize the project.

## **PROJECT SITUATION IN 2019 DOES NOT FORESEE PROXIMATE FINALIZATION**

Asked how much budget money it would take to finish the project, expert Veaceslav Botnari explained in August 2019:

So far, 320,000 lei have been allocated for repairing the compactors, but I don't think this money will suffice; I think we'll need about 400,000 lei. The money has not yet been given to anyone because the procedure is not clear. The tender for procuring compatible parts for these machines has yet to take place, i.e., they are still with their producers. We'd need at least 1 million more for finishing the cell that has since collapsed; trees have even grown there in five years. A road had to be built but hasn't been. There are no lights there any more, the fence and gates have been stolen, and the utility poles are being stolen now. My opinion is that without 2 million lei we cannot start redressing the situation. The money will have to be returned to the donor because the summons clearly says: the procurements of special vehicles and of other goods were fraudulent. The council, which now owns these goods, should make a declaration of the missing goods (108 bins, tables, computers etc.) and take the ones that are still there and give them to the Hrușova Municipal Company.

Vitalie Cotoman, Deputy President of Criuleni, was the founder and manager of Lorascom SRL and a district councilor until his appointment to a public office; his company won the tender for building the landfill. He has been part of the project since 2014. At the beginning of August 2019 as deputy president of the district, he said that the works for which he was responsible back then had been 90% executed as the project implementer reported in 2015:

It's a disaster there today. The project not only meant digging a hole, as people say. The project is cross-border with the participation of three countries: Ukraine, Romania and Moldova. Such works were executed in Ukraine in Storojineț. I don't know at what stage they are there, but I know where we stand here. Last week as part of the decision of the DC of November 2018 on amending the budget and on the measures designed to finalize the cross-border project, we started transferring ownership of the goods procured by the project from Criuleni DC to Hrușova Local Council for management by the municipal company Hrușova Salubritate so that the Hrușova Mayor would go to court to unblock the execution of works and allow their completion. The works were blocked in 2015 at the request of the Hrușova mayor's office that flagged the false documents. We have an answer from the Anticorruption Prosecutor's Office dated 12 June 2019

that informs us, ‘The goods and materials procured under the project with European funding, namely two special vehicles amounting to 177,000 euros, 3,000 bins worth 119,000 euros and two compactors worth 39,000 euros do not have any procedural status in the two criminal cases started on project mismanagement.’ Based on this answer, we started unblocking the situation. The Anticorruption Prosecutor’s Office issued an order to the criminal investigative body to allow the recovery of the two special vehicles that had been stored in Hânțești, the bins that had been stored in Coșernița, and the two compactors that had been abandoned (author’s note: The special vehicles were kept in the storehouse of the company that had delivered them after the tender organized by PIA while the bins were housed by a businessman in Coșernița who was paid 72,000 lei from the budget for storehouse rent). On 6 August 2019, the special vehicles and bins were taken to Hrușova. We still have to clarify the situation of the two compactors. At this point, the assets transferred are in Hrușova, and the transfer was made in the presence of experts employed by the Criuleni DC for this project.

Vitalie Cotoman commented on the project’s failure, which was to be executed in 22 months but has not been completed even after 6 years, and seemed to be puzzled by certain things:

There was a false decision in place on the tenure of the land plot. It all started with that. Perhaps there were some verbal understandings between the project sides at the beginning of the project that led to a fight among them when the application for the project started. Today things are complicated. We’ll report to the police that things have been stolen, but something is stolen there each day: Even the utility poles have been cut and removed. I’ve requested the original documents from the prosecutor’s office to include them with the bookkeeping. I’m wondering too why such a situation has resulted because what we’ve done this year wasn’t hard to do one or two years ago. We must now document ourselves from the very beginning to see what this all has been about. All letters we’ve been receiving from ROCB Iași, including the one requesting that we return the money, contain the phrase “the grant is non-reimbursable” but they still are asking for the money back.

Vera Anii, Head of the Finance Division of Criuleni DC: “The

amounts of 320,000 lei and 1million lei allocated by the councilors were not disbursed because we pay contractors only after they bring us the papers and the transcripts showing that the respective works have been executed. The contractors who are to spend these amounts have not been identified yet because the tenders have not been announced,” she explained.

Valentina Rabii, Chief Accountant of the District President’s Administration responsible for preparing the acts and invoices for transferring the assets from Criuleni DC to Hrușova-Salubritate: “The project has been considered completed for four years, but it still is not. In 2015, the original accounting documents were collected from NAC. Of the administration’s budget, we have disbursed 84,000 lei to pay the independent experts and another 72,000 lei for renting the storage room where the assets procured under the project were kept.”

When asked why 22 months have not been enough to complete the project, Mayor Parascovia Cotovici of Hrușova who flagged the false documents answered:

Desire and attitude have been short. Why this has happened? The local council’s decision was that the land plot would be leased out until 30 May 2015, but the DC issued the construction authorization after the expiration of this term. I kept asking them: “When do you start? When?” Construction was started in August 2015 when I was abroad on vacation. Everything started with a decision on the land that the Hrușova Council had allocated for 3 years but that someone had falsified to 14 years. NAC is still investigating who falsified it. After I checked the documents at ROCB Iași on 2 October 2015, I wrote to MRDPA in Bucharest. On 26 Nov 2015 I received an answer from Romania that informed me that when signing the grant agreement, ‘The condition imposed by the Applicant’s Guide was followed’ i.e. to assign the land to the district authorities for management for at least 10 years, and that we allegedly transferred it for 14 years. Then I wrote to the State Chancery, to the District Council, to MRDPA, to DNA in Bucharest. The Romanians sent a request for information about the project to the Moldovan State Chancery. I also denounced the falsified documents. I received confirmation that they were investigating it.

At this point, the Hrușova mayor’s office has distributed the bins procured for the villages of Hrușova and Ciopleni to the households

that had signed contracts with the municipal company Apă-Ciopleni in Hrușova (it would later merge with Hrușova-Salubritate whose operation is currently suspended), but the garbage, the mayor says, has not been collected from them and instead is going to the old dumpsite on the village outskirts which has been used for over 50 years. Mayor Cotovici further refuses to accept a non-operational landfill for management since she says her office is not signatory to the grant agreement, hence cannot assume project implementation, this being exclusively the job of the DC. As to the fate of the project, the mayor hopes that it nonetheless will be completed by the end of 2019, although even the utility poles have been stolen...

### **OFFICIALS CONSIDER THEIR DUTIES FULFILLED FOR MOVING THE PROJECT FORWARD WHILE PROSECUTORS ARE FURTHER INVESTIGATING FRAUD**

In an answer received in September 2019, the Anticorruption Prosecutor's Office informed us that criminal investigations were currently unfolding in several cases related to the respective project. Charges have been pressed against eight individuals, including Svetlana Chesari and her sister-in-law Aurica Revenco, wife of former project manager Andrei Revenco:

On 14 April 2017, NAC ordered the beginning of criminal investigations under Art.191 para. (5) of the Criminal Code (author's note: appropriation of another person's property on an especially large scale, committed by use of an official position, causing considerable damage) against the responsible persons from the Agency for the implementation of the projects CRING Cross border Inventory of degraded lands and CBC RUR Waste. Subsequently, another four cases were connected to this criminal case in which criminal investigations started under arts. 191 para.(5), 243 para.(3) letter b) (money laundering on an especially large scale) and 324 para.(3) letter b) (passive corruption on an especially large scale) of the Criminal Code, on acts of appropriation of another person's property, money laundering, and passive corruption. We are currently undertaking all the measures provided by the law in the named criminal cases in order to investigate fully and objectively the circumstances of the case as well as to highlight both the



circumstances proving the culprits' guilt and those that render them not guilty as well as the circumstances that either mitigate or aggravate their liabilities (...) At the same time, on 21 July 2017, the criminal case disjoined from the case mentioned supra, accusing Vitalie Nicolae Rotaru of committing the crime stipulated in Art. 324 para (3) letter a), b) of the Criminal Code, Sergiu Nicolai Ceauș of committing the crime stipulated in Art.42 para.(5), 324 para.(3) letter a), b) of the Criminal Code, and Veaceslav Petru Botnari of committing the crime stipulated in Art.42 para(5), 325 para(3) letters a), a') of the Criminal Code, has been sent to Chișinău District Court, Buiucani Office.

The current Criuleni authorities avoid stating whether or not they will manage to return the grant funds to the European Union. According to Ion Țurcan, the current district president, the fourth one with connections to the project, the district leadership has asked the Prime Minister's help to clarify this situation and said that the Government was the project's "guarantor"... The next district leadership after local elections of October 2019 will have this task too: either to complete the works or to return the 14 million lei requested by MRDPA on behalf of the European Union.

Ion Țurcan:

I signed four interpellations at the Anticorruption Prosecutor's Office to get information about the situation with the investigation and why for so many years the people involved have not been held liable for those schemes. The reply I received was that they were investigating two or three cases with a number of the people involved, including from the former district leadership, but without naming those concerned, saying only that they were responsible for the European project. As to the Criuleni project, I think that it had to be put under the strictest control and released into service upon the deadline or even before it. The project will continue after the prosecutors issue a final decision to allow it to continue. You see, today prosecutors have one opinion but tomorrow they may have a different one...

He thinks that 2.5-3 million lei should be found and allocated from the district or the national budget to finish the landfill so that the district at least avoids the danger of having to return the money received from the project:

If the donor eventually visits in two months or half a year, they

should at least see the finished landfill. Absolutely all the documents on the property acquired by this project of many hundreds of thousands of euros have been declared missing. In other words, nobody had them, they couldn't be found, and it was not clear where there were. Tracing things back, meeting with other persons and based on the information Veaceslav could remember (author's note: Veaceslav Botnari, the second expert recoverer who was employed by PIA from 2013 to 2015), we succeeded in finding the subcontractors that had been involved in the chain of deliveries. For just the compactors, for example, we had to intervene with three businesses to re-establish who the producer, the supplier, and the transporter were, because it's easy to do it when you have at least some papers but it's very complicated when you act only based on the logic of things. The Council (author's note: DC) did not have any papers. We didn't know what was supposed to be there, but they didn't have anything. We got in touch with the Romanian contractors who had been involved in the supply and who submitted the invoices to us. Procurements and supplies, under the responsibility of the DC, had been made in all three countries: Ukraine, Romania and Moldova. The responsibility for the integrity of the procurements made belongs to the Criuleni DC as the main applicant, including for the assets procured for the Ukrainian and Romanian partners. The applicant has many obligations, but it's also a matter of honor to coordinate a cross-border project involving many parties, i.e. the applicant's crediting rating is at stake as well as the possibility for attracting even bigger projects at different stages. For this to happen, the applicant and its partners shouldn't screw up; they must follow all contractual, legal and budget-economic provisions. The most regretful thing is that Criuleni had every chance not to fail with this project. The amount of the damages grows. The project stopped for two reasons: the machinations made with the land and the setting up of the second municipal company Edilitate-Criuleni. These two things were a blow to the contractor Lorascom SRL that had executed a part of the project in advance and has not recovered its money yet, and also to its possibility to execute the works since a court judgment interfered and forbade it to take any action. So the contractor remains suspended without having the possibility to honor its contractual obligations.

We asked for a reaction from Sergiu Ceauș, ex-president of Criuleni

and ex-coordinator of the project on the conflicts of interests that occurred in the project management in 2014 as well as about the fate of the case in which he had been arrested. This is his answer:

I'm telling you I did everything at the request of the Joint Regional Office! (author's note: Chişinău Regional Office for the JOP). Initially, we approved that a district council employee be named project coordinator and have the task to supervise project implementation, and so we appointed the respective colleague (Iurie Popovici: author's note). However, when we had the first monitoring visit, we were advised to appoint a person with a more responsible position like head of section or head of division, and that's why they appointed me. In regard to the memorandum signed with Asstreia, I think the council should have it or you should try to find out from the former district president since they conducted all the negotiations with them, including its signing! All the changes involving removing some people from the project management and bringing others in were discussed directly with Mr. President at that time. We, those in the division (author's note: Division for Investments and Foreign Economic Relations), only prepared draft decisions for the DC and submitted them for approval! All those people were reviewed and accepted by the president, and at that stage even we didn't know that those persons were relatives or there was some affiliation with them.

The criminal case that is pending now before the court has nothing in common with the criminal case started in this case in which I initially was a witness and then a suspect. The investigations against me in this case later stopped. The criminal case in which I'm concerned relates to a false denunciation about my funding in the parliamentary campaign for an MP office on behalf of PLDM Criuleni.

Svetlana Chesari, president of ASA Asstreia: "Our Association acted under the memorandum of cooperation with PIA." Responding to *Est-Curier's* phone request, she did not want to give us additional details about the role of ASA Asstreia in the project in that memorandum, and the responsible parties from the DC said they had not found a document called "Memorandum of Cooperation."

PIA finalized its operations on 31 Dec 2015 according to former manager Andrei Revenco. In 2019, Vitalie Verebceanu, district deputy president elected in 2015, recovered the documents related to PIA's

work and project implementation. He says that Andrei Revenco had not transmitted any documents on that entity's work to Criuleni DC. There is, however, some correspondence between PIA manager Revenco and Vitalie Verebceanu at the DC dated at the end of 2015 and beginning of 2016; their cooperation, however, did not shed light on the documents about project implementation or completion. Verebceanu denied Svetlana Chesari's statements that, "I frequently came to Mr. Verebceanu with documents with everything," He instead said, "Every time Ms. Chesari came to us, she never came with a document, and she has never submitted them. Although the PIA was a structure of the Criuleni DC and its staff had to be physically located on the Council's premises, they did not spend even one day at the legal address that has been indicated in all their papers. They only used the Council's fiscal code for transactions."

Vitalie Verebceanu:

Nobody wanted to take responsibility for the project. When I was appointed, the works had been contracted and were virtually being carried out since they were to be completed by October 2015. Mr. Andriuța (Iurie Andriuța, Criuleni president elected on 5 July 2015: author's note) then went to ROCB Iași to negotiate an extension of the deadline. I tried to keep the correspondence in writing with PIA and Revenco; I have it here. When we went to ROCB as a delegation, they told us that the District of Criuleni would have to return the grant. I don't know if this is a European practice but probably the leadership at that time of this body is also involved in misappropriations, because they knew from the very beginning that the land had been assigned for 3 and not 14 years. When we were at ROCB last year (2018), they found various reasons why we had to return the money. We came to the point that they told us, 'You will give it back anyway because the decision has been falsified.' This is the only falsified document in the ROCB file, but it is a very important one: Its existence ensured the sustainability of the investment, of the project, that the project would operate exactly as conceived for at least 14 years. If in Storojineț and Hîrlău the works had been 90-95% executed, then in Criuleni they were not even at 60%. The grant agreement stipulates how the land plot should look, and the project's supervisors were constantly saying, 'This will be the second stage.' As I have clarified for myself, the first

stage was the opening of the project, and the second stage was its implementation, but they misled us by saying that the construction would be the second stage already as part of a different project.

Regarding the fact that he allegedly had not been present at his workplace as stated by Verebceanu, Andrei Revenco, the project's ex-manager, said that he had felt harassed by the leadership that came to rule the district in July 2015 but also affirmed that he was regularly in the council until 31 December 2015 and was present either in his office or on the site. Revenco said he could not have an efficient communication with the DC. After the former officials who allegedly had claimed and extorted money from the project for personal purposes were arrested in 2017, Andrei Revenco says he had not been summoned or been a witness but that his work had been checked by NAC and by Financial Inspection. Revenco also claims he had attempted to transmit PIA's operational papers to Verebceanu but that the latter didn't want to have them since Revenco allegedly told him that with those papers he was also transmitting the obligation to write and submit the final report to the donors. About the falsified document, Andrei Revenco said, "I have no idea since at that time I knew Criuleni only on the map," but he knew that under the implementation program the requirements were for the land plot to be in the district council's management for at least 7 or 10 years. As to the statement made by the representatives of the DC that, "he couldn't be found to report," Revenco said, "I would have liked very much to appear before the council and report to them; however, this was a taboo subject for the executive at that time." He says he didn't know anything about his invitation to the council meeting in March 2016, that he had not received it, that it never found him. Asked to explain how he had not known about it but that his sister Svetlana Chesari had and had gone to the meeting, Revenco said, "We'd find about council meetings by accident. I had very good communication with Andriuța until I denounced Botnari for having falsified my signature and stolen 2 million. I caught Botnari falsifying my signature in the fall of 2015. I denounced him on the day I found him doing it."

We have requested a comment from ROCB Iași concerning the Criuleni project and asked for a hearing to find out more details from the project implementation period. Fulga Turcu, Director of the

Common Technical Secretariat of Ro-Md JOP 2014–2020, answered on 12 August 2019 that all questions should be directed to Criuleni DC: “ROCB Iasi that hosted the Joint Technical Secretariat of Ro-Ua-Md JOP 2007–2013 until 31 December 2018 cannot give out information, statements or documents on the projects monitored as intermediary between the Beneficiary and the Donor. You can request the information/documents that interest you directly from the project Beneficiary, the District of Criuleni.

We requested information from the Office of the Common Operational Program Ro-Ua-Md (via their communication officer) about the consequences for the District of Criuleni if it failed to finalize the project. The answer was short:

Ministry of Regional Development and Public Administration, No.130913/30.09.2019. Regarding your request, we communicate the following: According to the European regulations applicable to the program, the beneficiary is required to return the undue payments within the timeframe established in the financing agreement, but if it fails to return the amounts due, the Management Authority transmits the debt situation to the European Commission that will make demarches for recovering the money.

Vitalie Rotaru, district president from 2011 to 2015, claims that the project was his and Sergiu Ceauş’ idea. Rotaru says that when he left the office of district president, the project had been 90% completed:

Vitalie Cotoman won the tender for the landfill construction. He was transferred 6 million lei and everything was going well. He made a waste cell there and other things, the project was practically finalized, and I don’t understand why it wasn’t finalized completely. I was on the site scores of times. I was convinced that the project would end not in 22 but in 28 months, as it had been paid for by the European Community.

Regarding the falsified project documents, Rotaru said he didn’t know anything. As to the fact that he had been apprehended by NAC in April 2017 suspected of bribing and extorting PIA staff via Veaceslav Botnari, Vitalie Rotaru says that the amount his detractors said he had claimed was 876,000 euros; however, in reality he borrowed 10,000 euros from the financial expert, the latter’s own money:

The criminal case against me was dismissed on 16 October 2018.

I don't have the reasoned decision yet, only its dispositional part (the case was tried by Judge Serghei Lazari, Buiucani District Court of Chişinău). I was investigated and suspected of bribe taking and abuse at work. I did admit and am now admitting that Botnari gave me money, but I borrowed 10,000 euros from him, for which I wrote a receipt, attached to the case file, which he transmitted to me through his driver. As to the second episode described, alleging he had transmitted the money to me through his driver in his official car, I proved that that was not true as the car was in the shop at that time. I even submitted video proof. The experts are the ones to know how the money disappeared as they received salaries for 24 months for this project, I personally don't know.

### **PROJECT BRINGS BENEFITS TO STOROJINEŢ RESIDENTS: BOŞCANĂ RESIDENTS ARE STILL HOPING**

Though the investment is not functional in Hruşova as yet, things went better for the Ukrainian partner in Storojineţ.

