

“THE EIGHT DWARFS”: The facts, legal analysis, conclusions, and appeals to the institutions

Summary

A family conflict escalated in a war between the partners in the largest elevator manufacturer in Bulgaria, Izamet Ltd, with a turnover and profit of millions of EUR. In the conflict, Mr. Iliya Zlatanov, owner and manager of Izamet, sought assistance from Petyo Petrov, former head of the criminal investigation department at the Sofia City Prosecutor’s Office. Mr. Petrov acted as a middleman with connections in the Specialized Prosecutor’s Office (SPO). Zlatanov met Petrov in his informal office at the “Eight Dwarfs” restaurant in Sofia, heavily guarded by the private security company “Delga Guard” and police patrols. Just days after Mr. Zlatanov signed a promissory note worth EUR 1.5 million in favor of Mr. Petrov’s wife, the SPO pressed criminal charges, detained, and performed search and seizure procedures against his opponents in the company. However, in the ensuing months, Mr. Petrov turned from a “helping hand” into a rival, attempting to effectively take over and appropriate Mr. Zlatanov’s company and assets with further help from law enforcement institutions.

The analysis of the facts, documents, and testimonies outlined in the four parts of “The Eight Dwarfs” investigation raises reasonable suspicion about the following legal problems that need further investigation:

- Numerous crimes and violations committed by magistrates, notaries, lawyers, and police officers around a scheme of illegal influence on institutions, extortion, and unlawful business capture.
- The Specialized Prosecutor’s Office handling of the gold and cash seized as material evidence in the case, amounting to over EUR 2.5 million
- The police protection of Mr. Petrov’s informal office at “The Eight Dwarfs” restaurant, which according to witnesses’ accounts, lasted for years.
- The alleged criminal acts perpetrated against the Zlatanov family.
- The legal income and property status of Mr. Petrov and his related parties.

The facts of the case

The Anti-Corruption Fund's (ACF) investigation broadcasted on social media in June-August 2020¹ discloses specific evidence about how **legal disputes in Bulgaria are settled through undue influence in the Prosecution Office, and how hostile takeover of a privately owned company took place with the assistance of law enforcement institutions.**

The Izamet group of companies — the largest manufacturer of elevators in Bulgaria, established in 1991, and with an annual turnover of more than EUR 10 million — is owned and managed jointly by Iliya Zlatanov and Yavor Zlatanov, father and son. In 2017, the two entered a legal dispute concerning the assets of the companies and the overall management of the business. The family conflict grew with the father Iliya Zlatanov on one side and his son, daughter Proletina, and former wife Yuliya on the other.²

In 2017, Iliya lodged complaints with the Sofia City Prosecutor's Office (SCPO) and the Sofia District Prosecutor's Office (SDPO)³ against his son and other family members for duress, extortion, appropriation, document forgery, tax crimes, etc. The two institutions initiated inspections and pre-trial investigative proceedings, **but these did not result in any specific measures being taken to prosecute the alleged perpetrators.**

On 25 June 2019, Yavor Zlatanov entered the Izamet factory in the town of Dupnitsa, accompanied by the police and a private bailiff, and presented documents showing that the company assets have been transferred to a new company called K Correction. In consequence, the factory had to stop its activities and it seemed that Iliya Zlatanov had lost the battle.

The meeting

At that point, one of Iliya Zlatanov's neighbours told him that he can introduce him to someone who can help him get his company back, albeit at a significant cost. And thus, on 27 June 2019, Iliya Zlatanov visited the "Eight Dwarfs," a restaurant located in the centre of Sofia, where he was introduced to a well-known public figure and lawyer — **Mr. Petyo Petrov**, better known by his nickname — "The Euro". Mr. Petrov was a **former head of the criminal investigation department at the Sofia City Prosecutor's Office until 2015.**

Throughout the years, Petyo Petrov's name has appeared in the media in the context of multiple scandals,⁴ and he rose to fame as a witness on seminal criminal cases against other magistrates, rather than through his work as a crime investigator. In the case against the former Minister of Defense, Nikolay Tsonev, and the Sofia City Court judge, Petar Santirov — both acquitted on bribery charges, respectively — the court held that the witness Petyo Petrov had solicited bribery.⁵ Nevertheless, he did not face any prosecution or disciplinary sanctions, but left the judicial system by his own choice in 2015, receiving the respective compensation for the time served in office.⁶ The Eight Dwarfs restaurant was used as an informal meeting location by Petrov and was (unusually) heavily guarded by a private security firm, called "Delta Guard". Moreover, according to several witnesses, additional security was provided by a police patrol vehicle, typically parked outside the restaurant. Zlatanov and other sources also claim that the brother of Mr. Mladen Marinov, the former Minister of Interior, is the personal driver of Petyo Petrov or of his wife Lyubena Petrova.