*Est-Curier* called Piotr Brîjac who in 2013 was president of Storojineţ District Administration. He said that the investment was working for its citizens:

With that money we procured a special vehicle with a capacity of 10 tons<sup>13</sup> that collects the garbage in big and small containers and the machinery for compacting waste,<sup>14</sup> and we have implemented the waste selection and recycling mechanism and extended the storage and sorting platform by one third. We have also made some publications. I cannot say that everything was ideal, but we are very happy now. I must say that not all project activities have been implemented; we even returned the unused amount of 50,000 euros to Criuleni, but even so, the entire town of 16,000 persons is benefiting from that investment. The money received from the European Union through this project helped us to 60–70% percent solve our ecological problems of that time. This is not the only investment we have made in the utility company KarpEco. In 2010, another project of 800,000 hrivnas, about 100,000 euros at that time, was also used to procure machinery and equipment.

The media portal [Storozhynets.info](http://Storozhynets.info) communicated that Storojineţ's

experience with accessing European funds seems successful and is interesting for other authorities in the Ukrainian Carpathian region whose representatives can learn from the experience.

Closer neighbors in the Boșcana mayor's office collect garbage from about 200 households of the 800 in the villages of Boșcana and Mardareuca using the local municipal company, but Mayor Svetlana Racul admits it is a rather cumbersome process due to the lack of machinery.

We are looking forward to the start of this service, especially since Boșcana mayor's office has also paid a part of the money for the execution of the technical project! I contacted Mayor Cotovici (author's note: Mayor of Hrușova, Parascovia Cotovici), and she says that she is not ready to start the service yet, that she needs to conduct some more discussions... Local elections are coming, and the current councilor and some officials will be relieved of their duties; I don't know with whom she will sit at the table and with whom she will conduct discussions after the elections.

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## ENDNOTES

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- 1 Video of Criuleni District Council from the launch ceremony, in December 2013, of the two investment projects: <https://www.youtube.com/watch?v=1mQ-ulwQ2I>
- 2 Confined in the minutes no.6 of the Criuleni DC meeting of 22 June 2012, pp. 34-35.
- 3 Confined in the minutes no.7 of the Criuleni DC meeting of 12 Oct 2012, pp.32-34, decision 07.17.
- 4 See Criuleni DC decision no.13.11 of 22 Aug 2013.
- 5 See minutes of the Criuleni DC meeting of 26 March 2016.
- 6 Details – in Criuleni DC decision no.14.17 of 12 Dec 2013.
- 7 Decision of Chişinău Court of Appeals of 22 Feb 2016: [https://cac.instante.justice.md/ro/pigd\\_integration/pdf/4e707ffd-c3db-e511-a1ab-005056a5d154](https://cac.instante.justice.md/ro/pigd_integration/pdf/4e707ffd-c3db-e511-a1ab-005056a5d154)
- 8 See the transcript of Criuleni DC of 26 March 2016.
- 9 Statements confined in the story “Responsibility Swap,” published in the local newspaper Est-Curier in October 2015, <http://estcurier.md/ro/cada-responsabilitatilor/>
- 10 VIDEO. Expert report on the project’s situation, presented at the meeting of Criuleni DC on 25 Oct 2018. <https://www.youtube.com/watch?v=O1blir7sD7c>
- 11 Details – in NAC release of 13.0.2017, <https://cna.md/libview.php?l=ro&idc=5&id=1541&t=/Serviciul-relatii-publice/Comunicate-de-presa/Fostul-presedinte-al-raionului-Criuleni-a-fost-retinut-si-este-banuit-de-insusirea-a-circa-1-700-000-de-lei-in-cadrul-unor-proiecte-investitionale-europene>
- 12 VIDEO, Criuleni meeting of 12 Nov 2018, <http://estcurier.md/video-2/>
- 13 Communique on the procurement of the special vehicle, Oct 2015, <https://storozhynets.info/archives/7180>.
- 14 Communique on the procurement of containers, Oct 2015, <https://storozhynets.info/archives/6946>.

# EUROPEAN MONEY ON CRIMINAL COMPANY'S ACCOUNTS

VICTOR MOȘNEAG,  
ANATOLIE EȘANU

ZIARUL DE GARDĂ, October 2019

*They have admitted to tender frauds and have sincerely atoned for it, but the court has punished them only by fines, although two years ago, the National Anticorruption Center and the Anticorruption Prosecutor's Office communicated that damages of tens of millions of lei to the state budget had been established in that case. The story, however, does not end there. While these persons were being sued for defrauding tenders, one of their companies was implementing a contract worth nearly three million US dollars to reconstruct the Palanca State Border Crossing Point, a project financed almost exclusively with European funds. In less than one year after its release into service, the General Inspectorate of the Border Police complained about the "low quality of the construction works." UNDP Moldova had contracted the company and in its turn says that as commissioner, it, "...does not request the criminal records of the founders and/or of the team proposed for providing the service requested."*



**20 November 2017.** The National Anticorruption Center (NAC) and the Anticorruption Prosecutor's Office (APO) communicated that nine persons, including the mayors of Ghelăuza and Găleşti villages in Strășeni District, a district councilor and a chief of the National Ecological Fund (NEF) as well as the representatives of some businesses had been apprehended after a number of searches and were suspected of acting according to a determined criminal plan to get financial assistance from NEF for the implementation of local projects.

### **GROUP OF FIRMS ACTING IN CONCERTED MANNER**

The NAC and APO said that prosecutors had documented a range of public tenders for the construction of sewerage systems and treatment plants in a number of localities won by various companies managed by one beneficiary: Alexei Voloșciuc. He is said to have managed the entire scheme that consisted of negotiating with decision makers at NEF under the Ministry of Environment to approve funding for projects that were to be assigned to local mayors. The law enforcement officials have also specified that after the localities were identified, Alexei Voloșciuc visited the responsible persons in the regions and offered them 5% of the amount of the contract if he won it. Subsequently, members of the working group from the mayors' offices arranged for the company to win the tender, disqualifying any other participants.

After contract signing, the prosecutors said that the same beneficiary submitted fake accounting documents to NEF on the execution of the work in order to get payment. In fact, the work had not been

executed, and NEF transferred the money to the accounts of the companies Voloșciuc managed based on those fake documents which led to the embezzlement of money from the state budget of tens of millions of lei. Many companies managed by or affiliated with the Voloșciuc family appear in the criminal case including Barzine-Cons, Regal-Rent, Valenscor-Design, Santeh-Trans and Levprocons SRL. The prosecutors established that in order to give the appearance of competition and to give legal character to the tenders, these companies rigged their bids.

## **DEFENDANTS PLEAD GUILTY IN COURT**

Two years after those apprehensions, beneficiary Alexei Voloșciuc as well as the companies affiliated with him that rigged tenders worth millions continued to benefit from public funds. Moreover, during the lawsuit, his company was managing one of the most important projects implemented in Moldova with European money: the construction of Palanca State Border Crossing Point (BCP).

In May 2019, Chișinău Court closed the criminal case concerning Alexei Voloșciuc as well as that of four other persons: his wife Galina Voloșciuc, their goddaughter Elena Ciornei, and Eduard Frățescu and Evghenii Casco who participated in the tenders “at Alexei Voloșciuc’s request.” All five of them pleaded guilty before Judge Alexandru Negru. All of them sincerely atoned for what they had done and asked for the mildest punishments, counting on having dependent children at home and positive recommendations from their work and living places. All of them admitted to participation in tender rigging and offered details in court on how they participated in defrauding or attempting to defraud three public procurement tenders organized in the villages of Tătărești, Ghelăuza and Gălești in the District of Strășeni.

## **ALEXEI VOLOȘCIUC’S STATEMENTS ABOUT THE TENDER IN GHELĂUZA, STRĂȘENI IN HIS SENTENCING**

He alleged a preliminary understanding with Mayor Nicoleta Malai of Ghelăuza for winning the tender in that locality. Three

companies, all his, participated in the first tender. Five companies participated in the second tender, but although his companies won them, both tenders were canceled by the Public Procurement Agency. Voloșciuc's companies did not participate in the third tender, and the works were assigned to a different company. He stated he met with the Mayor of Ghelăuza at Chișinău City Hall and offered her 5% of the contract his companies were to win. He recounted that subsequently he went to the local mayor's office and discussed the companies that were to participate in the tender with her.

### **Alexei Voloșciuc's Statements about the Tender in Tătărești, Strășeni in His Sentencing**

He specified that he met Mayor Elena Platița of Tătărești via Nicoleta Malai, the Mayor of Ghelăuza, who had recommended him. He stated he, "...had not influenced the tender in any manner at that mayor's office because I was convinced I would win. I was convinced of this because the Mayor of Ghelăuza had spoken with Mayor Platița and offered her the 5% commission she would have on the tender." He also specified he had met a few times with the mayor who repeatedly asked him if he really intended to give her the promised 5%, the equivalent of 1.1–1.2 million lei.

### **Alexei Voloșciuc's Statements about the Tender in Gălești, Strășeni in His Sentencing**

He noted that he met Mayor Nicolae Budu via his cousin Vasile Budu who was district councilor in Strășeni and through whom he negotiated the tender win. He indicated he had had a preliminary understanding with the other participants in the tender, asking Eduard Frătescu from the company Aspir Construct to offer a higher price than his company Barzine-Cons was to offer. He also indicated that he had promised Frătescu, who had increased his offer, to make him a subcontractor, and in the minutes prepared after work execution, 5% was to go to the mayor and his cousin.

## **PUNISHED BY FINES AND SEIZURE OF TWO PORSCHEs**

Galina Voloșciuc, Alexei Voloșciuc's wife, admitted in the hearings that at the request of the Mayor of Tătărești, she inclusively contributed to the preparation of the terms of reference for the

tender. She also admitted that an invoice had been issued implying that 10% of the works had been executed when in fact the works had not even been started. She specified that the mayor knew that the information in the invoice and in the minutes submitted to the Ministry of Environment and Ministry of Finance for funding was incorrect. In their turn, Elena Ciornei, Eduard Frătescu and Evghenii Casco also spoke about the roles they played in tender rigging.

Judge Alexandru Negru found Voloșciuc, his wife and his goddaughter guilty, but in the end imposed non-custodial punishments on just two of them. Alexei Voloșciuc was sentenced to imprisonment for four and a half years, with a suspension of two and a half years. Voloșciuc also had to pay a fine of 290,000 lei to the state and was deprived of the right to hold responsible positions in public or private companies for three and a half years. His wife was punished with a fine of 55,000 lei, and their goddaughter Elena Ciornei was fined 53,000 lei. The other persons in the case were also punished with fines. At the same time, the court decided that once the fines were paid, the seizure of two Porsche Cayenne cars owned by the Voloșciuc family should be lifted.

In a separate criminal case, Vasile Budu, district councilor in Strășeni who contributed to the rigging of the tender in Găleşti was punished by a fine of 112,000 lei. The case is pending now before the Chișinău Court of Appeals (CA). The cases of the three mayors mentioned have not been decided yet, and they have not yet appeared in court. All of them ran for new terms in the elections of 20 October 2019. Nicolae Budu represented the Democratic Party of Moldova (PDM), and Nicoleta Malai and Elena Platița the ACUM Bloc.

## **PROJECTS STARTED REMAINED UNFINISHED: EVERYTHING STOPPED**

Like the cases of the three mayors, the water supply works in the three localities led by them have not been completed either. In Tătărești, for instance, representatives of the villagers and mayor's office communicated that the project worth 21.5 million lei had not been finished and that the works had only been started but then stopped when the criminal case was opened. "The project started but

then everything stopped. I don't know why. Nobody even talks about it anymore. We take water from wells and everyone builds their sewerage system as they see fit. Everything stopped when problems with the criminal case arose," a representative of the local mayor's office explained to us.

The works were also stopped in Găleşti where the initial project provided for investments of 53 million lei. "We organized the tender, selected the company, allocated 1 million lei, built a portion of the system, another part of the sewerage system, and then the works stopped. I don't know whether the criminal case mattered, but no more money was allocated. People in our village did not collect money, as in other localities. The mayor's office doesn't have money now to allocate for this project," the accountant of Găleşti said.

### **MAYOR: "IT WAS A MISUNDERSTANDING IN THE MIDDLE"**

In the village of Ghelăuza, the firms affiliated with Alexei Voloşciuc participated in two tenders that were later canceled by the Public Procurement Agency. The third tender was won by another company, but the works for supplying the locality with drinking water are still not complete. "The works were never resumed. They started, we also paid 3200 lei, but the works stopped. We don't know when we'll have water. People get their water from the wells they have made in their yards. Everyone is making wells now because everyone is disappointed. After the mayor was arrested, nobody knows anything about this project," a villager told us.

In her turn, Mayor Nicoleta Malai says that the project was delayed and that it "would continue for sure." She said that, "The people who paid their contributions went to the bank and all received supporting documents. Most of those who had paid have been connected in their yards. Only the pump is to be connected now at the pumping station." As to her relations with Alexei Voloşciuc as described in his sentencing, Malai specified that "a misunderstanding" was at fault. "His companies did not win any tenders in our jurisdiction. The criminal case in which my name appears is still with the National Anticorruption Center, it's at the criminal investigation stage," Malai specified.

Elena Platița, Mayor of Tătărești: “You should take all the information (about the case: translator’s note) from NAC. I haven’t been given any subsequent details. The materials have been requested from the Competition Council. For the time being, the case has neither been dismissed nor sent to court. I haven’t seen the sentence (in Alexei Voloșciuc’s name: author’s note). I’ve been busy with other issues and a little scared by this tangle and that there haven’t been higher costs. Did he say he was to give me 5%? I haven’t seen this information. It’s not true. You astonish me! Where can I see these documents? The project stopped right after all these issues (the criminal case: author’s note). It must be resumed after the elections.”

Nicolae Budu, Mayor of Gălești: “My case has not been sent to court. I don’t think it’s been dismissed. Had it been, I would have known. I haven’t been in touch with my lawyer for quite some time either. I haven’t been focusing on this issue for some time. This never happened (the understanding that he would receive 5% of the contract amount: author’s note). The project was stopped because the funding from the Ecological Fund has stopped everywhere, not just in Gălești.”

## **TENDERS OF 400 MILLION LEI WON OVER FOUR YEARS**

Between 2014 and 2017, the companies said by NAC and APO to have been affiliated with Alexei Voloșciuc—Barzine-Cons, Levprocons, Regal-Rent, Valenscor-Design and Santeh-Trans—in total won contracts with the state worth about 400 million lei. In many localities, however, for various reasons including financial ones, the works have not been completed and so not all the money paid in advance upon contract signing has entered the firms’ accounts. A 2017 report by the Court of Accounts shows that the level of implementation of these operators’ investment projects varied between 2% and 95%, with most projects 20–25% implemented.

Some companies that NAC found were actually managed by Alexei Voloșciuc and that are concerned now in the case pending before Chișinău CA further claimed state money. In June 2018, the company Santeh-Trans won the tender for repairing the kindergarten in the village of Răzeni, District of Ialoveni, and in December 2017,



the company obtained 1.1 million lei for building the water supply pipe in the village of Gangura, Ialoveni.

In November 2018, Valenscor-Design, another company concerned in the criminal case, won a tender organized by the Mayor's Office of Hârbovăț, Anenii Noi, for "works to organize the traffic on a local road."

## **CRIMINAL PROBLEMS OF BARZINE-CONS STARTED IN 2014**

In parallel to the case of rigged tenders, Alexei Voloșciuc and Elena Ciornei were involved in another criminal lawsuit for false declarations. According to the indictment, in order to meet the requirements of the tender organized in September 2014 by the mayor's office of Tohatin (Chișinău) for fortifications against landslides amounting to 16.8 million lei, Alexei Voloșciuc as manager of Barzine-Cons SRL submitted documentation on the number of staff employed and the company's technical equipment to the Tohatin mayor's office through the manager of Barzine-Cons Elena Ciornei. Those documents showed that Barzine-Cons had 46 employees and 21 pieces of machinery and technical equipment necessary for work execution. When checked, however, the company did not own any of those units and had only one employee. Those two also submitted a fictitious contract of association with another company and indicated a lack of subcontractors in work execution.

On 9 September 2014, Barzine-Cons SRL won the tender, but since it did not have the necessary technical equipment and machinery or qualified staff, it subcontracted another company to execute the works. On 29 March 2019, Chișinău Court (Ciocana Office) found Elena Ciornei guilty of false declarations but exempted her from criminal liability on grounds of the expiration of the statute of limitations. The same court ruling acquitted Alexei Voloșciuc on grounds that "the presence of the criminal act was not found" since he stated in court that he had not signed any documents in the tender package nor instructed his lawyer (Elena Ciornei: author's note) to sign any documents. After passing through the Chișinău CA, the case of the two has arrived at the Supreme Court of Justice with the first hearing scheduled for 27 November 2019.

## **UNDER CRIMINAL INVESTIGATION WHILE WINNING CONTRACT WORTH USD 2.77 MILLION**

Just three weeks before Barzine-Cons and its representatives Alexei Voloșciuc and Elena Ciornei were to appear in court for false declarations, the company succeeded in becoming part of the contract for the construction of Palanca State BCP, a project worth 7.1 million US dollars, for the most part funded by the European Union and implemented by the United Nations Development Program (UNDP Moldova).

Of the total project amount, 2.77 million US dollars, circa 48 million lei, went to Barzine-Cons SRL to carry out the construction of the Palanca BCP to be jointly operated by the Moldovan and Ukrainian authorities in Moldovan territory.

## **THREE COMPANIES PARTICIPATED IN TENDER BUT COMPETITORS' NAMES NOT MADE PUBLIC**

According to the information in the final report on the construction of Palanca BCP prepared by UNDP, the procurement procedures for the construction (third batch) started on 17 May 2017 with the deadline extended until 10 July 2017 “to ensure a broader competition.” In the end, three companies submitted their bids. UNDP, with the support of the project’s international consultant, evaluated the bids while the beneficiary (Moldova) and the donor (European Union) supervised the process according to the report published by the UNDP. The winning bid was the one submitted by Barzine Cons SRL that according to the report, “met both technical and price requirements.” The contract with Barzine Cons was signed on 11 September 2017 and the work started on 23 October 2017, i.e. one month before the company’s manager Alexei Voloșciuc was apprehended in the case of rigging tenders with NEF money.

Since UNDP Moldova did not make public the names of the other two participants in the tender, we could not check if they were part of the group of companies controlled by Alexei Voloșciuc and if he used the same procedure in the UNDP tender as in the tenders organized by the mayors’ offices for which he was sued. “According to the

corporate rules and procedures,<sup>1</sup> valid for all its offices, UNDP is not authorized to make public the names of the other bidders, since this is confidential information. According to UNDP's policy on access to information, only the bidding documents and the list of winning companies are made public," was UNDP's answer to our request for information.

### **NEARLY ONE MILLION LEI FROM WINNER TO VILLAGER'S FIRM**

Not all those 2.77 million US dollars requested during the tender remained with Barzine-Cons. On 15 October 2017, one month after signing the contract with UNDP, the company signed a subcontract for 985,000 US dollars with Solcoci Prim, a company with its premises in the village of Micăuți, Alexei Voloșciuc's native village. "We practically built a road from scratch. There was a very large amount of work on the site and little time. Obviously, we had subcontractors, too. One company cannot make the sewerage networks, the construction as such, and the electricity networks in such a short time. One must subcontract a company specialized in electricity, another one specialized in sewerage and water supply," said Grigore Solcoci, founder and administrator of Solcoci Prim.

As to how he came to be subcontractor in the Palanca BCP repair project, Solcoci said his company had been selected because it already had machinery installed on the site. "I even provided some support (to Alexei Voloșciuc: author's note.). I'm an engineer and builder by profession and tried to help him. The road project was in fact won by Drumuri-Strășeni SA, but because we already were on site, Drumuri Strășeni SA decided to give us the project," he specified and also admitted knowing Alexei Voloșciuc. "He was a good friend of my father's; this is the only connection between us."

The final report prepared by UNDP also says that, although some delays were registered due to design errors and weather conditions, the contractor mobilized additional staff totaling up to 100 to 110 workers on site. Along the way, the need arose to execute additional works, so the contract was amended both to increase costs and to extend execution time. The works were completed by the date indicated

after amending the contract—22 December 2018—and the official inauguration of Palanca BCP took place on 28 December.

### **“UNDP DOESN'T REQUEST FOUNDERS' CRIMINAL RECORDS”**

Asked how a company investigated for rigging public tenders came to win a tender with European funding organized by UNDP, the institution's representatives informed us that Alexei Voloșciuc's name had not appeared in the bidding documentation and that UNDP did not request the criminal records of the founders of the companies with which it signed contracts. “Three companies, including Barzine-Cons SRL, submitted bids in the tender. According to UNDP procurement procedures, the first stage implies an administrative evaluation i.e. an analysis of whether all the information/documentation requested had been submitted, if the bid is complete or not, if there are any signs of a conflict of interests or other irregularities that may jeopardize the transparency and correctness of the process. Hence, it is excluded that companies having the same founders be accepted in the tender, since checks are made in open databanks. If the same person is found as founder of more than one company, the bids concerned are disqualified,” UNDP stated.

“UNDP does not request the criminal records of the founders and/or team proposed to provide the service requested and is unable to access information about any pending or finished cases. The bidder (company or consortium) declares on its sole responsibility the history of any current or settled litigations. Alexei Voloșciuc does not appear in the bidding documentation in any capacity,” the same answer specified and, “this is the only contract UNDP Moldova has signed with this company.”

### **GENERAL INSPECTORATE OF BORDER POLICE: “WATER LEAKS FROM THE BUILDING'S ROOF INTO THE OFFICES”**

Although Palanca BCP was put into use in December 2018, the General Inspectorate of Border Police (GIBP), one of the project's final users, complained about the low quality of the construction

works. In an official answer, GIBP which has offices and equipment there necessary for their work announced that they had, "...found problems as a result of the low quality of the construction works. If it's raining, water leaks into the offices in the administrative building from the roof. The control booths in the truck lanes on entry into the country do not work (the connection among databases is missing) due to the defective drainage system; hence, water is present in the underground channels through which the cables are laid." GIBP announced after notifying the Customs Service about the problems.

### **ANOTHER COMPANY, MORE EUROPEAN MONEY**

Levprocons SRL, another company that has been found by NAC to be part of the group managed by Alexei Voloșciuc, has also benefited from European money through a project implemented by UNDP. More precisely, between October 2016 and August 2017, Levprocons SRL collected 180,000 euros for the reconstruction of the sewerage pipeline in the village of Speia, District of Anenii Noi, and for supplying equipment for the sewerage treatment plant in the same village. Village Mayor Vitalie Coteș says that the works have been executed and the system is currently working.

On the other hand, in Cioburciu, Ștefan-Vodă, another locality where Levprocons won a tender this time funded by NEF, the works have never been executed. Village Mayor Dumitru Wissotsky says that Levprocons has not honored its contract obligations and therefore he has asked the Public Procurement Agency to put the company on the black list. Levprocons thus has been prohibited from participating in tenders organized by the state for the three-year period 11 May 2018 to 10 May 2021. "They failed to meet the conditions and we had to do what the regulation says. They had to make the sewerage treatment plant, to buy it, to install it, and to do all the outfitting. They did not follow the conditions. They proposed certain conditions, I didn't accept them, so it was over. The contract validity expired and then we started to file the papers with the Public Procurement Agency for putting them on the black list. We moved on according to procedures, organized another tender, another company won, and the works are taking place now," the mayor said specifying that due to the problems with Levprocons, the construction of the treatment plant had been delayed by several years and to date has not been put into use.

For a few days in a row, we tried to get in touch with Alexei Voloșciuc and with Elena Ciornei, his goddaughter and the owner of Barzine-Cons, as shown in its papers, by calling a telephone number belonging to this company. The interlocutor, who introduced herself as the company's secretary, initially told us that neither Elena Ciornei, nor Alexei Voloșciuc was in the company's office but that she would tell Voloșciuc to contact us. Nobody contacted us in the days that followed, nor did anyone answer the company's telephone anymore. Only on Monday, 14 October, the secretary answered the telephone again but when finding out that Ziarul de Gardă was calling, she said: "I'm sorry but we don't give interviews" and hung up. Later, we sent a text message to the company's mobile number, communicating that we were writing a story that concerned Alexei Voloșciuc and wanted to get his view. In about one hour, we received a text message from another number with the following content: "I'd like to inform you that I cannot reply to any of your requests because I don't have the draft story. If the story contains erroneous information about my person or company, I've been in touch with the lawyers office and we will go to court against this and the previous story that contains data that tarnish my image." Afterwards, our text messages as well as calls to both telephone numbers remained unanswered.

Alexei Voloșciuc, the beneficiary of Barzine-Cons, was a member of the Liberal Democratic Party of Moldova and president of this party's Ciocana regional organization. In 2017, however, his name appears as a donor to the Democratic Party of Moldova. Voloșciuc had previously been mayor of the village of Ratuș, District of Telenești.

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## ENDNOTES

- 1 Set of corporate rules valid in projects implemented by UNDP <https://www.undp.org/content/undp/en/home/accountability/transparency/information-disclosure-policy.html>

# **685 MILLION LEI. BUILDING REFORM INSTEAD OF JUSTICE REFORM**

**VICTOR MOȘNEAG,  
ZIARUL DE GARDĂ**

*685.4 million lei. This is how much the justice reform strategy implemented in Moldova between 2013 and 2017 cost the state budget. In order to create a judicial system “without corruption, independent, professional and impartial,” the European Union offered to transfer to Chișinău authorities an amount nearly double the costs incurred in the national budget—no less than 60 million euros, the equivalent of 1.2 billion lei. In exchange for the money, our country had to show commitment and progress in implementing the proposed reforms. In the end, however, the authorities could not apply for even half of the external funding they virtually had in their pockets leaving us instead with renovated buildings, criminal cases, public tenders won by “in-house” companies and a compliant, politically influenced justice system.*



**14 June 2013.** The Financing Agreement between the Government of Moldova and the European Union on the Justice Reform Support Program was signed in Brussels. The document stipulated that the state budget would receive international assistance in the total amount of 60 million euros to support the judicial reforms promised by the pro-European government that came to power after the 2009 parliamentary elections. The money was to support financially the Justice Sector Reform Strategy (JSRS) passed by Parliament in 2011 and implemented from 2011 to 2017.

### WHAT THE FINANCING AGREEMENT STIPULATED

The Financing Agreement signed by the Government of Moldova and the European Union set out the provision of 58.2 million euros as budgetary support and 1.8 million euros as complementary support. “The general objective of the program is to set up an accessible, efficient, independent and transparent justice sector, with high public accountability and in accordance with European standards, to ensure the rule of law and human rights protection, and to support the Government in the enforcement of the JSRS,” the agreement read.

The period of execution of the agreement was 72 months from its enforcement. The operational implementation stage was to unfold between 2013 and 2016, and the completion stage between 2017 and 2018. According to the agreement, the state budget was to be



supplemented in four nearly equal installments: 15 million euros in 2013; 15 million euros in 2014; another 15 million in 2015; and 13.2 million euros in 2016. In addition, a grant of 1.8 million euros was to be used for procurements and services during the same period.

### **BETWEEN 2013 AND 2018, 28.2 MILLION EUROS INSTEAD OF THE 60 MILLION AVAILABLE ENTER THE STATE BUDGET**

In its reply to a question from *Ziarul de Gardă* (ZdG), the Ministry of Finance (MF) noted that the amounts and specific timetables for each disbursement were based on an evaluation of, “...the compliance with the General and Special Conditions of the Financing Agreement,” and that, “The respective budget support was a form of untargeted, non-reimbursable assistance, directly disbursed into the treasury account of the MF.”

“The first fixed installment of 15 million euros was disbursed without specific conditions while the following (variable) installments were to be disbursed depending on the level of execution of the policy measures, a component part of the special conditions described in the annexes to the Financing Agreement,” MF specified in the same reply to ZdG. Hence, the institution stressed, “The total amount of 28.2 million euros (47% of the total amount in the agreement), the equivalent of 506.9 million lei, was disbursed as a grant to the single treasury account from 2013 to 2018 as part of the above-mentioned budget support.” At the same time, MF claimed that 685.4 million lei were executed from the state budget during JSRS implementation, which is nearly 180 million lei more than the amount received by the state from foreign financing.

### **EXTERNAL SUPPORT FOR JUSTICE REFORM OFFICIALLY STOPPED IN 2017**

Why did the state not receive the approximately 30 million euros that it practically had in its pocket after signing the agreement with the EU in June 2013? In October 2017, the EU Delegation to Moldova officially announced in a press communique that nearly 28 million

euros would not go into the state budget because Chişinău authorities “...showed insufficient commitment to implementing reforms in the justice sector during 2014 and 2015. By insufficiently allocating funds and staff, the necessary reforms were not implemented. As a result, the progress achieved was not sufficient.”

In a specific answer to a question from ZdG in September 2019, European officials pointed out that those circa 30 million euros were not available to Moldova any longer as the program had been closed.

When the EU Delegation announced the blocking of the funding, the Minister of Justice was Vladimir Cebotari, currently an MP from the Democratic Party of Moldova. The Ministry reacted immediately and shifted responsibility for the stoppage to its predecessors: “We expect the political factions responsible for the Ministry of Justice (MoJ) leadership to assume responsibility for the backlogs and errors they committed in 2014 and in the first part of 2015.” Cebotari was at MoJ starting in July 2015 but before him, the institution was led by Oleg Efrim of the Liberal Democratic Party of Moldova (from 2011 to December 2014) and by Vladimir Grosu (February to July 2015).

### **FORMER MINISTERS ON RESPONSIBILITY FOR MISSING EU FUNDS**

“I want to remind those with short memories that we received the first instalment from the EU in full in 2013. In 2014, we received the money for the reforms during the previous year. The last year of my term was 2014. We were penalized 1.8 million for the failure to pass the Prosecution Law which was later passed in 2015. The only money received for justice reform from the EU was for the reforms made during my term. As for the rest of the money, I don’t know. I did everything possible for this money to be granted,” said ex-Minister Oleg Efrim in reply to Vladimir Cebotari’s statement.

Former Minister Vladimir Grosu had a similar reply. “Mr. Cebotari became minister in August 2015. And it was then at the end of 2015 and the beginning of 2016 that an evaluation mission from the EU came and assessed how much we had implemented in order to establish what percentage of the money designated for funding the reforms was to be granted. I suppose the MoJ was not

ready then to have that evaluation mission and tried to postpone it. I suppose they attempted this in 2017 in order to try and get as much funding as possible, but they failed and lost everything. They missed the third and fourth instalments; we did not. The first instalment was paid in full; the second instalment came in the amount of 13 million not 15 million euros because the authorities had not passed the Law on Prosecution. This was the biggest problem. Later, when I was Minister of Justice in 2015, I advanced the new draft prosecution law in the first reading. Let us not forget that we had elections in 2014 and Parliament did not pass anything that had already been proposed. This lasted until the spring of 2015,” he pointed out.

### **SUPERIOR COUNCIL OF MAGISTRACY AND MINISTRY OF JUSTICE “SWALLOWED” 86% OF BUDGET DESIGNATED FOR JUDICIAL REFORM**

During the implementation of the JSRS, most of the money for reforms in the justice sector in the state budget was received by the Superior Council of Magistracy (SCM), i.e., circa 337 million lei or nearly half of the money allocated by the state between 2013 and 2017 for this purpose.

Another institution that absorbed the money designated for reforms was MoJ itself which enjoyed nearly 253 million lei during the same period along with institutions subordinated thereto. In total, the two institutions “swallowed” not less than 590 million lei for judicial reform from 2013 to 2017, i.e. 86% of the total amount spent in that period by all state institutions involved in implementing the JSRS.

We also find the General Prosecutor’s Office (GPO) at the top of the list of institutions that received most of the money for the JSRS as it enjoyed circa 31 million lei from the state budget. The National Institute of Justice (NIJ) received 25.6 million lei, and rounding out the top recipients, the Ministry of Health received 10.6 million lei under the JSRS, most of it in 2013. In total, 13 institutions were beneficiaries of the 685.4 million lei designed for the implementation of the JSRS according to information supplied by MF (see Table 1).

## **FIVE INSTITUTIONS RECEIVED 95% OF THE MONEY DESIGNATED FOR JUDICIAL REFORM**

We requested information about how the funds were spent by the five state institutions that together received 657.2 million lei of the 685.4 million allocated, i.e. 95% of the money for reforms. We found that the money went for costly procurements, for renovations of premises and for cars. In other cases, salaries were paid for staff. As a result, two criminal cases have been filed for mismanaging JSRS funds.

## **SUPERIOR COUNCIL OF MAGISTRACY STARTS JUSTICE SECTOR REFORM STRATEGY BY PROCURING NEW PREMISES AMOUNTING TO 32.7 MILLION LEI**

Let us start with the SCM, the main beneficiary of the funds designated for the implementation of the JSRS. According to information provided by the MF, SCM received circa 337 million lei to reform justice. What did the SCM do with that money?

According to the information offered by the institution in an official reply to our query, in 2013 most of the money allocated for reform was spent for procuring new premises for the SCM located on Mihai Eminescu Street in the capital city. The first instalment for the procurement of that asset amounted to 28.7 million lei and was paid on 31 December 2013. The building was procured from the company Profmedstil SRL and cost 32.7 million lei in total. The new premises of the SCM were procured with just one bid submitted in the tender.

## **IN 2014, 70 MILLION LEI FOR CONSTRUCTING AND RENOVATING COURT BUILDINGS**

In the years that followed, the reforms at the SCM and court premises continued with capital repair works and building renovations and furniture procurement. In 2014, for instance, two-thirds of the 96 million lei designated for the SCM under the JSRS, i.e. circa 70 million lei, was used for the construction and renovation of court premises. In addition, every year from 2014 to 2017 over 25 million lei designated for reform were also spent on wages for judges' assistants, a new

position introduced during JSRS implementation.

According to the information supplied by the SCM, 51 district and appellate courts received money for repairs from the budget for JSRS implementation. The largest amount, over 30 million, went for the reconstruction of the building of Chişinău Court of Appeals (CA).

ZdG had previously written that the works cost circa 82 million lei in total and were executed by the company MCI & CO-CONSTRUCT SRL, a holding of another company that was then managed by Pavel Caba, a former party colleague in Our Moldova Alliance of then Chief Justice of Chişinău CA Ion Pleşca.

### **NISPORENI DISTRICT COURT BUILDING REPAIRED WITH JUSTICE REFORM MONEY GOES TO PUBLIC SERVICES AGENCY**

The list of the 51 courts that in 2014 enjoyed money for repairs includes no fewer than 25 that according to the law will cease to function by 2027 (see Table 2) because in April 2016, shortly after the capital repairs to all the country's court houses, Parliament voted to reorganize the jurisdiction map in the final reading and merge a number of courts. Hence since 1 January 2017, there have been only 15 first-level courts (district courts) in the country. Mergers are also to take place in the coming years, so the buildings of the 25 courts renovated in 2014 will no longer be used for judicial purposes.

Court mergers have already started. In 2014 and 2015, for instance, not less than 3 million lei of the money designated for reform were invested in the Nisporeni Court building. In 2018, however, all judges of that court left the renovated building after Nisporeni Court officially merged with Ungheni Court whose building had been built from scratch and put into use at the beginning of 2018. According to data from the Land Registration, the building of the former Nisporeni Court that was renovated with JSRS money has been occupied by the Public Services Agency based on a Government decision.

## **REPAIR OF COURT OF APPEALS IN CHIȘINĂU THE MOST COSTLY WORK DONE WITH REFORM MONEY**

This practice continued in 2015, and courts received about 85 million lei for JSRS implementation. In 2015, again, most of the money—37 million lei—went to CA Chișinău for repairs. As in 2014, the list of beneficiaries in 2015 again included a number of courts that were to become targets of reorganization in April 2016. In total, courts received 84.2 million lei from JSRS implementation in 2016, 46.9 million of which were spent on repairs with another 37.2 million spent as in previous years for wages for 402 judicial assistants.

In addition to the approximately 63 million lei previously received, in 2016 Ion Pleșca, CA Chișinău Chief Judge at that time, requested and received another 17.8 million lei to complete the repair of the court's main building. In 2017, 32 million lei of the money planned for SCM in JSRS implementation were used to complete construction of the Ungheni Court building and 8 million were used to renovate the building of Buiucani District Court in Chișinău.

## **PRISONS RECEIVED MOST MINISTRY OF JUSTICE MONEY DESIGNATED FOR REFORM**

Through its subordinate institutions, MoJ was the second most important beneficiary of JSRS money as it received circa 253 million lei between 2013 and 2017 according to the data supplied by MF. We requested information from MoJ about the money received and spent, but their reply, however, contained data different from those provided by MF. The total figure claimed as spent by MoJ was circa 50 million lei less than the total provided by MF.

A review of the money used by MoJ, especially by its subordinate institutions, shows that most went for repairs. More precisely, 95 million lei were granted to the Penitentiary Institutions Department, currently the National Administration of Penitentiaries, for “...developing and implementing the plans for the construction or reconstruction of detention facilities.” Another 28 million lei were used by this institution for, “...developing the technical-material base and infrastructure in all facilities for deprivation of freedom in accordance with European standards and

for installing video surveillance equipment in all detention facilities.”

The MoJ and its subordinate institutions also used the money for reform to develop various studies, guides and brochures and to develop software but did not forget about comfort either. Hence, during 2013 and 2014, MoJ spent not less than 11.3 million lei to “...provide adequate working conditions for staff to enhance their efficiency.” In the same years, MoJ spent other 2.6 million lei to “...organize staff training courses.”

### **CRIMINAL CASE FOR PROCUREMENT OF INFORMATION SYSTEMS BY MINISTRY OF JUSTICE**

In December 2018, the way MoJ had spent some of the money designated for judicial reform came also to the attention of the National Anticorruption Center (NAC). This institution is now pursuing a criminal case for “...excess use of power or exceeding one’s work duties.” In a reply offered to ZdG, NAC noted that between 2013 and 2015, MoJ procured six information systems paid for with over 20 million lei of public funds.

“The six information systems were transferred from MoJ’s management to the management of the Legal Information Center, but they have never been launched or received by the final users despite the fact that the money was allocated and transferred as far back as 2013 to 2015,” NAC wrote.

### **SYSTEMS PROCURED FROM 2013 TO 2015 NOT USABLE EVEN IN 2019**

“Of the said information systems, e-execution, e-legislation, e-power of attorney and e-apprehensions were procured without technical concepts which was later invoked as the reason for their non-implementation. We also found cases of inefficient use of public funds resulting from the dubious actions of MoJ decision makers such as additional contracting of companies for the development and implementation of information systems, payment for the maintenance of non-implemented information systems, increases in procurement contracts and acceptance by the working group of bids greater than the funds initially provided for the implementation of

information systems. According to case documents, we identified and established possible relations among the persons managing the companies winning tenders for the procurement of the six information systems and public persons, members of working groups and MoJ decision makers,” NAC further specified.