At their meeting in the "Eight Dwarfs," Mr. Petrov told Iliya Zlatanov that many people have come to him with their problems and he helped them all, and that he will help him, too, and "justice will prevail." Petrov then sent Mr. Zlatanov to a law firm, located on 2 Positano St, fl. 5 in Sofia. The lawyers there drafted a new complaint on Zlatanov's behalf — this time to the Specialized Prosecutor's Office (SPO) — concerning crimes committed by an organized crime

1 https://www.youtube.com/playlist?list=PLlytu5IULkSIZ8n_7fEY52fyqi5KHRIUS

2 https://m.offnews.bg/news/Obshtestvo_4/Konflikt-mezhdu-bashta-i-sin-blokira-asansiorite-v-dva-podleza-na-Tcar_677115.html

3 Report of Iliya Zlatanov to Sofia District Prosecutor's Office № 38138 from 13.09.2017 — <https://acf.bg/wp-content/uploads/2020/08/12321323.pdf>, <https://acf.bg/wp-content/uploads/2020/08/32515321.pdf>, <https://acf.bg/wp-content/uploads/2020/08/523525.pdf>

4 https://www.dnevnik.bg/bulgaria/2020/07/05/4085480_koi_e_petyo_petrov_-_pepi_evroto_i_jena_mu/

5 <https://legalworld.bg/deloto-conev-santirov-i-popov-e-emblematischen-primer-za-provokaciia-kym-podkup>

6 <https://www.mediapool.bg/petyo-evroto-okonchatelno-i-bezproblemno-napusna-sadebnata-sistema-news265876.html>

group.⁷ The complaint described the same circumstances that Zlatanov had already reported two years earlier without any significant effect. Petrov had explained to Zlatanov that the Deputy Prosecutor General and Head of the National Crime Investigation Office, Mr. Borislav Sarafov, was providing ‘protection’ to his son Yavor Zlatanov, and for that reason the earlier complaints had been ignored.

ACF’s method of investigation

Findings in the present investigation are based on:

- Witness statements by Mr. Zlatanov, and 6 other witnesses
- Review of Mr. Zlatanov’s text message communication
- Review of court and prosecution documentation and other legal documents

The criminal proceedings

The freshly-drafted complaint was submitted on 3 July 2019⁸. **On the following day, a SPO prosecutor initiated criminal proceedings without any preliminary investigation of the submitted data**, despite the specific request in the complaint to that effect. Iliya Zlatanov was questioned the same day (4 July 2019) by an investigator⁹ and a chief investigating police officer¹⁰. Within the next several days, the authorities promptly questioned several other witnesses supporting Iliya Zlatanov side of the business conflict. There is no information to show that the views of the opposing side were ever investigated¹¹.

On 15 July 2019, Iliya Zlatanov signed a promissory note to Petrov’s wife, Lyubena Petrova, for more than EUR 1 400 000¹² due to be paid on 30 November 2019. The document was drafted by the same law firm that prepared the complaint to the SPO. Once the due date for the payment had passed, Lyubena Petrova obtained a writ of execution, instigated enforcement proceedings and managed to freeze certain assets of Iliya Zlatanov.