Asked by ZdG, Gheorghe Nicolaescu, Director of the Legal Information Resource Agency, formerly the Legal Information Center, confirmed that the systems to which NAC had made reference could not yet be used in September 2019. “These systems are going through a legal procedure now.... Any technical system requires a technical concept and a regulation to be approved by the Government. They are currently being approved by the Government. These systems have never been used officially. They’ve been tested only. The systems are directly linked to legal provisions, for instance, to the Civil Code that has recently been amended. The systems were subject to approval procedures, but the legislation was changing at the same time and so on. I cannot give you details about the period 2013 to 2015 because I’ve been in this position since March 2019 only. All I can say is that the delay in approving these systems for the most part is directly related to the recent amendments to the law,” Nicolaescu specified.

“I don’t know anything about the existence of such a legal case. You’ll probably find out if I’m summoned in it. I remember something about a number of electronic systems, but I know that several state institutions were involved in their implementation. The fact that the development of some has never been completed is a different thing,” said Oleg Efrim, the MoJ minister during the procurement period.

### **GENERAL PROSECUTOR’S OFFICE: MOST REFORM MONEY SPENT ON CARS AND REPAIRS**

GPO received circa 31 million lei for justice reform from the state budget between 2013 and 2016. In 2013, the institution received 5.4 million lei. According to information supplied by GPO, most of the money—circa 2.6 million lei—was spent on renovating the prosecutors’ offices in Orhei, Leova, Anenii Noi and Soroca and



for procuring eight new cars from Daac Autosport SRL. GPO paid 2.15 million lei to UNDP for the development of the e-case platform and another approximately 600,000 lei to buy hearing equipment for juvenile witnesses. A total of 59,000 lei appeared in the accounts of Acvilin Grup managed by the family of Iurii Luncașu, the businessman found dead in the middle of August, as prosecutors purchased 250 chairs and 6 “prestige” arm-chairs from his company.

In 2014, 13.6 million lei entered the GPO accounts for reforms. Again, most of the money—circa 12 million lei—went for buying cars and repairing regional prosecutors’ office buildings. In all, 19 cars totaling 4.2 million were procured from Daac Auto SRL managed by municipal councilor Vasile Chirtoca, while the building repair funds were divided among several companies.

### **COMPANY OF FAMILY OF SUPERIOR COUNCIL OF PROSECUTORS MEMBER EXECUTED PROSECUTOR’S OFFICE REPAIRS WORTH MILLIONS**

The most lucrative contract was for 3 million lei for repairing the Cahul Prosecutor’s Office and was won by Duxprim Service SRL. This company was founded by Mihail Hadârcă, father of Doctor of Law Igor Hadârcă and of Judge Victoria Hadârcă. When his father’s company won the contract with GPO, Igor Hadârcă was a member of the Superior Council of Prosecutors (SCP) elected for a four-year term by Parliament in December 2013. In the same year, the Hadârcă family company repaired the building of the Basarabasca Prosecutor’s Office for 866,000 lei.

In recent years in fact, the company has almost exclusively been executing renovations on buildings, especially in the justice sector, most of which were sponsored with JSRS money. Duxprim Service SRL has won tenders of circa 50 million lei for repairing the buildings of the Buiucani and Centru Offices of the Chișinău Court. At the same time, the company obtained nearly 15 million lei for repairing the MoJ building and another 4.6 million lei for its participation in the reconstruction of NIJ building.

In 2015, GPO received 2.5 million lei, and 1.2 million again went to Duxprim Service SRL for completing capital repairs on

the Cahul and Basarabeasca prosecutors' offices. The other money went for repairs on the Ștefan Vodă and Fălești prosecutors' offices as well as for procuring computers to support the e-case software. In 2016, the last year when GPO received money from JSRS, 9.2 million lei arrived in this institution's accounts. Over 5 million lei were spent for installing video cameras and turnstiles, and another 4 million as in 2015 for procuring computers to support the e-case software.

Igor Hadârcă, former SCP member, says that the tenders won by his family's company had nothing to do with his work. "The contract conclusion procedure does not depend on one or two persons. All the work carried out (in the SCP, author's note) had no influence on contract signing. My work at SCP did not influence in any way whatsoever the winning of tenders by my family's firm. It's a procedure beyond SCP competence. And I want to tell you something else. A company does not operate on public money. Initially, the company executes works with its own money. The firm is paid later, after the work has been completed. Moreover, since the payments were not made on time, the firm virtually can no longer operate. The arrears have lasted for over four years. We've received the money only this year," Igor Hadârcă said. "We've participated in many competitions, not just in justice. When signing a contract, the company must fill in a form that shows similar experience in the area. It was an advantage having experience and recommendations from other similar organizations where such works had been executed before. Once certain results are achieved in one area, the company can expand. And I want also to specify that the firm had won and participated in tenders even before I became a member of the SCP," Hadârcă pointed out.

### **REFORM AT THE NATIONAL INSTITUTE OF JUSTICE: REPAIR OF PREMISES AND PAYMENT OF WAGES**

NIJ, the fourth biggest financial beneficiary of the JSRS received nearly 10 million lei in 2013. Similar to the other state institutions, NIJ spent most of the money on capital investments. More exactly, 8.5 million lei were paid to Const-Service to refurbish the

institution's administrative building. The rest was used for paying staff wages, social security and healthcare contributions or for buying goods and services.

In 2014, 3.3 million lei arrived at NIJ. As in 2013, 1.7 million lei were spent on staff wages, 545,000 lei on goods and services and another 539,000 lei for the creation of the Legal Information Center, a new structure in the institution. During 2015 and 2016, NIJ received 2.3 million and 1.3 million, respectively, with most of money allocated for paying staff wages. In 2017, NIJ received 8.6 million lei under the JSRS. Half of this amount was transferred to UNDP Moldova based on a co-financing agreement for executing strengthening work on NIJ premises, "...as a result of technical expert examination reports in which the experts found problems in the building's structure that did not meet the current requirements for seismic resistance, taking into account the fact that the building was built 100 years ago. This funding was supplemented by a considerable input from the US Government," NIJ added. The rest of the 4.6 million was redirected for organizing the NIJ grounds including fence strengthening and the construction of a three-car garage. The works were executed by the Hadârcă family firm Duxprim Service based on a tender won in June 2017.

### **TEN MILLION LEI TO MINISTRY OF HEALTH IN 2013 FOR EQUIPMENT TO BECOME OPERATIONAL ONLY IN 2019**

The Ministry of Health, currently Ministry of Health, Labor and Social Protection, received circa 10.6 million lei under the JSRS. Most of the money was spent to buy equipment for DNA testing. This was to facilitate crime investigations by collecting scientific evidence and having proof exclusively based on forensic investigations. A public working group was set up for the procurement of the device; their mission was to select the company to deliver this equipment to the Forensic Center (FC).

Eyecon Medical SRL was selected as the winner of the tender and the contract of 9.76 million lei was registered at the Public Procurement Agency on 10 January 2014. In August 2017, the tender came to the attention of the Anticorruption Prosecutor's

Office and of NAC that stated that FC ex-director Ion Cuvșinov, his deputy and a specialist at the institution had been apprehended for exceeding their work duties by rigging the tender for procuring the equipment for the DNA lab. The case of former director Cuvșinov is still on the docket in Chișinău Court.

## **FORENSIC CENTER REPRESENTATIVES ACCUSED OF FAVORING WINNING COMPANY**

It was established in the criminal case that FC representatives, “...had assured a Romanian company (Eyecon Medical, author’s note) that it would be favored in the tender for procuring the necessary equipment for the DNA lab. During the discussions, it was agreed to prepare the terms of reference in such a way that the parameters and technical specifications of the equipment requested would coincide with the medical equipment offered by the Romanian bidder. Due to the criminal actions of the said group, the organized tender was unfair; it minimized competition and *a priori* facilitated the business operator,” the NAC communique of August 2017 read.

It was also then that the prosecutors established that the equipment procured “was not sufficient to operate a judicial genetics lab for human identification and the technology that was to be applied by that lab had not been validated by the international scientific community for human identification. A lab’s accreditation cannot take place without the validation procedure and the results obtained in a non-validated and non-accredited lab are void,” the prosecutors specified.

The DNA laboratory was launched in June 2018, but it officially started working in the middle of 2019. During this entire period, Moldova was the only country in Europe without a DNA lab. “The lab works. This is all I can say,” Valeriu Savciuc, the current FC director, told us avoiding discussions about the criminal case or the period during which the equipment could not be used.

## **COURT OF ACCOUNTS: “THE EFFORTS MADE BY RESPONSIBLE KEY ACTORS WERE NOT CONCLUSIVE OR EFFICIENT”**

In fact, the inefficient use of money designated for JSRS implementation was found back in November 2016 by an audit of the Court of Accounts of Moldova; however, since then, no key official involved in judicial reform has been held liable. The court found in its audit that, “The decision makers in some cases used public funds amounting to 135.9 million lei irrationally, groundlessly, inefficiently and ineffectively, both for procuring goods and for capital investments. As a result, the inefficient and insufficient involvement of the institutions responsible for JSRS implementation, coordination and monitoring; the irresponsibility of decision makers and the perpetuation of inefficient management have, on the whole, realized the expected impact.”

The Court’s audit mission also found that “in nine cases, budget funds allocated in the total amount of 42 million lei were redirected in an unjustified manner and used for reaching other goals that had no relation to the outcome indicators. The audit revealed that the efforts made by the responsible key actors were not conclusive or efficient which compromises the expected impact of judicial reform,” read the conclusion of the Court’s auditors that nevertheless did not lead to criminal cases filed in the names of the responsible parties.

## **EFRIM: RULERS DO NOTHING BUT TRY TO CONTROL JUSTICE**

“The strategy was the first policy paper of such a scope that presented a vision for the entire justice sector. It was the first attempt to approach the judicial system as a whole. The strategy represented a medium-term vision, focusing on what we had to change in the medium term to have irreversible changes in justice in five to six years. If the goal had been reached, we wouldn’t have been talking only about justice for the past three months. The goal has not been reached for sure,” Oleg Efrim, one of the Ministers of Justice during JSRS implementation believes.

“Why hasn’t it been reached? I thought I was romantic enough to believe the good intentions of the politicians wanting true changes in justice.

In the end, I became convinced that politicians want nothing but to make sure that justice won't be in anyone's pocket but their own. Unfortunately, we see the same things today. All the rulers do nothing but try to control justice. I have big doubts that, certain persons aside, there are political forces wishing to have independent justice. Change will come when several generations change and people are born with an independent judicial spirit. Until then, we must invest in schools," he said. He is an attorney at present.

"Taking into account that 28 million came from the EU, the state did not spend so much on justice reform. It's hard for me to say that the money was efficiently spent, but I can say that that money was used to considerably increase the funding for justice which had been under financed until then. Under-funding is exactly the primary way, the most primitive one, to keep justice under control. I'm tempted to say that most of the money was spent beneficially for the citizens. The fact that we still don't have results, that's a different thing," Efrim noted.

### **GROSU: JUDGES FAILED TO ENHANCE THE QUALITY OF THE ACT OF JUSTICE TO THE EXPECTED LEVEL**

"I think that the reform reached its goal for the most part at the policy level, though not at the implementation level. During that period and until 2016, I think that MoJ did its job. Another side of the reform was not fulfilled, which many avoid saying. The laws that were the basis of the reform were not implemented. Those who had to implement the laws in practice were the judges, prosecutors, or even Parliament and the Government," thought former Minister of Justice Vladimir Grosu.

"I think it was worth investing that money. Even if you refer to renovations, let us think who are the beneficiaries of those renovations. Not only the judges. I am now an attorney, and when I go to court, it's different. I remember how it was before 2006 until I came to hold public office. It was like going into a cage. The renovations were not done just for the judges, but first of all for the litigants so that they could feel dignified. Not only renovations were made. Laws and very useful studies were made," Grosu believes. He also said that although changes have been made, the quality of the act of justice has not reached the expected level.

"It is certain that judges have not succeeded in enhancing the quality of the act of justice to the expected level, even based on the investments made

in these past seven or eight years. This is my opinion. My expectations as deputy minister and as minister were higher. I thought that if we invested in infrastructure, in salaries, in training for judges, and in judicial power that we'd grow a lot, to a different level, but it wasn't like that," he pointed out.

### **HRIPTIEVSCHI: THE STRATEGY BROUGHT MONEY AND TECHNICAL IMPROVEMENTS BUT DID NOT CHANGE THE PEOPLE**

The opinions of these former officials are also shared by the civil society representatives who monitored JSRS implementation and outcomes. "I think that for the most part JSRS consisted only in technical improvements. We cannot deny this. They are the most obvious ones. On the strategy, because the status quo from the moment of its implementation was at a very low level, I don't think one could expect much quality. You cannot fight corruption among judges with wages of 3000 to 5000 lei. Financially, a lot of money was spent, but I think it was necessary," Nadejda Hriptievschi, program director at the Legal Resource Center of Moldova believes.

"The big problem is the quality of the act of justice. The goals for quality were not reached, but they were not reached because of the quality of the people in the system. The salaries were increased, and the rules for accreditation in offices were changed, but in fact, the rules have been avoided and not followed. The strategy brought money and technical improvements, but it didn't change the people because those who implemented the reform remained the same. The investments are important, but if no emphasis is put on the human factor, many things are in vain and people will further not feel the effect of budget allocations in the judicial system because the quality of people will not change enough. The reform failed also because it coincided with political instability. A reform very much depends on the quality of the political class," this expert concluded.

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**TABLE 1.** LIST OF COURT BUILDINGS THAT RECEIVED MONEY FOR RENOVATIONS IN 2014 BUT THAT WERE TARGETS OF COURT MAP REORGANIZATION IN 2016.

- BENDER DISTRICT COURT
- BASARABEASCA DISTRICT COURT
- BRICENI DISTRICT COURT
- CANTEMIR DISTRICT COURT
- CĂLĂRAȘI DISTRICT COURT
- CEADÎR LUNGA DISTRICT COURT
- DONDUȘENI DISTRICT COURT
- DUBĂSARI DISTRICT COURT
- FĂLEȘTI DISTRICT COURT
- FLOREȘTI DISTRICT COURT
- GLODENI DISTRICT COURT
- IALOVENI DISTRICT COURT
- LEOVA DISTRICT COURT
- NISPORENI DISTRICT COURT
- OCNIȚA DISTRICT COURT
- REZINA DISTRICT COURT
- RÂȘCANI DISTRICT COURT
- SÂNGEREI DISTRICT COURT
- ȘOLDĂNEȘTI DISTRICT COURT
- ȘTEFAN VODĂ DISTRICT COURT
- TARACLIA DISTRICT COURT
- TELENEȘTI DISTRICT COURT
- VULCĂNEȘTI DISTRICT COURT
- COMMERCIAL DISTRICT COURT
- BENDER COURT OF APPEAL

**TABLE 2.** INSTITUTIONS THAT RECEIVED MONEY UNDER THE JSRS BETWEEN 2013 AND 2017

mii Lei					
Denumirea instituției	Executat 2013	Executat 2014	Executat 2015	Executat 2016	Executat 2017
Curtea Constituțională	216,1	-	148,0	-	-
Consiliul Superior al Magistraturii	28778,6	98575,9	85298,5	84319,2	40461,1
Procuratura Generală	5403,0	13646,0	2525,9	9259,7	-
Ministerul Sănătății	10313,3	320,0	-	-	-
Ministerul Educației	135,3	1408,2	1864,1	-	-
Ministerul Justiției	99021,2	64370,6	25981,1	52859,6	11110,9
Ministerul Afacerilor Interne	1065,2	3356,0	-	2874,3	-
Institutul Național al Justiției	10158,4	3355,1	2372,8	1319,7	8692,4
Centrul pentru Drepturile Omului (Oficiul Avocatului Poporului)	281,4	1982,0	60,5	436,6	-
Serviciul de Informație și Securitate	-	7486,0	-	-	-
Centrul Național Anticorupție	-	2997,4	1796,3	-	-
Comisia Națională de Integritate	26,8	22,7	-	-	-
Consiliul pentru prevenirea și eliminarea discriminării și asigurarea egalității	669,3	448,6	14,0	-	-
<b>Total</b>	<b>156 068,6</b>	<b>197 968,5</b>	<b>120 061,2</b>	<b>151 069,1</b>	<b>60 264,4</b>



# **INVESTMENTS OF MILLIONS OF LEI IN “GREEN ENERGY” BY PUBLIC INSTITUTIONS ABANDONED AND EATEN BY RUST**

**TUDOR IAȘCENCO,**  
**CUVÂNTUL**, August 2019

*Over 30 million US dollars were invested in the installation of biomass heating systems in over 230 public institutions in Moldova between 2011 and 2018. Most of them were schools and kindergartens. The heating systems were delivered free of charge under the Energy and Biomass Project in Moldova funded by the European Union and implemented by UNDP. In addition, participating communities contributed nearly 28.3 million lei to the project. Another 24 biomass heating stations costing 5.96 million lei were installed in public facilities during 2014 and 2015 with contributions from the Japanese Government through the 2KR Project. Thirty contractors who had acquired brick and pellet production equipment were co-opted into providing the heating stations with biomass. Unfortunately, nearly half of the 21 biomass heating stations installed under the two projects in the districts of Rezina, Orhei, Șoldănești and Telenești are not in use today.*



### **COST-EFFECTIVENESS OF STATION DEPENDS ON THE HEAD OF THE INSTITUTION?**

At the first stage of the Energy and Biomass Project (EBP) in Moldova, five facilities in the District of Rezina enjoyed financial support for procuring and installing biomass heating stations. Three of them were installed in two middle schools in Țareuca, and one was installed in a kindergarten in the village. The inaugural ceremony for the heating stations in Țareuca in April 2013 was attended by representatives of the European Union Delegation in Chișinău, of EBP, and of district and local authorities. Other guests as well as local officials assessed the investment of 450,000 US dollars by the European Union and the contribution of 1.2 million lei by local authorities as a very advantageous and sustainable solution to ensuring the work of the three facilities. Mihail Olari, Mayor of Țareuca, noted that station testing proved their effectiveness. “Switching from natural gas to biomass will result in savings of hundreds of thousands of lei in the village budget as well as in new jobs, the development of local businesses, and additional revenue for business people and the public budget.”

After four years, Mayor Olari regretfully noted that the stations worked well at the beginning and fuel costs were moderate compared to those of gas. “In 2014, however, after the schools came under the jurisdiction of the District Council, their administrations gave up on

biofuel arguing it was not cost effective any longer. The kindergarten still uses biomass, and the station works well and effectively,” the mayor noted.

Silvia Dolișinschi, Director of Țareuca Middle School, had a different opinion: “When one ton of pellets cost up to 2,800 lei, the biomass heating station was more cost effective than the gas one, with a savings of circa 5,000 lei per month. However, when the price of one ton of pellets reached 3,200–3,400 lei, the costs equaled those of gas. The use of gas requires less human effort. One must look for pellets then transport, store, guard and carry them while gas comes through the pipe and the operator only needs to press the button,” she added.

Feeling somewhat responsible to EU investors, the administration of Țareuca tried a few times to re-commission the two heating stations but with zero results. The Village Council then went to UNDP with a proposal that the heating stations in the middle schools in Țareuca and Țahnăuți (the latter was closed in 2017 for lack of pupils) be removed. “It would be better for someone else to use them rather than have them stand without use, but we haven’t heard from UNDP yet,” Olari said.

In the middle schools of Echimăuți and Sârcova, the heating stations worked for a short period during the testing of the regime. “We gave up biomass because the pellets were not good quality; they produced a lot of ash and smoke and little heat,” stated Ecaterina Cuzuic, accountant at Echimăuți Middle School. Nadejda Cioban, mayor of the village of Sârcova, also informed us that the heating station at Sârcova Middle School was dismantled for similar reasons and taken by a company sent by the donors in the autumn of 2018.