Only two days later — exactly two weeks after the SPO complaint had been submitted — on 17 July 2019, the SPO proceeded to press criminal charges, detain, and perform search and seizure against Iliya Zlatanov’s opponents, including his son Yavor, his daughter Proletina, his wife Yuliya, and other individuals in their circle. Yavor Zlatanov was arrested as the leader of the alleged organized crime group, and the Specialized Criminal Court ordered that he should remain in custody. Proletina and Yuliya Zlatanov were released on bail. After performing searches of bank vaults belonging to Yavor and Yuliya Zlatanov, **the authorities seized around 35 kg of gold in the form of coins and bars, whose value was estimated at over EUR 2 million by the Prosecutor’s Office itself. Furthermore, EUR 550 000 in cash was confiscated from a bank safe of Yuliya Zlatanova.** On 19 July 2019, the Prosecutor’s Office issued a press release, informing the public that they had seized a total of EUR 565 000 and the specified gold, and that they had destroyed an organized crime group dealing in extortion, appropriation, unprofitable transactions, and money laundering.¹³

7 The Specialized Prosecutor’s Office is a particular department of the Prosecutor’s Office in Bulgaria, created in 2011 to investigate organized criminal groups and corruption.

8 Investigators (“sledovatel”) are officials who conduct investigations within the structures of the Prosecutor’s Office.

9 Report of Iliya Zlatanov to Specialized Prosecutor’s Office № 1456 from 03.07.2019 <https://acf.bg/wp-content/uploads/2020/08/4124214.pdf>

10 Minutes of the examinations of witness Iliya Zlatanov from 04.07.2019 r. in the frame of pre-trial procedure № 128 / 2019 r. in the inventory of SD — SP, Prosecutorial file № 1456/2019 <https://acf.bg/wp-content/uploads/2020/08/разпит.pdf>

11 By order of 16 July 2019 of the prosecutor appointed on the new case, the files from the previous investigations instigated by Zlatanov were all assembled into the folder of the new case.

12 Promissory note from 15.07.2019 in favor of Lyubena Goergieva Petrova — <https://acf.bg/wp-content/uploads/2020/08/A3-3-Scan-12-Jun-2020-10.10.jpg>

13 Press Release of the Prosecutor’s Office from 19.07.2019 — <https://www.prb.bg/bg/news/36129-specializirana-ta-prokuratura-obvini-shest-lica-95-2>

Stealing the company

According to Iliya Zlatanov, in the ensuing months **Petyo Petrov ceased acting as his helping hand in resolving the conflict with the assets and management of his family business, and instead started to work against his interest** in an attempt to effectively take over and appropriate Mr. Zlatanov's company, Izamet. Zlatanov claims that in December 2019, Petrov asked him to hand over his entire business for a fair price, as the tycoon and parliamentarian from the Movement of Rights and Freedoms, Delyan Peevski, was looking to enter the elevator manufacturing business, anticipating large EU funding for the replacement of old elevators in Bulgaria. The plan was to allow Zlatanov to manage the business for another two years and then step down, to which Zlatanov initially agreed. Zlatanov further recounts that in January 2020, he was once again summoned to the "Eight Dwarfs" restaurant where Petrov told him in anger that the time had come to transfer him everything, or else he would go to prison, and his son — who was already in custody — would never get out. In the meantime, the Izamet factories in the towns of Dupnitsa and Novi Iskar were placed under the security of the firm Delta Guard. Zlatanov was not allowed to enter his factories. He was also appointed personal Delta Guard bodyguards who followed him everywhere, even though he had not requested it.

Zlatanov further shares that on 20 March 2020, he was called to the "Eight Dwarfs" restaurant and told directly by Petrov that **if he did not sign all the papers necessary for the transfer of his business, his son Yavor (whose kidney has been removed and who needed haemodialysis) would not be given treatment and would die, and Zlatanov himself would be imprisoned.** He was then driven to the Lozenetz Hospital where, in the presence of lawyers, Lyubena Petrova, and the notary Ivcheva¹⁴, Iliya Zlatanov signed an agreement to transfer his company shares to a 27 year old boxing athlete, Mr. Kristiyan Hristov, for the price of EUR 2500¹⁵. After that, the new owner of the business filed several requests with the Companies Register to amend the displayed company information, but they were returned due to problems with the required documentation. In consequence, the change in ownership was never registered.

In March 2020, while the business of the Zlatanov family was being aggressively appropriated, the SPO took action to return the gold and euros that had been collected as physical evidence on the case.