## **DIFFERENT KEEPERS – ANOTHER SITUATION**

The Energy and Biomass Project in the Republic of Moldova has helped six education facilities in the District of Șoldănești to install modern biomass heating stations. Today, according to the Head of Șoldănești Education Division Nicolae Mândru, three of them—the kindergartens of Șestaci and Parcani and at Dumitru Matcovschi Middle School in the village of Vadul Rașcov—use biomass, and the other two use wood. “The re-profiling was occasioned by the high prices for pellets and bricks,” Mr. Mândru says.

“If one ton of bricks from sunflower seed shells used to cost 800 lei, producers now demand four times as much. Bricks from sawdust costing from 1,000–1,200 lei now cost 3,800 lei per ton. Grigore Eftodiev Middle School in Șestaci calculated their fuel needs and costs accordingly for the 2018–2019 winter and found that wood-based heating for the entire season would cost the institution 42,250 lei; that heating with natural gas would cost 118,800 lei, and that using bricks would cost 131,250 Lei. They of course chose the first option,” he added.

In the same vein, Rita Negru-Vodă, Director of Dumitru Matcovschi Middle School in Vadul Rașcov added, “Our village does not have natural gas yet. In 2013, thanks to the project implemented by UNDP, a biomass (wood, bricks and pellets) heating station was installed in the school. It was good for a while. But after the heating system was changed doubling the water amount in the system, the effectiveness of the station decreased. In addition, we must use more fuel, but its cost grows from year to year. It is true that we have had a number of biomass offers lately and we hope to be able to negotiate a decrease in fuel costs.”

The District of Orhei, which is bigger than the districts of Rezina and Șoldănești together in size and population, has benefited from four biomass heating stations from UNDP. Two of them have been installed in schools, one in a kindergarten, and the other in a health center. According to Iurie Voinov, a responsible person at the Orhei Education Division, all of them are working using bricks, pellets or wood. “They work even if natural gas was more cost-effective in 2018 because it was relatively cheaper, while the price for biomass has considerably increased,” he explained.

In the District of Telenești, four of the six biomass heating stations are working. The one in Chiștelnița installed eight years ago uses straw rolls procured from a local producer as fuel. Since the project has been implemented successfully, the donors also offered an MTZ-82 tractor to the mayor’s office which is used to transport the straw to the school. The other three stations—in the kindergarten of Telenești, at the Health Center of Căzănești and at the Creation Center of Verejeni—use pellets with automatic feeding. As the facilities’ managers assured us, the stations are about 30% more cost-effective than using traditional fuels.

## STATIONS OF MILLIONS, STANDING TO LITTLE AVAIL

The Government of Japan also wanted to help Moldova enforce its energy strategy through the Efficient Use of Solid Fuel from Biomass Project (EUSFBM) and thus reduce the natural gas needs that are an ongoing means of pressure and political and economic blackmail on Moldova by Russia.

Dan Prisăcaru, Coordinating Specialist for donor institutions in the Project Implementation and Management Unit of the Food Production Growth Project, says that a Japanese expert mission visited 138 Moldovan localities during project development and assessed project sites, especially schools and kindergartens, health centers, cultural centers, libraries, and music and sports schools. Facilities in 24 localities of the country's center were selected for the first stage of implementation, and cooperation agreements were signed with their authorities. The Japanese side brought the promised stations to their respective localities in 2014.

Five of the stations arrived for educational facilities in Orhei and three in schools in Rezina. Of those, two are now working in Orhei (in Furceni and Brănești) and in Rezina, while the one in Mateuți has been working only partially since last year.

Each of the three Japanese stations distributed in 2014 to the mayors' offices in Ignăței, Cuizăuca and Mateuți in Rezina District costs over 3 million lei. Over 280,000 lei more were allocated from the district's budget to each of the said mayor's offices for the construction of platforms on which the stations were to be installed and for their connection to the schools' heating systems. However, only the station in Mateuți started producing heat and then only three years after installation, and not for the middle school but for the kindergarten that was reopened after nearly two decades.

"The capacity of the Mateuți station is only partially used for heating the kindergarten. The middle school that is under district administration is still heated by gas," Mayor Angela Ursachi stated.

The ex-Mayor of Mateuți Mihai Mârzenicu in his turn said that in 2014, the district administration gave money for the construction of the foundation of the station and for its connection to the school's heating system. "However, the 284,000 lei were planned only for the construction of the platform and of the fence around it while money for the connections

had still to be sought. Meanwhile, the campaign for local elections in 2015 had started and I did not run for mayor again,” he said.

## **IGNĂȚEI BIOMASS STATION NOT EVEN CONNECTED**

The biofuel station at the High School Ioan Sârbu in Ignăței was not connected to the facility’s heating system. Director Galina Platon said, “The station was brought and installed by the former mayor with a Chișinău-based company, but they did not connect it to the heating system. Later, after schools were transferred to the district administration, we had to include it into the high school’s balance sheet. We need money for connecting it, but where am I supposed to find it?” she asked.

The Rezina District Council issued Decision no.2/3 of 24 April 2014 to allocate 281,583 lei to the Ignăței mayor’s office for installing the pellet-based heating station in the high school. This amount was to be supplemented by 319,668 lei that the Ignăței local council would pay to the company Inteb Hand SRL of Chișinău, “...for construction works at the biomass heating station for heating the high school.” In reality, all the “works” were limited to the construction of a platform-support of reinforced concrete and of a surrounding fence.

The Director of the High School Ion Creangă of Cuizăuca Sergiu Apostol refused to speak on this topic and stated in the end only that, “The biomass station is not working because it has not been connected to the high school building.”

The Mayor of Cuizăuca Ion Țurcan, however, said that the mayor’s office had done everything necessary in relation to the construction of the foundation and installation of the station but that the connection to electric power and water sources and for adjusting the equipment had to be executed by the beneficiary, i.e. the administration of the high school that is under the District Division for Education, Youth and Sports.

We found a different situation in Orhei. The Mayor of Ivancea, Oleg Gașper, told us that he was very happy with the two Japanese stations that had come to his commune’s villages and expressed his gratitude to the Japanese Government and people for such donations.

“The station in Furceni supplies heating to the middle school, kindergarten and the cultural center. We use the biomass procured in tenders. The prices are ok. Both our stations are cost effective,” he specified.

The stations donated to the middle schools of Jora de Mijloc, Chiperceni and Trebujeni, however, are dead capital as the two facilities are still using natural gas for heating. The Director Ad Interim of Jora de Mijloc Middle School Eugenia Andrieș said that the biomass station was standing there, untouched, while the facility was using natural gas for heating.

Mayor Tudor Moraru of Trebujeni says that the Japanese station could be put into use in the autumn of this year.

## WHAT DONORS HAVE TO SAY

Asked what would happen to the biofuel stations in Rezina that are not being used, Victor Cotruță, Manager of the Energy and Biomass Project in Moldova, told us that the beneficiaries had committed to managing them efficiently, otherwise they would be removed and installed in other public institutions that have applied to this project.

Concerning the conditions and obligations of the parties stipulated in the grant agreement with the Japanese government, we asked the opinion of Dan Prisăcaru, Coordinating Specialist at the EUSFBM. He stressed that the Japanese side had honored its obligations as provided in the contract. As part of the commissioning of the heating stations and their maintenance, the Moldovan beneficiaries were to (i) secure the installation of pipes between the boiler house and the selected buildings, (ii) ensure there were outside heating pipes all around, (iii) provide a functioning electric power source, (iv) arrange a room for storing the solid fuel (pellets) and a temporary facility for keeping the ashes; (v) take all necessary fire protection measures including storage of fire security equipment and (vi) install a fence around the boiler room (module).

"I don't think the reasons invoked by the responsible parties in Rezina for the ineffectiveness of the stations that have not even been put into use can be taken seriously," Mr. Prisăcaru said.

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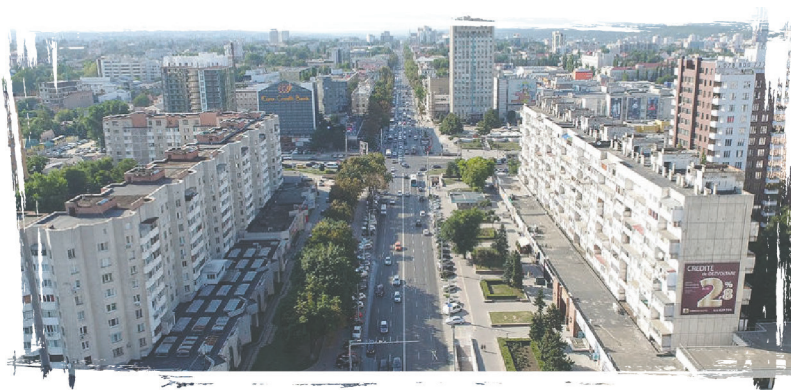
# THE BOULEVARD OF INCOMPETENCE

VICTOR MOȘNEAG,  
ANATOLIE EȘANU

ZIARUL DE GARDĂ, August 2019

*Ruts several centimeters deep in the areas around bus stops that make drivers avoid lanes, broken manhole covers and buckled pavement surrounding them: This is how Ștefan cel Mare și Sfânt Boulevard, the most important artery in the country, looks after being rehabilitated with many promises under a project amounting to 11.5 million euros. Officially, the works were completed nearly two years ago, but the authorities and the contractor have not signed yet the final acceptance documentation, although according to the contract, the timeframe for settling any noncompliance expired on 30 November 2018. Ziarul de Gardă (ZdG) newspaper has examined many documents related to the defects on the country's best-known boulevard. We found that although defects are visible, administrators who have come and gone at the Transport Division never contacted an independent company as had been requested to carry out an in-depth, expert examination to establish the party responsible for the appearance of the road.*





**3 December 2013.** Chișinău City Hall called for an international tender for the rehabilitation of three central streets: Ștefan cel Mare și Sfânt Blvd, Vasile Alecsandri Str. and Negruzzi Blvd.

At the beginning of May 2014, the Romanian company SC Delta ACM 93 SA won the tender and agreed to execute the works within 12 months at an estimated price of 11.5 million euros. City Hall borrowed most of that amount from the European Bank for Reconstruction and Development (EBRD), the Green Energy Special Fund of the European Union, and the European Investment Bank.

### **5.27 MILLION LEI FOR THE PROJECT**

On 15 October 2012, the General Division for Public Transportation and Means of Communication (GDPTCM) which manages street rehabilitation chose the municipal company Chișinăuproiect via a tender to develop a project to repair the three arteries. The amount of 5.27 million lei was allocated from the municipal budget for this service.

According to the contract signed after the tender, the work was to start in the summer of 2014 and last 12 months; however, on the main artery—Ștefan cel Mare și Sfânt Blvd—work was only partially started and only in the second half of 2015 and was resumed at the beginning of 2016. “Apologies to the citizens for the inconvenience, but we will have a beautiful European-style boulevard that will make us all proud,” Chișinău Mayor of Chișinău Dorin Chirtoacă promised in September 2016 during project implementation.

## **TWO YEARS AFTER COMPLETION, FINAL PROJECT DOCUMENTS NOT SIGNED**

The rehabilitation work was tacitly completed at the end of October 2017, but the authorities made no official announcement to that effect. On 16 October 2017, Nistor Grozavu, who had been acting mayor since Dorin Chirtoacă's suspension, said that no official inauguration of the three streets would take place that year. "There will be no official inauguration. We will sign a release after all the work is completed... There is a special commission in place to take care of this made up of specialists and a local public administration officer responsible for this area. In one year after all the defects are addressed, final acceptance may take place. I repeat: it may. This does not mean that it will be accepted if all the defects are not corrected. As of now, all defects have been identified. The contractor, the Transportation Division and the consultant are now to do this," he stated.

In the nearly two years since the completion of the road work on Ștefan cel Mare și Sfânt Blvd, Negruzzi Blvd and Vasile Alecsandri Str., the work has not been officially accepted as the final documentation for the rehabilitation of the three streets has not been signed by the municipal authorities. Meanwhile, the first cracks on Ștefan cel Mare și Sfânt Blvd started to appear just a few months after the completion of the work. The problems have grown bigger over time due to the authorities' indifference.

Today on Ștefan cel Mare Blvd in the areas around the bus stops one can see ruts and depressions several centimeters in depth that make drivers avoid those lanes. At the same time, the pavement has buckled around many manhole covers that were moved from their initial locations.

## **EXPERT: "THE RESPONSIBILITY IS COMPLICATED"**

"These ruts will get deeper with time and create big problems for cars as they collect water that sprays passengers. The main problem is that the structure for the carriageway was designed from data prepared in 2011–2012, but the road work was executed

in 2016–2017 after the trolleybus flow had doubled. The structure was therefore insufficient, especially during summer when such ruts or depressions generally appear,” said Andrei Ababii, who holds a doctorate in engineering in road infrastructure, when asked for his candid opinion on the problems on Ștefan cel Mare și Sfânt Blvd.

The expert thinks that the players involved in this project are to blame for this situation. “The responsibility is complicated. First, I think that the design itself was not adequately formulated. In European cities, bus stops are outside the carriageways. This is the solution for ensuring long-term stability. There are technical means to achieve this. A part of the carriageway is cut and replaced with special concrete for roads,” Ababii added.

## CHRONOLOGY OF A PROBLEM UNSOLVED FOR TWO YEARS

ZdG has examined a number of documents related to the defects that have appeared on Ștefan cel Mare și Sfânt Blvd after requesting them from GDPTCM. The documents show that for two years, no independent, in-depth, expert examinations were conducted to establish the reasons for the defects on the country’s most important boulevard, and GDPTCM leaders left the impression that they never understood the core of the problem.

## DELTA ACM 93: THE FIRST TO RING THE BELL

**30 August 2017.** The first ones to flag the problems on Ștefan cel Mare Blvd shortly after rehabilitation were representatives of Delta ACM 93, the company that had conducted the road work. Project manager Dumitrel Mutu-Necula wrote a letter to GDPTCM and to EGIS International, the company selected to supervise the works, notifying them about “visible depressions due to the depth failure of the road structure.” The Delta representative requested, “... an on-site meeting with the designer as soon as possible to establish and issue a solution for the problem.”

**5 September 2017.** GDPTCM through its deputy chief Vitalie

Butucel asked EGIS to, “...examine in detail the degrading of the asphalt cover in bus stop areas and around manhole covers on Ștefan cel Mare Boulevard to establish the reasons for the appearance of such degradation and to make proposals for remediation.”

**19 September 2017.** In an answer addressed to Oleg Poiată, Chief of GDPTCM, Project Manager Manuela Copcea at EGIS said, “A preliminary finding made during the on-site visit is insufficient bearing capacity of the existing road system.” At the same time he specified that in the joint meeting on 5 September 2017, “It was decided that the Beneficiary (GDPTCM), in reasonable time and with support from the Designer (Chișinăuproiect), would make detailed examinations through tests/surveys of the existing road system to determine the thickness of the layers as well as the technical condition of resistance of the materials/aggregates in the layers, and to determine the type of ground in the road bed. We are still waiting for the results of tests of the existing layers to formulate an adequate solution by the Designer and accepted by the Beneficiary.”

On 30 November 2017 after a number of disagreements with then Acting Chișinău Mayor Silvia Radu, Oleg Poiată left the position of chief of GDPTCM and was replaced by Vitalie Butucel, one of the deputy chiefs of the division.

## EXPERT EXAMINATION FOR FORTY THOUSAND LEI THAT WAS NOT DONE

**28 March 2018.** Acting Chief of GDPTCM Vitalie Butucel asked Delta ACM 93 and EGIS to start an investigation, “...to establish the circumstances and reasons for the appearance of defects on Ștefan cel Mare și Sfânt Boulevard in the bus stop areas and at street junctions,” i.e. exactly what he had requested on 5 September 2017 when he was Deputy Chief.

**1 August 2018.** On the order of GDPTCM, the testing laboratory of the State Road Administration (SRA) took samples from the main layer of pavement and from deteriorated sections at several bus stops on Ștefan cel Mare and C. Negruzzi boulevards, and City Hall representatives announced that the results of the tests would be made public. This, however, did not happen.

Petru Talpă, Head of the SRA Testing Laboratory, told ZdG that the expert examination requested by GDPTCM in August 2018 was conducted and that the results were sent to the beneficiary. Talpă mentioned, however, that his institution had only examined the surface layers made of concrete-asphalt. “This is what the division requested. This is also on our list of services. If one asks for geodesy, an investigation of the geology of the foundation, for example, we do not have that capacity. Special laboratories exist for such things. We did not and could not check the foundation for the project,” Talpă says. Despite that fact, 40,000 lei were paid from the budget allocated to GDPTCM for exactly those services.

## **DIVISION SUMMONED TO CONTRACT INDEPENDENT EXPERT**

**18 October 2018.** Acting GDPTCM Director Vitalie Butucel wrote to EGIS to inform them that, “As a result of the lab testing on 1 August 2018, samples had been taken from bus stops and carriageway depressions,” and requested, “...presentation of all the documents related to the approval, verification, certification of the materials used in the project (asphalt mixture) and other relevant documents referring to the defects examined.”

**30 October 2018.** A meeting attended by GDPTCM, EGIS, Delta, EBRD, ASD and Chişinăuproiect took place. The engineer (EGIS) claimed that, “The defects have not been fully corrected but having in mind that most of the work is not complicated, they could be fixed by the end of the remediation period, i.e. 30 November 2018.” He added, “The complex work, such as the bus stops on Ştefan cel Mare and Negruzzi Blvd as well as the depressions at the junctions can be executed only after the Designer has issued a technical remediation solution.”

During the meeting, the stages for solving the problems at the bus stops were established: the Beneficiary, i.e. GDPTCM, was first to contract an expert to carry out a technical examination.

The expert’s report had to contain conclusions and recommendations on solutions and was then to request Chişinăuproiect to prepare a remediation project.

In the end, the remediation project was to go to contractor Delta ACM 93 for the execution of the work. “All these steps must be taken in the shortest time possible because the deadline for the remediation of defects is 30 November,” said the minutes of the 30 October meeting.

### 30 NOVEMBER 2018: DEADLINE FOR REMEDIATION

**9 November 2018.** Manuela Copcea, Contract Manager at EGIS, addressed GDPTCM reminding them about the need to conduct an independent technical expert examination based on “in-depth tests and surveys.” She repeatedly specified that based on the results of the tests previously made by GDPTCM (on 1 August 2018) on the superior asphalt layers, one could not conclude that the buckling occurred because of poorly executed work or because of defective material used by Delta ACM.

Meanwhile, on 30 November 2017, the one-year interval for completing the road work during which the beneficiary was to require remediation of defects identified had passed.

**15 December 2018.** Although at the meeting on 30 October it was agreed that GDPTCM would contract an independent technical expert as soon as possible to carry out a detailed examination as EGIS had reminded them in their 9 November letter, on 15 December 2018 Head of GDPTCM Vitalie Butucel requested EGIS to inform him about the engineer’s decision on the defects at the stops, “...taking into account the lab tests results previously delivered for examination,” i.e. based on the old examination that EGIS representatives had repeatedly said was not useful or sufficient.

**7 February 2019.** Consultations took place with the participation of the representatives of the two entities. Representatives of the contractor (Delta ACM 93) did not answer convocation letters and were missing at the consultations. During the meeting, GDPTCM representatives stated that the, “...arguments for organizing and holding the meeting for the final reception commission for the streets in Package 1” were missing and that 30 November was the deadline to remedy the defects.