Stealing the gold

Iliya Zlatanov and Dimitar Lambovski — a former MP from the NDSV party, tied to SIC (a crime group of the 1990s) — **recount that they were participants in a crime scheme for the appropriation of the specified funds and valuables.**

Zlatanov shares that based on an agreement between Petyo Petrov and the then Head of the Specialized Prosecutor's Office, Dimitar František Petrov, the Prosecutor's Office were given invoices on behalf of Zlatanov, certifying that the gold had been purchased by him in Vienna. Based on this proof of ownership, a request was made for the gold to be returned to Zlatanov, even though it had been seized from his son and former wife. Zlatanov claims that he never bought these valuables and that the invoices are false. The agreement was to divide the valuables equally between Zlatanov and Petyo Petrov, but at the parking lot of the SPO the gold was loaded in the car of Petrov's wife, Lyubena, and Zlatanov never saw it again.

Lambovski claims that an acquaintance of his told him that Dimitar František Petrov wants him to go to the "Eight Dwarfs" restaurant. There, Lambovski met with Petyo Petrov and two figures of the Bulgarian underground. Under pressure that he perceived as a direct threat, Lambovski agreed to sign the peculiar document titled "agreement for responsible safekeeping of financial funds," by virtue of which he entrusted EUR 650 000 to the care of Yavor Zlatanov. Lambovski was informed that this all happened with the knowledge of the SPO Head and the Prosecutor General, Ivan Geshev. Lambovski claims that he has never met Yavor Zlatanov or given him any money to keep; he believes that he was chosen to participate in this scheme, because he had declared substantial legal income over the past years and paid all the due taxes.

¹⁴ Ms. Ivcheva confirmed that she was at the hospital but claims that this is standard practice and she saw nothing illegal or suspicious about it.

¹⁵ Agreement for transfer of company shares from Izamet 05 EOOD, concluded on 20.02.2019 between Izamet 1991 OOD and Kristian Hristov — <https://acf.bg/wp-content/uploads/2020/08/312434134.pdf>.

Much like the invoices mentioned above, the purpose of the agreement was to justify Lambovski's ownership of an amount of money seized from a different person. As in the case with the gold, Lambovski's request to regain possession of the money was approved, but only for EUR 550 000 seized from Yuliya Zlatanova's bank safe. Lambovski claims that the money was taken in front of the SPO building by Lyubena Petrova and that he never saw it again.

In both of the above-mentioned cases the requests for return of physical evidence were drafted by the lawyers Magdalena Monchovska (ex-secretary of Petyo Petrov at the Sofia Crime Investigation Unit) and Tsvetelina Tsvetkova (board member of Lyubena Petrova's NGO Plan B, famous for defending the status quo in the judicial system¹⁶), both working at the law firm on 2 Positano St, fl. 5. It is curious that both Iliya Zlatanov and Dimitar Lambovski sought the services of the same law firm, given that there is no relationship between them and that Lambovski was not involved in the investigative proceedings in any way. **The requests in the two cases were approved with three separate orders issued in the period 16 March 2020 — 26 March 2020 — two concerning the gold and one concerning the money — by the same prosecutor, Kiril Peychinov of the SPO¹⁷** who was the SPO's deputy administrative head and speaker at the time. Yavor Zlatanov claims that the gold and the money are his and that he has the purchase documents for part of the gold. He denies having met Dimitar Lambovski.

Iliya Zlatanov further recounts that on 7 April 2020, he met with Lyubena Petrova, Desislava Kotseva (one of the lawyers recommended by Petrov), and the owner of Delta Guard, Dimitar Spasov (nicknamed "Karate Mitko"), who told him that everything he owned was now theirs and that he should be grateful for being alive. The statement was accompanied by the showing of a gun. Zlatanov was further told that he should appear before a notary between 13 April 2020 and 15 April 2020, where he would once again sign all documents necessary for the transfer of his business. **Now scared for his life, Iliya Zlatanov fled the country on 12 April 2020, but commissioned lawyers to challenge the transactions involving Izamet** on the grounds that they were carried out under duress.

Although the new nominal owner of the largest manufacturer of elevators in Bulgaria — the boxer Kristiyan Hristov who has participated in competitions representing a sports club owned by Lyubena Petrova — is not registered in the Companies Register, Delta Guard is not allowing any agents of Zlatanov to access the Izamet factories. The legal grounds for restricting access remain unclear. In fact, access is also denied to representatives of the National Revenue Agency and the Labor Inspectorate, as well as to a private bailiff. In August 2020, the latter was even denied assistance from the local police department in the town of Dupnitsa, despite the fact that the police is legally obliged to provide assistance in cases where right of entry has to be enforced.¹⁸

The dispute for the company assets is still ongoing.

16 https://www.youtube.com/watch?v=ML-6HyjWe_A

17 Order of the Specialized Prosecutor's Office from 26.03.2020 on pre-trial proceedings № 128/2019 in the inventory of SD — SP № 1456/2019. <https://acf.bg/wp-content/uploads/2020/08/41341341343424.pdf>; Order of the Specialized Prosecutor's Office from 16.03.2020 on pre-trial proceedings № 128/2019 in the inventory of SD — SP <https://acf.bg/wp-content/uploads/2020/08/PPOTOKOЛ-2.pdf>

18 <https://btvnovinite.bg/predavanja/tazi-sutrin/sled-sadebno-reshenie-zashto-chsi-ne-beshe-dopusnat-da-vave-de-novite-sobstvenici-na-zavod-v-dupnica.html>

The main legal problems that need further investigation:

- Possible undue influence and conduct of the prosecutors who worked on the case and initiated criminal proceedings against Iliya Zlatanov's rivals after Mr. Zlatanov signed a promissory note worth EUR 1.5 mln to Mr. Petrov's wife.
- The Specialized Prosecutor's Office handing over of the seized physical evidence back to Mr. Zlatanov and Mr. Lambvoski
- The police protection of Mr. Petrov's informal office at "The Eight Dwarfs" restaurant for years
- The alleged criminal acts perpetrated against the Zlatanov family.
- The legal income and property status of Mr. Petrov and his related parties

In view of the factual circumstances ascertained on the basis of the statements of certain participants in the described events and the available documentation, several groups of criminal law issues can be identified, which **need further clarifications by the authorities** and relate to:

1. Possible undue influence and conduct of the prosecutors who worked on the case concerning the conflict with the Izamet companies

Iliya Zlatanov has made allegations of **undue external influence on the work of specific prosecutors** both in relation to the initial complaints he submitted to the SDPO and the SCPO, which did not see any development over the course of two years, and in relation to the later complaint to the Specialized Prosecutor's Office concerning the same circumstances, which elicited an exceptionally strong response and active behaviour from the institution. Zlatanov claims that in the first case the influence was exerted by Borislav Sarafov, and in the second one — by Petyo Petrov. It is further claimed that this is not the only case where Petrov has acted as a "helping hand" to individuals seeking to exert pressure on law enforcement institutions.

It is especially noteworthy that the **SPO initiated criminal proceedings immediately after** receiving the new complaint on behalf of Iliya Zlatanov and proceeded to question him without any delay, given that the complaint described the exact same circumstances as the previous complaints he had submitted to other units of the Prosecutor's Office. The usual approach in such cases is to first ascertain the exact subject of the previous cases, as there cannot be two separate criminal proceedings against the same persons for the same (alleged) crimes — Art. 24, par. 1, item 6 of the Criminal Procedure Code (CPC).

The promissory note for the amount of nearly EUR 1.5 million, signed by Iliya Zlatanov in favour of Lyubena Petrova just two days before the SPO decided to undertake active criminal proceedings against Zlatanov's opponents in his family and business conflict, is an independent document supporting the claim for undue influence exerted on the Prosecutor's Office. Even though the promissory note represents a unilateral abstract transaction, it is always underpinned by a certain economic cause. In other words, there must always be a reason for undertaking an obligation to pay someone. **In the present case, there is no business or other relationship between Zlatanov and Petrova that could explain his decision to undertake an obligation for such a significant amount. Once he had signed the promissory note, Zlatanov immediately achieved the desired outcome** — his opponents were subjected to prosecution measures in accordance with the standard procedural rules.