Referring to the defects at the bus stops, EGIS presented their

opinion about the, “...stringent need to have surveys from the existing basic layers where, according to the initial project, the Contractor had not been involved.” EGIS also noted that if the beneficiary could not conduct those surveys (i.e. the expert examinations), as previously promised, then the engineer may have to involve the contractor in making the necessary tests as well as an independent expert.

### **NEW CHIEF, OLD PROBLEMS AND NAMELESS AMERICAN COMPANY**

**14 February 2019.** As a result of Butucel’s letter of 15 December 2018 and of the meeting on 7 February, EGIS told GDPTCM that the defects found on completion as well as those found during the warranty period could be remedied by the division by contracting a third company, with the costs to be covered from the amount payable to Delta ACM 93. Regarding the defects at the bus stops, they (once again!) said that GDPTCM had never contracted an independent expert to examine all the layers, including the foundation.

As a result, EGIS offered two solutions to the contractor: “carry out all necessary tests to determine the reasons for the appearance of the ruts and depressions or reopen the project and remake the affected areas,” setting a deadline of 31 March 2019.

**2 May 2019.** A new meeting on the defects at the bus stops on Ștefan cel Mare and C. Negruzzi boulevards took place in which GDPTCM was represented by new chief Octavian Lungu and by his deputy Oleg Caraman. They announced a, “...cooperation contract with an American technical expertise company,” which had agreed to take samples of the surface asphalt-concrete layers and, if necessary, from the lower layers of the road system. However, the minutes of the meeting do not mention either the name of the expert or the name of the American company that was to make the examination.

The same minutes say that it was decided that GDPTCM would organize the taking of samples by drilling with the participation of the representatives of all the parties involved on 6–7 or 20–24 May. Once again, this examination failed to happen.

## **HOUSE IN CONSTRUCTION OF HEAD OF DIVISION DURING STREET REHABILITATION PERIOD**

During the period when Ștefan cel Mare și Sfânt Blvd was being rehabilitated, GDPTCM which managed the project was led by several persons in succession. Adrian Boldurescu, the one under whose mandate the project was started, was dismissed by Mayor Dorin Chirtoacă in May 2013 and replaced by Chirtoacă's classmate Igor Gamrețki. The works were started and were nearly finished under the Gamrețki mandate that lasted from 2013 to 2017. Mr. Gamrețki left the position of Chief of GDPTCM in May 2017 following his arrest in the case of paid parking spots, some of which were to be located on Ștefan cel Mare Blvd.

In 2015, one year after taking office, Gamrețki started building an expensive house in the capital's Râșcani District. The house is registered in the name of his parents Petru and Eugenia Stoicev, and it was finished in July 2019. In the middle of August, we found a Mercedes-Benz G-class car registered to Igor Gamrețki in front of the house. Although we called and texted him about the rehabilitation of the three streets during his mandate, he did not reply.

## **EXPLANATIONS OF ANOTHER HEAD OF DIVISION WHOSE HOUSE WAS FINISHED DURING HIS MANDATE**

From May to November 2017, Igor Gamrețki was replaced by Oleg Poiată, and then from November 2017 to March 2019, former deputy chief Vitalie Butucel was appointed Head of Division. Like his predecessor, Butucel finished the construction of a house "worth millions" while working at GDPTCM. The two-story house is located in Stăuceni, Chișinău and was officially occupied in February 2018. Mr. Butucel, who has headed Edilitate JSC since July, says that he had started the construction of that house before becoming head of GDPTCM.

"I built the house over nine years from 2006 to 2015. At that stage, I was ready to buy an apartment. With the money collected at my wedding and with my parents' input I could buy a rather good apartment, but in the end I decided to build a house. I started it in the year after my wedding; I made the roof and added a fence. I did a little for



the house in each of the following nine years: one year, I added the windows, another year I did the plastering, and so on,” Butucel said.

As to the problems on Ștefan cel Mare Blvd and the failure to identify a solution during his mandate, Vitalie Butucel said that GDPTCM’s role in this process was a formality and that those that were supposed to solve the problems were EGIS and Delta ACM 93. About the expert examination he announced in 2018 that was subsequently made by the ASD Laboratory, Butucel says now that that was not an examination as such.

“We only took core from the carriageway to check its structure and find out why the layers had collapsed. This cannot be called an expert examination. Such an examination was never made on Ștefan cel Mare Blvd,” Butucel said.

So why was a complex examination of all the layers, as repeatedly requested by EGIS, never made? “Everyone kept silent, everyone was happy, EGIS signed off and accepted the work, money was transferred to Delta’s account and somehow at the end, explanations are demanded about why we did not make an examination. The construction company and the engineering company, both of which have many obligations, had absolutely to take all the actions necessary to see why such things happened,” Butucel answered, saying that GDPTCM was not the one to make the examination; rather EGIS was to, “...come with the proposal to contract a well-known international company.”

### **REINSTATING THE HEAD OF DIVISION DISMISSED SIX YEARS AGO: “THERE IS NO CLARITY IN ANY OF THE DOCUMENTS”**

On 12 July 2019, Adrian Boldurescu was reinstated as Head of GDPTCM after six years in a disposition signed by then Acting Chișinău Mayor Adrian Talmaci. Prior to that in March, after a number of proceedings, the Chișinău Court canceled the order previously issued by Dorin Chirtoacă on Boldurescu. “What we found in relation to the EBRD project on Ștefan cel Mare, Negruzzi and Alecsandri streets is currently a problem. There is no clarity in any of the documents,” Boldurescu says.

“It has become clear from the documents that no steps were taken for two and a half or three years. Each new director started from scratch

without getting to the essence of things. It is certain that no expert examination has been made and we are the ones to announce one, to see which way to take the project farther,” Boldurescu said and specified that the general contractor had not received full payment and that there was still about half a million lei in the account. At the same time, Boldurescu said he did not find even the expert examination promised by GDPTCM in August 2018 but only some outlines that did not lead to any conclusions.

“It is important to us because there is some money withheld and we want to know how we can use it and if we can claim violations of construction norms or infringements. Without such an examination, we do not know what to pursue. If the examination we ought to make determines that the designer is the one to blame for the deficient carriage capacity, then the municipality or the Design Institute which is a municipal company must admit wrong doing and give us the money or look for money for remediation. If Delta is guilty in relation to the composition of the asphalt layers, then we take the money that has not been paid, or we go to court. The term of over two years in which nothing was done seems too long. I really don’t understand this. Someone should be accountable. If not we, then you, or law enforcement. I think it is the case for someone to offer an explanation and to make it clear: Was it negligence, incompetence, or based on some other criteria? Someone else should establish it,” Boldurescu pointed out.

### **“DELTA – INSOLVENT”. DESIGNER AWAITS EXPERT EXAMINATION**

Meanwhile, Delta ACM 93 has gone into insolvency in Romania, and it is not clear how things will unfold in the future. “At the beginning of July, we were informed by the Bucharest court that we were entitled to file a request for the validation of Delta’s receivables and file claims. The first court hearing has not taken place yet; the proceedings are being prepared,” noted Adrian Talmaci, Acting Mayor of Chişinău.

He said that this fall, the municipality is ready to intervene to remedy the issues that have arisen on the city’s main artery. “If we do not intervene, the situation will be more serious after the winter,” he stated.

At the same time, the entities responsible for project

implementation and management have either avoided talking about it or say they are not to blame. *ZdG* attempts to speak with the representatives of Delta ACM 93 have failed. They have not answered our messages nor have representatives of EGIS. Pavel Untură, former Deputy Minister of Transportation in the Tarlev Government was the resident engineer responsible for the project. Untură and other EGIS staff received 10,000 euros for supervising the rehabilitation work on the three streets. Pavel Untură did not answer *ZdG* phone calls or texts.

Chişinăuproiect prepared the project documentation for the rehabilitation of Ştefan cel Mare Blvd according to the standards in force. The project was checked by specialists in the area, was examined by EBRD consultants without objections, and the project was then submitted to GDPTCM for execution. We don't know why the defects appeared. To find out, GDPTCM must request a comprehensive expert examination of the places where the defects have appeared," said Ion Paciu, Chief Engineer of the Municipal Design Institute Chişinăuproiect.

# **REZINA ROAD BECOMES UNUSABLE AFTER AUTHORITIES INVEST OVER 1.5 MILLION LEI**

**TUDOR IAȘCENCO,**  
**CUVÂNTUL NEWSPAPER, April 2019**

*The Rezina district authorities have “shredded” 1.5 million lei for repairing a portion of the Rezina-Saharna Nouă-Cinișeuți-Gordinești road which is not the responsibility of the district administration. Normally, this artery should have been repaired by its direct manager – the State Road Administration. No one knows the real reasons why the Rezina district leadership had proceeded to repairing a road that did not belong to it. It is, however, known that, in just one year after the completion of the road work, the road risks becoming impassable because of serious technological errors.*



In 2017, the Rezina district leadership started repairing a portion of regional road L161 Rezina-Saharna Nouă-Cinișeuți-Gordinești, allocating over 1.5 million lei for this purpose from the district budget. Rezina authorities assumed these costs although in fact the road belongs to the State Road Administration (SRA) which is directly responsible for its repair and maintenance. For the repair works, the Rezina authorities organized two tenders. The first one was for repairs on the local public roads L161, Rezina-Saharna and Nouă-Cinișeuți-Gordinești and was organized in March. Five businesses participated in the competition. The contract of 847,844 lei was awarded to Armo-Beton SA. The second tender was for repairs on local public road G42 Rezina-Saharna-Saharna Noua and was organized on 16 August 2017; three businesses participated. The contract of 715,944 lei was awarded to the same company, Armo-Beton S.A. According to the portal [idno.md](http://idno.md) that contains information about business operators registered with the State Registration Chamber, this company's activities include the cultivation of vegetables and watermelons, root vegetables, tubers and fruits, trade in alcoholic beverages and tobacco products as well as manufacturing elements of concrete, plaster or cement and the construction of highways, roads, and airports.

Later on, when the work was well underway, engineer Nicolae Severin, responsible for technical matters at Drumuri-Orhei SA that

manages this road, said the authorities should not have undertaken such a project. “I don’t know who is technically responsible for it and who the project supervisor is, but they together with the commissioner from the very beginning had to refuse this project as it was highly unlikely to pass expert technical examination. It will not be possible to use this road in wintertime, and I don’t know who will assume the responsibility for signing work acceptance documentation for this portion,” Mr. Severin said.

### **MONEY FROM DISTRICT ROAD FUND SPENT ON REPAIR OF REGIONAL ROAD**

When the draft decision on allocating money for the repair of the Saharna-Saharna Nouă portion was being discussed, some councilors opined that that road was the responsibility of its direct manager, i.e. SRA. District President Eleonora Graur said, however, that after the works were executed, SRA would reimburse the money spent to the district budget, but that never happened. Asked to comment on the president’s statement, Andrei Cuculescu, former SRA chief, said that if repair works are started by a local administration that selects the contractor, then the local administration will incur the costs.

### **THREE IN ONE: DESIGNER, FINANCER AND RESPONSIBLE PARTY**

The implementation of the project started with a big scandal. Checking a complaint lodged by readers of the newspaper CUVÂNTUL from Saharna Nouă, a group of journalists accompanied by employees of Rezina Ecologic Inspection found that Armo-Beton SA used sand and stones illegally extracted from village land instead of the materials required by current construction codes.

Marcel Rusu, Head of the Section for Constructions, Roads and Local Administration of CR Rezina, confirmed that the design for the repair of the Saharna-Saharna Nouă portion had been developed by his section and that it is the one responsible for the quality of the work. He said that the use of local construction materials would not influence road sustainability and that the issue of their unauthorized

extraction was under the competence of other institutions like the village mayor's office, the State Land Registration Agency etc.

Grigore Carpov, Acting Head of Rezina Ecologic Inspection, had a different opinion: Mineral deposits, including sand and stones could be extracted only with the authorization of the Ministry of Environment. He said that what had happened in Saharna Nouă contravened the law in force and the culprits had to be held accountable. Shortly thereafter, the Agency for Geology and Mineral Resources fined Armo-Beton S.A. 10,000 lei.

### **“SUCH A PROJECT SHOULDN'T HAVE BEEN ACCEPTED FOR IMPLEMENTATION”**

Road repair technology brings up many questions. The portion with serious defects has been covered with four layers of concrete plates about 8 cm thick that were placed on the locally extracted sand. When visiting the road, technical engineer Nicolae Severin from Drumuri-Orhei SA noted that the concrete plates were too thin and weak for that kind of road and were also very slippery. The road would therefore not be usable in winter since there would be a risk of cars skidding off. The specialist said that such plates could be used in the construction of sidewalks and fences but never for roadways, especially on such an incline. “Normally, the chief of the site, the person technically responsible for the object and principal would refuse such a project from the very beginning,” he added. Engineer Severin's fears became true very quickly. The first strong rain dislodged the plates from the roadway.

### **CONTRACTOR CLAIMS NO REASONS FOR CONCERN**

Alexei Catrinici, Manager of Armo-Beton S.A., said there are no reasons for concern. He guarantees the security of the two-way road on this 4.2 meter-wide portion. According to him, the company incurred additional costs that had not been stipulated in the contract. “Taking into account the relief specifics—the of the road edge drops off—in order to secure traffic flow on both sides, we decided to add width. This was not stipulated in the contract; the costs were not

added. We will provide a bonus of a 0.2 meter-wide shoulder as a donation by our company,” the businessman said. Catrinici also said that the, “...cracks on the plates were still to be covered with a dry mixture of cement and that melted tar would be poured between the gullies and the road as a hydro-insulator. Such works for such a road are recommended to be made after the plates are completely fixed in place on a layer of inert materials.”

However, the first incident was followed by another one, then one more with the concrete plates traveling to one side, then to the other.

This is how pensioner Ion Perciun who was Chief Architect of the District of Rezina for 20 years commented on the statements made by the manager of Armo-Beton S.A.: “Alexei Catrinici boasts that his company had changed the project by widening the road by 0.2 meters. If Mr. Catrinici knows a bit about road construction, then he must know that nobody but the designer is entitled to intervene in the requirements of a technical project. And then, if he has engaged in road construction, he should also know that the minimal width of such a road should be at least 6.0 meters.”

Ion Perciun was also indignant at the fact that the Rezina public administration had started repairing a road that did not belong to it in addition to sponsoring a dubious project, while the actual road managers—state company ASD and Drumuri-Orhei SA—were not involved in any way.

### **WHO ASSUMED RESPONSIBILITY FOR THE IMPLEMENTATION OF THIS PROJECT?**

The repair of the portion of the Saharna-Saharna Nouă road was the topic of many critical stories in both local and social media. The district’s administration has never officially replied to this criticism. The Saharna Mayor’s Office sent a letter to CUVÂNTUL signed by scores of people who declared themselves, “...extremely grateful to Rezina district leadership for the repair works executed on that road.”

Marcel Rusu, the Head of the Section for Constructions, Roads and Local Administration of CR Rezina, said that the works had been paid for and the road had been released into service with the



participation of representatives of the district administration and of Drumuri-Orhei SA.

Maria Macrii, Mayor of Saharna Nouă, told us that she had never participated in any commission that allegedly decided this project's fate. "The mayor's office had no involvement whatsoever in this business; it was the district administration that dealt with the development, implementation and payment for the project," she said.

Nicolae Severin, the person responsible for technical matters at Drumuri-Orhei SA, also denied that representatives of the company he represented had signed documents on the repair of the Saharna portion. "I should have been on the commission for the delivery and acceptance of the work, but that never happened. I don't think our people have assumed responsibility for someone else's illegalities," Severin said.

Gheorghe Curmei, SRA Director, has confirmed that back in December 2016, the Moldovan Government issued a decision according to which local road L161 Rezina-Saharna Nouă-Cinișeuți-Gordinești was transferred to the category of regional roads, i.e. to SRA management. "If a public authority funds work on roads managed by another public authority, the latter does not have to reimburse the former for the funds paid to repair the respective road sector," Gheorghe Curmei added.

# **CONFLICTS OF INTERESTS, PROTECTIONISM AND HIDDEN BUSINESSES. THE CONSTRUCTION EMPIRE OF THE MILLIONAIRE MAYOR OF BOGZEȘTI**

**VIORICA ZAHARIA,**  
**MOLDOVA CURATĂ,** September 2018

*The family of Mayor Vasile Ozun of Bogzești, Telenești, who is a member of the Democratic Party of Moldova, owns three construction companies that regularly win contracts worth tens of millions in public procurement competitions. One company is registered in his name, one in his son's name, and the third one in his ex-wife's name. Recently, the Competition Council has fined all of them 300,000 lei for bid rigging. The fines, however, have not changed anything. At least two companies are still participating in public procurement competitions. The three companies have a special relationship with the Ministry of Education, Culture and Research where institutional memory is short. In 2016, one of the companies was required by the court to return the money the ministry had paid it for designing the Eugene Ionesco Theater because the work had not been executed which constitutes grounds for putting a company on the black list for public procurements. The ministry, however, forgot about it and in May 2018 entrusted two contracts for 32 million lei to the same company for the reconstruction of an education facility. The company owned by the son is the only one to win tenders for construction work at the Bogzești Mayor's Office. The law says that such a relation represents a conflict of interests.*



Vasile Ozun is in his fourth term as Bogzești mayor. Villagers say he lives in Chișinău and commutes. On his declaration of income and personal interests,<sup>1</sup> Vasile Ozun shows that he owns just one company—Oztor SRL—that reaped dividends of nearly 2 million lei in 2017. In 2017, the company was managed by a person called Alexandru Graur. Oztor SRL enjoys the trust of many public institutions both in Chișinău and in the districts since, as shown in the database of the Public Procurement Agency (PPA),<sup>2</sup> the company is regularly offered contracts for building and road construction and for reconstruction services.

The other two companies connected to Vasile Ozun are Eurodeviz, whose founder and manager is Vitalie Marandici, the mayor's son, and Ozun-Cons whose founder is his ex-wife Zinaida Ozun and whose manager is the mayor's godson Dumitru Diacenco who is also a local councilor from the Democratic Party of Moldova (PDM) in Bogzești. This company enjoys contracts worth millions of lei from various state institutions, especially from the Ministry of Education, Culture and Research (MECR).

### **THREE COMPANIES, SAME PREMISES. BEHIND THE SCENES UNDERSTANDINGS AND REFUSAL TO SUBMIT TO COMPETITION COUNCIL INSPECTIONS**

Proof that the three companies have the same control center is the decision in 2017 of the Competition Council (CC)<sup>3</sup>. The

institution started its inspection after suspicions had arisen that the three companies acted in a concerted manner in two tenders organized in 2012 by a structure that today is part of the Ministry of Agriculture, EMP POP Sustainable Management. When CC inspectors visited the premises of Ozun-Cons (the firm registered in the ex-wife's name), Vasile Ozun was there, "in his office," and allegedly denied the inspectors access. We quote the CC decision: "(...)Vasile Ozun opposed conducting the inspection, misleading the members of the inspection team by claiming that those companies did not operate at that address, even though the chief accountant of Oztor SRL and Eurodeviz SRL was present in the room – (...). In addition, one could see accounting documents on the desks in the office as well as a diploma on the wall issued to the manager of Oztor SRL Alexandru Graur by the work team." Further, "The founder of Oztor SRL Vasile Ozun forbade conducting the inspection in the subdivision of the above-said company, registered in the database of the Tax Service, stating that he would pay the fine for impeding it." The inspectors also noted that during their visit they noticed and filmed traces of burnt documents that allegedly contained the names of the three companies in the yard of the company Ozun-Cons.