The way the SPO handed over the seized physical evidence back (supposedly) to Mr. Zlatanov and Mr. Lambvoski — valuables and cash with a total value of over EUR 2.5 million — is a point of concern in itself. The legal analysis of the public documents, alone, already raises serious issues, not to mention the statements of the claims made by Mr. Zlatanov and Mr. Lambvoski. It is worth mentioning that the claims regarding the events that took place in front of the building of the Specialized Court and Prosecutor's Office can be easily verified with the help of the surveillance cameras installed there.

In accordance with Art. 111, par. 1 of the Criminal Procedure Code, any physical evidence should be kept **until the completion of the criminal proceedings**, but it can also be returned to the owner by the prosecutor at the pre-trial stage, as long as this does not impede the search for the objective truth in the case, and as long as the evidence is not the subject or instrument of a crime. The prosecutor can hand over physical evidence subject to the following requirements:

- it should be returned to its rightful owner, i.e., there should be no doubt that the party requesting the items has property rights over them.
- it should be returned only to the rightful owners, **from whom it was seized, in order to restore the state of affairs before the seizure; it cannot be returned to any party making a claim to it** (see interpretative ruling No. 2 of 12 November 2014 of the Supreme Court of Cassation on interpretative case No. 2/2014);
- there should be no dispute regarding property rights over the seized physical evidence, as such a dispute will have to be adjudicated in court, since a prosecutor is not competent to decide civil disputes; a dispute will arise every time when there are multiple claims to the items by different persons, even if the matter has not been taken to court yet (see the cited interpretative ruling).

In the present case, most of the gold was taken from the possession of Yavor Zlatanov, and a smaller part of it — from Yuliya Zlatanova. However, the request for return of the items **was not submitted by the persons from whom they were seized but from a third party, Iliya Zlatanov. It remains unclear why, if the items indeed belong to Iliya Zlatanov as the SPO hastily ascertained based on some invoices, they were kept for him by his wife and son with whom he was in conflict.** Iliya Zlatanov did not claim that the items were unlawfully stolen from him, so the only explanation that remains is that they were kept for him. The potential claims of Yavor Zlatanov and Yuliya Zlatanov to the gold were entirely overlooked; even if they did not explicitly make such claims in the course of the investigation, the very fact that the gold was found in their possession should have been sufficient to presume claims. The law dictates that until proven otherwise, whoever has physical control of an object intends to exercise possession for his own benefit (Art. 69 of the Property Act).

The way the SPO handed over the amount of EUR 550 000 in cash, taken from a bank safe of Yuliya Zlatanova, **raises even more concerns.** About eight months after the confiscation of the money, **an individual with no involvement in the criminal proceedings whatsoever, Dimitar Lambovski, decided to make a claim to it.** His claim was based on an extremely **peculiar document titled “agreement for responsible safekeeping of financial funds,”** according to which Lambovski gave Yavor Zlatanov EUR 650 000 to “keep responsibly.” Evidently, the specified agreement did not raise any questions with the SPO (who were investigating an organized crime group for money laundering, at least on paper) as to why such a significant amount of money, obtained legally, would be deposited in the hands of a random individual, instead of in the bank. This fact alone should have been sufficient grounds to initiate a comprehensive investigation of all circumstances surrounding the money; instead, the SPO carelessly accepted that the money was not the subject of a crime and decided to hand it over to Lambovski. However, that is not the worst part — it transpires that **neither the amount of money, nor the person from whose bank safe it was taken, coincide with the amount of money and the contracting party specified in the innovative “agreement for responsible safekeeping,” submitted to the SPO.** In fact, the idea behind this agreement, illogical in the legal and any other sense, is to present a formal justification for ownership of the money by the party that handed it over. The problem that had to be circumvented is that, in a typical agreement for transfer of money, the depositing party does not remain the owner of the given money, but is instead entitled to a claim against the receiving party for the respective amount. Moreover, the SPO once again failed to address the potential claim of Yuliya Zlatanov to the money, given that it was confiscated from a bank safe of her own.

The specified procedural violations and logical inconsistencies surrounding the return of physical evidence of considerable value objectively support the claims, put forward by two independent witnesses, for the existence of a comprehensive crime scheme for appropriation of physical evidence with the involvement of officials at the Prosecutor’s Office.