**FINES OF HUNDREDS OF THOUSANDS OF LEI:  
COMPETITION COUNCIL'S DECISION PUBLISHED  
ONLY AT OUR REQUEST**

For the refusal to submit to the inspection, Oztor and Ozun-Cons were fined by 39,000 lei and 25,000 lei, respectively. Both companies appealed the fines in court but lost.

While we were documenting this story asking for information from the CC, we found out that the investigation started in 2016 had ended and that the three companies had been fined back in February 2018 for submitting rigged bids in public tenders. The decision<sup>4</sup> was published only after we made a request for it in September 2018. The CC press service informed us that the publication was late because of editing, not for any other reason. The document

read that Ozun-Cons had been levied the biggest fine of over half a million lei; Oztor was fined by 213,700 lei, and Eurodeviz 18,000 lei. The fines were not appealed by the three companies.

### **EUGENE IONESCO THEATER NOT RECONSTRUCTED BECAUSE OF OZUN-CONS. INSTEAD OF BLACK LISTING, THE MINISTRY OF EDUCATION, CULTURE AND RESEARCH STILL SUPPLIES IT WITH MILLIONS OF LEI**

In July 2011, Ozun-Cons signed a contract with the Ministry of Culture led then by Minister Boris Focşa to design the reconstruction of the Eugene Ionesco Theater. A month and a half after signing, the Ministry transferred 300,000 lei to the company as an advance payment. The work was to be completed by 30 November 2011, i.e. three months after the advance payment.

In March 2012, however, Boris Focşa lodged a complaint with the court claiming that the firm was not executing the work. For this reason, he requested termination of the contract and the return of the advance payment. The Court of Appeals required the company to return the 300,000 lei to the Ministry and noted, “It had not been proved that Ozun-Cons SRL had executed the design services,” even though it had submitted copies, but not the originals, of some invoices. The Supreme Court of Justice (SCJ) upheld that decision on 18 May 2016.

### **NEW CONTRACTS INSTEAD OF BLACK LIST**

Despite this litigation, the firm has not been sanctioned in any way. According to the regulations, it should have been included in the list of companies prohibited by the PPA, also called the black list, and should have remained there for three years without the right to participate in state tenders.<sup>5</sup>

The firm thus should have been on the black list back in 2012. Nevertheless, nothing happened even in 2016 when the court issued a final decision. On the contrary, in May 2018 the ministry,

which had been renamed and reorganized as the Ministry of Education, Culture and Research in 2017 and led for a year by Monica Babuc, entrusted it with a contract for 28.6 million for the reconstruction of Chişinău Construction College. After two months, MECR supplemented this amount by over 3 million lei.

### **WHAT PUBLIC PROCUREMENT AGENCY SAYS**

In an answer<sup>6</sup> to the query by portal Moldova Curată, the PPA stated that according to the regulations, to put a firm on the list of prohibited business operators, “One must submit to the Agency a request and the decision of the working group of the contracting authority or of the inspection body and attach all supporting documents. Taking into account that the contracting authority (MECR – author’s note) had not submitted a request to the PPA in this sense and that the PPA did not know about the court judgment (SCJ’s final judgment – author’s note), it was not possible to enter Ozun-Cons SRL on the list of prohibited companies,” PPA explained.

### **WHAT MINISTRY OF EDUCATION, CULTURE AND RESEARCH SAYS**

MECR led by Monica Babuc said that she did not find any reason to forbid Ozun-Cons from participating in the tenders: “Upon the registration and verification of the documents for qualifying participants (for the tender for the reconstruction of the Construction College – author’s note), the working group for public procurements did not find grounds to exclude the bidder Ozun-Cons SRL from the contract assignment procedure, to disqualify it, or to reject its bid.”<sup>7</sup>

To the question of whether the PDM affiliation of Ozun-Cons’s manager Dumitru Diacenco had any influence on the contract assignment, MECR answered: “We would like to stress that in no public procurement procedures whatsoever has the Ministry applied political criteria in selecting the business operator.”

**FORMER MINISTER BORIS FOCŞA: “I HAVE NO IDEA WHO THE FIRM’S PATRONS ARE. THE MOST SERIOUS THING IS THAT EUGENE IONESCO THEATER HAS NOT BEEN RENOVATED”**

The former Minister of Culture Boris Focşa sued Ozun-Cons for its failure to execute the design work for the Eugene Ionesco Theater. “I fought a lot with this company. I have no idea who its patrons are. It was selected then because it had offered the lowest price. The set of documents they submitted was impeccable. Later on, we realized that in fact they did not have the capacity to design a theater, even though they had submitted an outline in the competition that had been coordinated with the theater’s representatives and checked by our specialists. They did not execute any work. That’s why I sued them. I regret the most that the Theater’s premises have not been reconstructed. It was very hard for me to obtain that money. Yes, the company has returned it, but it went back into the state budget and subsequently was not allocated again for the reconstruction of the theater,” Mr. Focşa told us. Asked why he did not demand that the firm be put on the black list, the former minister said he waited for a court judgment in this regard but when such a judgment was issued, he was not holding his ministerial office anymore. “Anyway, I haven’t seen them participate since then in the ministry’s tenders.”

Asked to comment on her company’s participation in public tenders, the litigation with the Ministry of Culture, the conflict with the CC inspectors, and the fine for bid rigging, Zinaida Ozun said she had not worked for Ozun-Cons for a few years and, “...therefore, I do not know anything about what is happening in the three companies.” Even though she is the founder, she said she could not put us in touch with any responsible persons who could answer our questions.

**FAMILY BUSINESSES. MAYOR’S OFFICE’S MONEY COMES TO COMPANY OF MAYOR’S SON**

The third company, Eurodeviz which belongs to the mayor’s son Vitalie Marandici, also wins state tenders, including at MECR as well

as the Bogzești Mayor's Office. In fact, Eurodeviz is the only company that Mayor Vasile Ozun entrusts with the provision of state construction services. In 2017 alone, Eurodeviz awarded two contracts to itself: one for thermal rehabilitation of the local middle school building worth 2.6 million lei, and the second one for 987,000 lei for the "reconstruction of the voluntary fire station of Bogzești."

We asked Vitalie Marandici a few questions about these contracts via Facebook, and although he read the message, he never answered us. Neither did Vasile Ozun want to comment on the information described in this article despite our searches on Facebook, phone calls, questions in writing, and texts.

Notwithstanding the findings and fines imposed by the CC and the final SCJ judgment on Ozun-Cons, the companies close to the Mayor of Bogzești continue to participate in public tenders and regularly win new contracts with the state. Proof of this are the documents of a tender organized by MECR in which Ozun-Cons and Eurodeviz participated together.

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## ENDNOTES

- 1 Income and personal interests declaration for 2018, filed by Vasile Ozun with the National Integrity Agency <https://declaratii.ani.md/Documents/cni/previewDocHas/id/349192>
- 2 List of procurement competitions won by Oztor, posted on the webpage of the Public Procurement Agency, [https://tender.gov.md/ro/contracte-atribuite?field\\_num\\_rul\\_procedurii\\_value=&field\\_operator\\_economic\\_value=oztor&field\\_autoritatea\\_contractant\\_value=&field\\_obiectul\\_achiziiei\\_value=&field\\_cpv3\\_ca\\_tid=&field\\_data\\_documentului\\_value%5Bmin%5D%5Bdate%5D=&field\\_data\\_documentului\\_value%5Bmax%5D%5Bdate%5D=&field\\_raion\\_tid=All&field\\_idno\\_ca\\_value=](https://tender.gov.md/ro/contracte-atribuite?field_num_rul_procedurii_value=&field_operator_economic_value=oztor&field_autoritatea_contractant_value=&field_obiectul_achiziiei_value=&field_cpv3_ca_tid=&field_data_documentului_value%5Bmin%5D%5Bdate%5D=&field_data_documentului_value%5Bmax%5D%5Bdate%5D=&field_raion_tid=All&field_idno_ca_value=)
- 3 Decision of Competition Council of 22 May 2017 on Refusal to Accept the Inspection <https://competition.md/public/files/da-1712a3b.pdf>
- 4 Decision of Competition Council of 15 February 2018 to fine the three companies for anti-competition agreement <https://competition.md/public/files/Decizia-Ozun-Oztor-Eurodeviz1552e.pdf>
- 5 Regulation on the Manner of Preparation of Prohibition List <http://lex.justice.md/md/368202/>
- 6 Informative Note of the Public Procurement Agency, formulated at the request of Moldova Curată portal [http://moldovacurata.md/upload/2017/Raspuns\\_AAP.PDF](http://moldovacurata.md/upload/2017/Raspuns_AAP.PDF)
- 7 Explanatory Note of the Ministry of Education, Culture and Research, submitted to Moldova Curată portal [http://moldovacurata.md/upload/2017/Raspuns\\_Ministerul\\_Educatiei.pdf](http://moldovacurata.md/upload/2017/Raspuns_Ministerul_Educatiei.pdf)



# **WHY THE RENOVATION OF SCHOOLS UNDER THE WORLD BANK PROJECT HAS BEEN DELAYED**

**NATALIA COZMA,  
MARIANA COLUN**

**ANTICORUPTIE.MD**, December 2018

*Several district schools attended by pupils in various localities should have been renovated between 2013 and 2018 with a World Bank loan of circa 40 million US dollars. In the five years since the beginning of the project, only a few have been repaired. The procurement contracts have been extended numerous times which has delayed their release to service without anyone being penalized. The renovation of education facilities has come into the sight of the Court of Accounts which has found that the Ministry of Education, Culture and Research (MECR) had deficiencies in the implementation of the Moldova Education Reform Project. MECR, in its turn, claims ‘no infringements of work execution deadlines by the entrepreneurs’.*



The World Bank loan was conditioned on 16 education reform indicators. Our authorities, among others, committed to renovating circa 90 district schools. Initially, renovation works were coordinated by the Ministry of Education, Culture and Research (MECR). Later, the Ministry ceded the work to the Moldova Social Investment Fund (MSIF).

In 2017, funds of 110 million lei were provided in the state budget and were distributed for the renovation of six educational facilities: Alexandru cel Bun Middle School in Vărzărești, Nisporeni; Vasile Pârvan Theoretical High School in Gotești, Cantemir; Mihai Eminescu Theoretical High School in Sipoteni, Călărași; Lucian Blaga Theoretical High School in Iargara, Leova; S. Lucaci Theoretical High School in Costești, Râșcani; and Meșterul Manole Theoretical High School in Sălcuța, Căușeni. In most cases, the deadlines for the execution of the renovations were extended several times.

### **WORKS FINISHED UP TO SEVENTY PERCENT**

One of the facilities chosen for renovation was the Mihai Eminescu Theoretical High School in Sipoteni, Călărași which is attended by over 600 pupils. After the tender held in February 2017, capital repair works amounting to 24.9 million lei were contracted with a duration of

execution of eight months. Later on, this term was changed several times; the latest is the end of December this year (2019).

The works are not, however proceeding on schedule. “The renovation project implies changing the electricity and communication networks, and virtually all the plastering has been taken down,” the facility’s director Dumitru Bob told us. He could not say what has caused the delays. “MECR sent the money in time. Delays may have happened at the design stage: For the designers to do their work, then deliver their plans, then get them checked—all that takes time. The contractor may also have only a few workers on site and thus certain phases are not completed on time. Initially, they were supposed to finish the work by 20 August, but the deadline was then extended to 20 September, and then it was extended again to 31 December. Work has been underway all this time, but in a rather sluggish manner,” the director added. Hence, the pupils spend time in the hall during physical education classes because the repair work on the gym has never been finished.

Vasile Rață, Mayor of Sipoteni, said that the lack of a sufficient number of workers could be one of the reasons why the contractor has not met the deadline. “The deadline was extended several times, I don’t know why—lack of labor force, I think this was the main reason. The latest deadline was set for the end of December of this year; however, I don’t think they will make it, as you can see,” Mayor Rață said. The school director is not much more optimistic. “I don’t think we’ll celebrate New Year’s with the repair works finished,” Dumitru Bob said. In addition to deadline extensions, unforeseen problems have been identified during the project that required a contract to increase construction costs in the amount of 2.5 million lei.

The deadline was also extended several times in the case of Meșterul Manole Theoretical High School in Sălcuța, Căușeni. The public tender for the procurement of capital repair work was organized at the end of 2016, and 26 million lei were allocated for a term of seven months. Subsequently, the deadline was changed four times with the latest 20 August 2018.

## DEADLINE EXTENDED FOUR TIMES

At Vasile Pârvan Theoretical High School in Gotești, Cantemir, capital repair works were to take place under a contract of 21.4 million lei signed in March 2017 by MECR and Eurogalex Prim SRL, with a deadline for finishing of 15 November 2017. Based on the minutes of the working group, the deadline was subsequently extended to 30 October 2018. To date, the work is about 80% complete. The roof has been changed; thermal insulation, electricity and sewerage networks and heating systems have been installed and the flooring has been renovated.

Panainte Chicicov, the Mayor of Gotești, blames the designers. “The project has been delayed because the designers overlooked many things and did not make the necessary changes at the beginning. About half a year has passed. Repairs are virtually coming to an end. The gym, the activity room and the cafeteria are yet to be repaired,” the Mayor said.

Since additional work that had not been initially provided for proved to be necessary, the amount of the contract was increased by over two million lei. “The latest extension was signed in the summer of this year. The deadline was established for the end of the year, but it is very unlikely that they will meet it,” Mayor Chicicov added. According to him, no penalties can be levied since the extension of the contract took place with the Ministry’s agreement.

Repairs at at Silvian Lucaci Theoretical High School in Costești, Râșcani attended by about 350 pupils were also unfinished in the initially established term. Services amounting to 18.9 million lei were contracted in November 2016 for a duration of eight months; however, later in 2017, two negotiations for the repairs were organized through which services of 1.6 million lei were contracted with a deadline of one month. During the working group meetings throughout the year, the deadline was changed four times with a final deadline set for 20 August 2018. The works were completed on 3 September 2018, according to the facility’s administration.

“I don’t know the details because that contract was signed with the Mayor’s Office, not directly with the school. I don’t know why the works were delayed and if any penalties have been imposed,” the

facility's director Lilia Iachimciuc told us. The Mayor of Costești Nelu Glasu did not answer our phone calls to provide details.

### **"COMPARED TO THE OTHERS, OUR SITUATION IS BETTER"**

The capital repair works at Alexandru cel Bun Middle School in Vărzărești, Nisporeni are soon to be delivered, according to the village's mayor Constantin Ungureanu.

A public tender took place in January 2017 won by Pro Ex 2005 SRL that was contracted to conduct capital repair works amounting to 13.3 million lei over eight months ending in November 2017.

The project involved changing the roof, all the networks, the heating system, the windows and installing an elevator. Negotiations took place later, and additional services of 1.4 million lei were contracted. At the same time, the deadline for the execution of works was extended to 1 August 2018. Although this deadline was not met, the mayor says the works have already been completed. However, the facility's deputy director Tamara Tîmbur contradicted him.

"Not all work has been completed yet. The chemistry and physics labs have not yet been equipped with the necessary devices. The rooms are empty. The process was delayed because the furniture was held at customs for too long. In addition, they must supply four fridges for the cafeteria because the ones they brought in at the beginning were broken. The final acceptance of the renovations will take place only after this, but we don't know when exactly," Ms Tîmbur told us.

"Some unforeseen work appeared, and in September we signed a contract for increasing the amount by about 200,000 lei. That work has now been completed and we will soon make the final acceptance. Compared to other facilities in other places, our situation is relatively good," Mayor Ungureanu told us.

"I don't think that delays took place," he added. "Instead, valid reasons to extend the contracts appeared. The repair works started later because we didn't want to interrupt the school cycle in May-June 2017 when the pupils had their exams. We cannot speak about penalties since all the changes have been accepted. Meanwhile, some unforeseen work appeared. Of course, it had to be done. It was covered by World Bank money as well because the contract allowed for increases of up to 15%."

## PROJECT COMES TO COURT OF ACCOUNTS ATTENTION

The renovations of the educational facilities came to the attention of the Court of Accounts; the institution found that MECR committed infringements during the implementation of the Moldova Education Reform Project. As of 31 December 2017, of the 110 million lei distributed in 2017, the Ministry of Education had contracted renovation works amounting to only 70.4 million lei, which means that only 64% of the money allocated had been capitalized, the auditor's report reads. The court's audit also found that three educational facilities contracted work worth 124,152 lei less than provided for in the government decision, while another three facilities contracted work worth 127,369 lei more (126%) than the amount approved by the executive.

## MINISTRY OF EDUCATION, CULTURE AND RESEARCH: "THE CONTRACTORS DID NOT IGNORE WORK DEADLINES"

In its reply to a request for information from the Center for Investigative Journalism, the line ministry showed that as of 30 September 2019, 131.4 million lei had been capitalized from the World Bank loan and that the renovation work in the six schools was to be completed by the end of the year. At the same time according to responsible persons at MECR, the contractors have not ignored deadlines so far. The reply also shows that during the renovations, the contractors notified the Ministry about noncompliance with existing construction codes in the projects. "In most cases, the notifications were filed after removing the plaster from walls, ceilings, floors, roofs etc. was completed. In accordance with legal provisions, such notifications were transmitted to the project directors to establish how to resolve the problems discovered. This involved necessary work to complete technological networks; water and heating supplies; construction of outside water supplies, electricity and sewerage networks and securing the operation of wastewater discharge stations among others. Developing technical solutions, verifying amendments to project documents and estimates by the State Service for Project Verification and Expert Examination, and organizing negotiations and approval by the Public Procurement Agency all needed time during which it was not

possible to complete some of the work in the initial contract which thus meant extending the execution timeframe,” MECR added.

The Moldova Education Reform Project started in 2013 under a financing agreement of 40 million US dollars between the Government of Moldova and the International Development Association for the implementation of structural reforms in education by 2018. On 6 February 2017, the World Bank approved the restructuring of the project which was extended by 10 months until June 2019. Meanwhile, responsibilities for the renovations of education facilities were transferred from MECR to MSIF. According to the Court of Accounts report, circa 12 million US dollars have been transferred in full to MSIF for the renovation of 15 schools.

**EXPERT: “FAILURE TO FULFILL OR UNDUE FULFILMENT OF CONTRACT OBLIGATIONS ENTAILS BUSINESS OPERATOR’S LIABILITY”**

Stela Pavlov, expert at the Center for Analysis and Prevention of Corruption, says that the companies responsible for delaying the renovation work are liable for sanctions. At the same time, the authorities that fail to impose sanctions on contractors that failed to fulfill their contractual obligations may also be held liable.

“The contracting authority is the one to ensure the operation of adequate and sufficient internal controls at all stages of the public procurement process, starting with planning, during public procurement, and throughout the implementation of the contract until the final execution of works/services. The monitoring of the procurement process is done by minute verification of the documents submitted, especially at the contract implementation stage. The authority is entitled to impose sanctions on the business operator for the failure to execute or undue execution of the contract, within the limits of the legal provisions and contract clauses. The special conditions for the execution of public procurement contracts must be set out in the announcement/call for proposals or in the terms of reference. The timeframe for the execution of a public procurement contract is set in the contract award documentation and subsequently is transposed into the contract, having in mind the reasonable needs of the contracting authority. The business

operator executes the clauses of the public procurement contract in an unconditional manner, thus following quality and price requirements. The failure to fulfill or the undue fulfillment of the contract obligations entails the liability of the business operator according to the legislation and the public procurement contract. Supervising bodies must impose sanctions under the law against the head of the contracting authority who has failed to impose or to take actions for imposing sanctions on the business operator who has failed to perform or has unduly performed the clauses of the public procurement contract,” she stated.

### **SCHOOL RENOVATION, TAKEN OVER BY MOLDOVA SOCIAL INVESTMENT FUND**

In November 2017, the renovation of schools was taken over by MSIF. Mircea Eșanu, Executive Director of MSIF, told us that it had the World Bank’s and the line ministry’s approval to manage a share of about 14 million US dollars for the repair of some middle and high schools in various regions of the country. “Seventeen schools were included in the renovation program. Of them, five already have project designs made by MECR and, for them, repair works have been contracted. These are Alexandr Pușkin Theoretical High School in Ungheni, Vasile Coroban Theoretical High School in Glodeni, Ion Luca Caragiale Theoretical High School in Orhei, Mihai Eminescu Middle School in Telenești, and Ștefan Vodă Theoretical High School in Ștefan Vodă. For the other 12 schools, the technical drawings are now being developed, and we hope to finish the designs in January and February. The renovations on these schools should be finished in 2021,” Eșanu said.





# **X-RAY OF A BILLION DOLLAR HEIST**

**CUTIA NEAGRĂ (BLACK BOX), TV8**

December 2018 – September 2019

*From 2012 to 2014, over one billion US dollars were stolen from the Moldovan banking system. The authorities and law enforcement agents assured us that they had not known anything about the theft until the banks' safes had been emptied out. The Cutia Neagră program team on TV8 has constructed a trail of investigative reports on who was involved and how in the heist of the century from the Moldovan banking system.*

*According to the British auditing and investigation company Kroll, everything began when control of the three banks involved—Banca de Economii, Banca Socială and Unibank—was taken by persons and companies close to businessman Ilan Sor. During that period and later, many important institutions were involved in the preparations to rob the banking system.*



## RED BUTTON DEACTIVATION

The first actions to create conditions for committing the theft were taken back in 2010 when two MPs from the European Integration Alliance (EIA) got their teeth into the law to deactivate the so-called “red button” of the Service for Money Laundering Prevention and Combatting (SMLPC). The first one was Valentin Chepteni, at that time party colleague of controversial businessman Veaceslav Platon. On 18 June 2010, he requested that the Constitutional Court rule unconstitutional a number of legal provisions concerning the duties of the National Anticorruption Center (NAC) to suspend suspicious transactions and concerning the obligation of banking institutions to report all transactions exceeding 500,000 lei. The Constitutional Court acted upon the MP’s request in five months. At about the same time, the MP from the Democratic Party (DP) Valeriu Guma came to Parliament with a legal initiative for amending NAC’s competence so that any SMLPC decision to block suspicious transactions could be appealed in court and suspended during subsequent legal proceedings.

## THE “NATIONAL BANK OF MOLDOVA OUT OF THE GAME” EPISODE

After NAC and SMLPC had been neutralized, the focus shifted to the National Bank of Moldova (NBM), the second state institution that could block granting doubtful loans by banks. Again in high summer in June 2013, another MP from the DP, Sergiu Sârbu, went to the Constitutional Court with a request to rule unconstitutional provisions that forbade courts from

suspending acts issued by the NBM while legal complaints against NBM were to be examined within a maximum three months. The Constitutional acted on that request. The court judgment, signed by Chief Judge Alexandru Tănase, reads that forbidding the suspension of the acts issued by the NBM during a court trial violated the person's right to a fair trial.

In exactly four months after this judgment, the first request was filed with Râșcani District Court of Chisinau to suspend an NBM regulation that established that a Moldovan bank could grant a maximum 100–150 million lei to one beneficiary. In order for billions to be lent, as happened during the theft, the NBM regulation had to be canceled or at least suspended by the court.

The request came from Nani Abashidze, a new shareholder at Unibank whom the Kroll 1 Report flagged as allegedly part of the Ilan Șor group. In just five days after the filing of that request with the court, Judge Lilia Lupașco ruled to suspend the NBM regulation related to limitations of lending possibilities and interbank operations during the trial. One month later, the ruling of the Râșcani Judge was quashed by the Chișinău Court of Appeals.

After the ruling of the Court of Appeals, similar requests for suspending and cancelling inconvenient provisions of NBM regulations came from more new shareholders of Unibank who allegedly were part of the same group of Ilan Șor as identified by the Kroll 1 Report: Veaceslav Lupov and Reghina Apostolova. It is strange enough that both went to the same Râșcani District Court and the judges who examined their requests were Serghei Papuha and Steliana Iorgov. In both cases, the district court's rulings suspending the regulations were issued only a few days after filing the requests while their cancelation by the Court of Appeals took several months and came only after swindling money from the three banks through fraudulent loans of hundreds of millions had been accomplished.<sup>1</sup>

## **HOW WAS THE GROUND PREPARED FOR STATE GUARANTEES?**

While the courts were being bombarded by requests from Unibank shareholders to block NBM regulations, and Banca de Economii (BEM), Banca Socială (BS) and Unibank were generously sharing out what would become non-performing loans and the Government was

formulating a set of laws to prepare the grounds for emergency lending to BEM, BS and Unibank by NBM under a government guarantee.

In July and September 2014, several months before the granting of the first state guarantee, the Leancă Government amended the financial banking legislation. According to those amendments, in situations of systemic financial crisis or danger of its appearance, defined in this way by a national body established for managing systemic financial crises, the Government, in the person of the Ministry of Finance, is authorized to issue state securities for the capitalization of the banks as well as state guarantees for guaranteeing emergency loans granted by NBM to the banks.

The same amendments establish that the decisions for granting such guarantees were to be made by the Government, and not by Parliament as the general rule provides.

## THE THEFT

After the alignment of the legal framework with conditions favorable for the theft had been accomplished, a loan merry-go-round followed through which billions of lei were swindled out of the banks. The money was granted to anonymous companies with intermediary owners who immediately transferred it to offshore companies. The last blow was struck from 24 to 26 November 2014 when five companies of the Șor group received loans of over 13.7 billion lei from BS, money that in fact came from an interbank placement by BEM.

When the banks' accounts were nearly empty, the state replenished them from state guarantees granted without making an in-depth review of the situation and of their real needs.

In November 2014 when then NBM governor Dorin Drăguțanu went to a secret meeting of the Government and requested a state guarantee of 9.5 billion lei to save the money of ordinary people held in the three banks, over 96% of BEM, BS and Unibank individual depositors could have recovered their deposits without any interventions from the state. NBM data show that those people had accounts of up to 6,000 lei. For them, all amounts kept in the bank were to be recovered from the Bank Deposit Guarantee Fund that does not involve public money but rather contributions from all Moldovan banks. If that fund had been

activated for all the depositors in the three banks, including for those with deposits larger than 6,000 lei, the Government would have saved over 800 million lei.<sup>2</sup>

## **MONEY FOR “ACCOMPLICE BANKS”**

This, however, is not all. Even though the reason stated by Prime Minister Iurie Leancă for granting the first state guarantee was to protect the money of ordinary people kept in the banks, the state money was in reality used for absolutely different goals. The first state guarantee was used to reimburse only one-third of the debts to individuals. For this purpose, 17% of the money offered by the state was used. Another quarter of the first guarantee was used to refund the deposits of businesses. How BEM, BS and Unibank spent the rest of nearly 5 billion lei, NBM refuses to divulge.

Economic experts say that the priority of the first state guarantee was to return the interbank loans granted to the three banks by other Moldovan banks. In fact, according to the Kroll Report, the interbank loans granted played an important role dealing the deathblow to BEM on 24–26 November 2014. At that time, BEM no longer had any liquidity, and the money that Victoriabank, Moldincombank, Agroindbank and Eurocreditbank put into BEM that was already known to be bankrupt was lent by BEM to shell companies of the Șor group. In other words, the interbank loans granted by the four banks created the possibility for the money from the state guarantees to be stolen in advance from BEM.

## **WHO BENEFITED FROM THE STATE GUARANTEES?**

According to the data supplied by NBM, the largest portion of the money granted through state guarantees was spent to cover the deposits of nearly 16,000 individuals who had more than 100,000 lei each in their accounts. This represented less than 1% of depositors at BEM, BS and Unibank though their balances represented more than half of the total amount of individual deposits. Of them, 350 persons were millionaires with about one billion lei in their accounts. Their names are kept top secret by NBM and the Government.

The documents on the bank turnovers of some offshore companies

involved in the theft of the billion that the Cutia Neagră journalists have acquired show that at least one of the companies involved benefited from money from the state guarantee in December 2014. Between 19 and 23 December 2014, Veb Solutions allegedly transferred over 3 million US dollars from its accounts in BEM to offshore company Saturn Export LP that was part of the scheme, allegedly for the purchase of construction materials. According to the first Kroll Report, 5 million euros arrived in Veb Solutions' account at BEM on 20 November 2014 from Caritas Grup, one of the companies of the Șor group involved in contracting non-performing loans from BEM. The 3 million US dollars transferred in December 2014 by Veb Solution to Saturn seem to be exactly the amount of the company's deposit reimbursed from the first state guarantee.<sup>3</sup>

## NEGLIGENCE WORTH BILLIONS

As with the first state guarantee, on 27 March 2015 when granting the second guarantee to BEM, BS and Unibank, the Gaburici Government did not review the situation and how the first 9.5 billion lei provided by the government had been spent. None of the government members who attended the secret meeting on 27 March 2015 asked themselves why the banks' debts to ordinary people had not been paid off as a priority or why Governor Dorin Drăguțanu, who had initially requested money to save the three banks in the meeting of March 2015, was already talking about the need to liquidate those financial institutions.

The Competition Council, too, found in 2016 that the manner in which the money had been granted and used from the two guarantees was illegal and abusive.

**Viorica Cărare, ex-President of the Competition Council:** "When the documents came to us for our opinion, we physically didn't manage to review all of them. In such a situation, the law says that an opinion can be granted conditionally, which we did, because we saw the Government's guarantee, the letter, the entire correspondence that was unclassified afterwards ... and that's when we issued our opinion conditionally. When six months passed and our conditions hadn't been met, we claimed it was illegal aid and demanded recovery." 9 March 2018

## PROTÉGÉ OF JUSTICE

Moldovan prosecutors have not started any criminal cases yet based on the above actions. The only ones whom law enforcement agencies have investigated and presented to us as the beneficiaries of the stolen billion are former BEM presidents Ilan Șor and Grigore Gacikevici, former Prime Minister Vlad Filat and businessman Veaceslav Platon. The actions of the prosecutors and judges in the cases against the four, however, have proved to amount to privileged treatment in relation to some but to be extremely discriminatory in relation to others.

**Moldovan prosecutors initiated two cases against Ilan Șor and accused him of stealing over five billion lei from the three banks.**

Although Șor ended up in the prosecution's hands as far back as 2015, no final court judgments have yet been issued in his regard. The first court cut the detention term requested by the prosecutors in half from 19 to 7.6 years, also decreasing the amount of damage from 5 billion lei, as shown in the prosecution's evidence, to 2.6 billion lei, but no court judgment has been issued for the collection of this amount either. The most important detail is that judges have re-qualified the accusations brought against Șor from "large-scale swindle" to "large-scale damages caused by deceit or abuse of trust, WITHOUT APPROPRIATION."

Both the lawsuits against Ilan Șor and the reasoned judgment have been classified; therefore, it is hard to understand what evidence against Șor the prosecutors took to court and why they could not prove that Șor personally benefited from the heist.

The financial turnovers on the accounts of Hezburg LLP, an offshore company involved in the heist that have been studied by the Cutia Neagră team, prove that Șor used the money transferred to that company's accounts by other firms involved in the Moldovan bank theft to buy a plane, to pay for a number of charter flights by his wife, and to pay for a number of vacations he took in 2014 to the Maldives, Cote d'Azur and Greece. The prosecutors admit having had access to those financial records back in 2015.

All this time while under the lens of prosecutors and judges, Ilan Șor's career was flourishing. From a little known businessman without political ambitions who administered several duty-free shops, Ilan Șor became a prosperous businessman, Mayor of Orhei—a town 40 km from Moldova's



capital city—and a political party leader with real chances of acceding to Parliament. Şor even managed to make a film on the theft, organized a number of press conferences on this subject, and appeared on TV programs. In the three years since his prosecution and sentencing, Ilan Şor has spent only 42 days in a remand facility.

## UNDESIRABLE JUSTICE

The other two defendants in the case—Vlad Filat and Veaceslav Platon—have been less lucky. Ilan Şor even wrote self-denunciations concerning them.

**Vlad Filat, 49, businessman, ex-Prime Minister of Moldova, ex-President of Liberal Democratic Party.** Filat has been in detention since October 2015 for passive corruption and influence peddling and in November 2016 was sentenced to nine years of imprisonment and the confiscation of his assets. The case was started after a self-denunciation written by Ilan Şor who admitted having given 250 million US dollars to Filat. Of this amount, the prosecutors succeeded in proving only 40 million US dollars and the court retained evidence only for a bribe of 23 million US dollars.

Initially, the district court judges accepted all the evidence presented by the prosecutors in Vlad Filat's accusation. As a result of an investigative report that proved that a part of the evidence had been faked and that the persons through whom prosecutors alleged Şor had given Filat nearly 19 million US dollars had never been to Moldova and did not even know the two, the appellate judges had to reject that evidence.

Even though the prosecutors invoke Vlad Filat's case every time they speak about the heist, his case file contains nothing about his involvement in the bank robbery. The ex-prime minister is sentenced for having taken a bribe to secure protection of Şor's businesses; the money was paid including from BEM's non-performing loans.

**Veaceslav Platon, 45, a controversial businessman, and former MP.** Platon is accused by the prosecutors of the same sins as Ilan Şor: "large-scale swindling and money laundering."

Like Vlad Filat, Veaceslav Platon has been kept in detention from the first day of his apprehension in Ukraine on 25 July 2016. Although Platon was sentenced for having benefited from the money stolen from the three

banks through the fraudulent loans obtained by Ilan Șor's companies, the court issued Platon a much tougher punishment than that given to the former president of BEM's Administrative Council, i.e., 18 years of imprisonment.

The same court ruling required Platon to return 869 million lei to the state from the sale of some of his assets or those owned by his affiliates, even though the prosecutors established that the damages caused by the businessman to BEM were worth 800 million lei.

At least two criminal cases on the theft of the billion in Veaceslav Platon's name exist today. The second case, started in June 2018 and that is still at the criminal investigation stage, accuses the businessman of having benefited from another nearly two billion lei in fraudulent loans offered by BEM again to Șor's companies.

According to Platon's indictment, most of this money has been transferred to the offshore accounts of the British company Zenit Management. According to Prosecutor Andrei Băieșu, this company belongs to Veaceslav Platon. It is curious that three years ago the prosecutors tried to convince the Moldovan judges that the same company had Vlad Filat as beneficiary.

Zenit Management received the largest part of the money stolen from BEM on 24–26 November 2014. Zenit is registered at the same address as other Șor group companies, and according to some information that came out in the media, this company lists Victoria Stoian as a representative in Moldova; she is a former employee of Ilan Șor's companies. In addition, according to some bank documents that came into our possession, some of the money that arrived in Zenit Management accounts was subsequently transferred including to Hezburg LLP accounts.

## ENDLESS CASES

**Grigore Gacikevici, 45, banker, president of BEM Administrative Council between 2004 and 2012. Before that, worked for 8 years at Investprivatbank, a bank that went bankrupt in 2009.** According to the prosecutors, it has been proved that between 2007 and 2012, Gacikevici and his accomplices granted non-performing loans of 1.38 billion lei to 52 businesspeople. Today Gacikevici is being prosecuted in 14 cases on fraudulent lending. Although his first case dates back to 2013, the courts have not issued any final judgments yet in

the criminal cases concerning him. Gacikevici has been in pretrial detention for over three years. According to an official answer received from the Anticorruption Prosecutor's Office, as many as three final judgments have meanwhile been issued in the names of other representatives of the so-called Gacikevici Group. Some of them have already served their sentences.

## **BENEFICIARIES, IMMUNE TO CASES**

The documents that we have come to possess show that other Moldovan officials, lawyers and business people and maybe even political parties may have also benefitted from the money swindled out of BEM, BS and Unibank into offshore accounts. For example, the youngest son of former Prime Minister Iurie Leancă studied in Great Britain using money that had come from one of the companies involved in the bank theft. Leancă refuses to comment on these allegations.

On 22 July and 17 October 2014, Hezburg LLP transferred 61,667 US dollars to Valentin Gurvits, an American lawyer. Gurvits is known as the American lawyer of former DP leader Vladimir Plahotniuc, as least this is how he introduced himself in a press conference he held in Chişinău in 2012. In addition, judging by the pictures posted on social media, Gurvits seems to be close with the family of Plahotniuc's confidant Serghei Iaralov.

On 13 November 2014, Hezburg LLP paid 20,000 euros to the Italian company JS BACH STUDIO RECORDING for event selection. This record company collaborates only with the Italian singer Toto Cutugno. On 18 October 2014, Cutugno held a concert at the National Palace in Chişinău. The event's main media partner was Canal 3 that is part of Vladimir Plahotniuc's media holding.<sup>4</sup>

## **THE THEFT GOES ON**

Cutia Neagră has also established that the swindling of BEM, BS and Unibank goes on, currently with the endorsement of judges who have cancelled loan agreements with these banks and legalized the liquidation of companies with loans of hundreds of millions from the three banks by transferring their assets to off-shore companies.

On 18 March 2015, two weeks before the Gaburici Government decided to grant the second state guarantee amounting to 5.3 billion lei, Judge Igor Barbacaru of Râșcani District Court in Chișinău issued a decision to forbid BS from recovering circa 2.6 billion lei lent by this bank to Voximar-Com, one of the Șor group's companies.

The bank's representative presented evidence in court proving that the loan had been granted by infringing on a number of legal provisions and had to be canceled and the money returned to the bank as soon as possible. Judge Barbacaru ignored the evidence presented by the bank and rejected its complaint. The grounds on which the judge based his decision was that the bank could not present the original copy of the loan agreement. Today the judge says he no longer recalls this case. Barbacaru is the son-in-law of another judge at Râșcani District Court, Ghenadie Morozan, who is the brother-in-law of former DP leader Vlad Plahotniuc.<sup>5</sup>

In the summer of 2017, the Superior Council of Magistracy was notified about the existence of a court judgment through which the judges infringed on the right of the three banks to recover their money from the non-performing loans. Although promising to conduct internal investigations, this has never happened. According to information provided by NBM, there are 125 cases pending in court now (2019) in which BEM, BS and Unibank have been trying to recover 4.5 billion lei. At the end of 2016, the three banks had twice as many court cases.

Although they know about those cases, prosecutors have not started any criminal cases yet on the involvement of judges in schemes to evade recovery of the loans from the three banks.

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#### ENDNOTES

- 1 For more details, please see video investigation no. 2 on the Billion Theft that can be accessed by activating the QR code on the last page of this edition or from the bookmark.
- 2 For more details, please see video investigation no. 3 on the Billion Theft that can be accessed by activating the QR code on the last page of this edition or from the bookmark.
- 3 For more details about the transaction, please see video investigation no. 3 on the Billion Theft that can be accessed by activating the QR code on the last page of this edition or from the bookmark.
- 4 For more details, please see video investigation no. 1 on the Billion Theft that can be accessed by activating the QR code on the last page of this edition or from the bookmark.
- 5 Please see the video version of the investigation for more cases showing how damages were caused to Banca de Economii and Banca Socială via court judgments.



Episode 1.  
**Selective Justice.**  
*2 December 2018*



Episode 2.  
**Legislative Amendments  
and Bank Turnovers.**  
*23 December 2018*



Episode 3.  
**State Guarantees.**  
*3 March 2019*



Episode 4.  
**Judges' Input**  
*18 august 2019*