2. The Police officials who have been guarding the informal office of Petyo Petrov at the “Eight Dwarfs” restaurant for years

Allegations in that sense have been made not only by Iliya Zlatanov, but also by local residents; after the publication of the investigation, they wrote on various media platforms, stating that at least for the past two years they had often seen a police vehicle in front of the restaurant and wondered why it was there.

Should that information be verified, this would mean that considerable public funds have been expended in the pursuit of a personal interest, in which case it should be ascertained who, when, why, and on what grounds commissioned that security, **and whether the case amounts to abuse of power in pursuit of a personal interest.** However, it would also mean that the institutions used police forces to protect an alleged criminal. If confirmed, the presence of the police must have had a two-fold role: to act as security and to demonstrate to potential clients on the spot that the people they are dealing with are very well-connected.

3. The alleged criminal acts against the Zlatanov family

When looking at the facts of the case, it is evident that none of the parties involved is entirely faultless. However, **there is comprehensive evidence that the Zlatanov family were flagrantly extorted within the meaning of the Criminal Code.** Iliya Zlatanov recounts **three separate instances** when he was directly threatened by Petyo Petrov and his cronies in order to transfer property to them. The threats concerned his own well-being, as well as that of his son. These claims must be investigated in order to ascertain whether the alleged events happened or not.

4. The legal income and property status of Petyo Petrov and his related parties

Media publications released in 2017 revealed that Lyubena Petrova and companies related to her had acquired real estate of great value as a result of questionable transactions.¹⁹ In view of that and of the circumstances disclosed in the present case, particularly the promissory note issued in her favour for the amount of EUR 1.5 million without any economic justification, **it is necessary to investigate the legal income and property status of Petrov and his wife,** and of their related parties.

19 https://www.capital.bg/politika_i_ikonomika/imena/2017/04/06/2948952_petyo_evroto_-_romantika_i_imoti/

- The Sofia City Prosecutor's Office launched a preliminary investigation based on the testimonials in the ACF video.
- Following a reaction from the international organization "Reporters Without Borders," the SCPO assigned police escort to the journalist and author of the movie, Mr. Nikolay Staykov.
- On the 8 July 2020, the Specialized Prosecutor's Office issued a press release stating it had carried out a search and seizure of a property belonging to Iliya Zlatanov, even though he had a status of a victim in the criminal proceedings, and had found the gold he claimed Lyubena Petrova had taken at the SPO parking lot. The search and seizure conducted on 7 July involved many alleged violations of the law.
- Referring to the press release, the Prosecutor General tweeted that the "truth had come out and that ACF owed an apology to the Prosecutor's Office".
- Nearly two months after the publication of the first part of ACF's investigation, there is no information that the Prosecutor's Office took any action against other individuals mentioned in the movie, such as Mr. Petrov, his wife, or others who were directed by them.
- The Ministry of Interior did not provide response to questions submitted by ACF regarding the police car guarding the "Eight Dwarfs" restaurant and the potential relationship between Petyo Petrov and the family of the former minister Mladen Marinov.

The first part of the "Eight Dwarfs" investigation was published on 24 June 2020. **Two days later, the Sofia City Prosecutor's Office (SCPO) announced that it was initiating a preliminary investigation** with the aim of collecting sufficient evidence to instigate criminal proceedings based on the information in the movie.²⁰

In the course of the preliminary investigation and following a reaction from the respected international organization "Reporters Without Borders,"²¹ the SCPO assigned police escort to the journalist and author of the movie, Mr. Nikolay Staykov, who had received a number of threats prior to the publication of the first part of the investigation.

To date, there is no information that the SCPO's preliminary investigation has been completed; accordingly, it is not clear whether the SCPO established that there is sufficient evidence to conclude that crimes have been committed and instigate criminal proceedings.

It is noteworthy **that the Prosecutor's Office did not promptly initiate criminal proceedings based on Iliya Zlatanov's statements in the movie, but only began a preliminary investigation.** Furthermore, it did not proceed to undertake swift procedural actions, such as interrogations or search and seizure. This is in stark contrast with their conduct following the meeting in the "Eight Dwarfs," when criminal proceedings were instigated and performed without delay only based on Zlatanov's complaint.

On the contrary, on 8 July 2020, the SPO published a press release informing the public that the previous day they **had carried out a search and seizure of a property belonging precisely to Iliya Zlatanov.** The search and seizure was performed in the course of the pre-trial investigative proceedings initiated based on Zlatanov's complaint — case No. 1456/2019 of the SPO. According to the press release, the SPO seized physical evidence found in Zlatanov's property on 7 July, some of which — yellow metal coins — were reported "identical with the ones returned to that person earlier in the year by orders of SPO prosecutors working on the same case." The press release aims to refute Zlatanov's claims that all the gold was taken by Lyubena Petrova following its return by the SPO, i.e., that the arrangement made with Petrov to divide it equally was not honoured.

Referring to the press release, the Prosecutor General tweeted that the truth had come out and that ACF owed an apology to the Prosecutor's Office.²² The press release was also cited by all media outlets that traditionally support the actions of the Prosecutor's Office without

²⁰ https://www.dnevnik.bg/bulgaria/2020/06/26/4084067_prokuraturata_zapochva_proverka_po_nai-novoto/

²¹ <https://www.svobodnaevropa.bg/a/30705660.html>

²² Tweet of the Prosecutor General from 08.07.2020 - <https://twitter.com/ivangeshevpg/status/1280862261226147840?s=21>

criticism.²³ The subsequent public statements of the Prosecutor General give the impression that he considers the topic closed and ACF's videos — false.²⁴ He also considers the investigation as an attack against the SPO carried out by indicted oligarchs connected to ACF.

However, the search and seizure mentioned in the press release only revealed 79 yellow-metal coins²⁵, **which objectively represents a negligible part** of the kilograms of gold worth EUR 2 million, mentioned in the movie. In addition, it is not clear how the authorities ascertained that the coins “coincide.”

Finally, **the search and seizure conducted on 7 July involved many alleged violations of the law:**

- it is not clear how Zlatanov's property can be the object of search and seizure in the course of a criminal investigation that Zlatanov himself initiated concerning unlawful actions taken against him. Moreover, the authorization for the search and seizure was formally issued against Zlatanov's daughter, Proletina, and not against Zlatanov personally, which has been conveniently omitted in the SPO press release. According to Art. 219, par. 2 of the Criminal Procedure Code, the coercive investigation procedure “search and seizure,” if carried out against Iliya Zlatanov, would have the effect of charging him as a perpetrator in the respective pre-trial criminal proceedings, keeping in mind that he is already the victim in that case. To elaborate, the investigative proceedings in question concern several crimes committed against Iliya Zlatanov, including extortion and attempted forgery. However, having the legal capacity of both victim and defendant in the course of the same proceedings is prohibited by Art. 74, par. 3 of the CPC.
- it is not clear why the search and seizure was conducted precisely by the SPO in the course of the specified criminal proceedings given that Zlatanov, who is the victim and a witness on the case, had reported unlawful actions on the part of the SPO in great detail. Zlatanov had called the SPO “a specialized organized crime group” and had even disclosed self-implicating facts, even though not in the course of the official proceedings, understandably. In this case, it would make sense for a different unit of the Prosecutor's Office to conduct the search and seizure in the course of different proceedings and following a motivated request to a court for permission to subject Zlatanov to the procedure. The very manner of execution of the search and seizure can render it inadmissible in a future criminal trial.
- the published footage of the security camera on the property, showing scenes of what happened before the search was formally executed,²⁶ raises legitimate concerns that the police officials initially entered the property in the absence of any other persons (the procedural law requires the presence of two witnesses as well as the presence of the person who uses the searched premises — Art. 162, par. 1 of the CPC);
- the SPO press release does not specify how many people were using the property searched on 7 July, or whether it was inhabited by Iliya Zlatanov at the time of the search and seizure. If it was not — which is probably the case — it is not clear whether and when it was established that he does not live there.

To date, **nearly two months after the publication of the first part of ACF's investigation, there is no information that the Prosecutor's Office took any action against other individuals mentioned in the movie such as Mr. Petrov, his wife, or others who were directed by them.** It appears that, for the moment, the only fact the SPO is interested in verifying and reporting to the public is whether Iliya Zlatanov actually received the gold, which he firmly denies. **It seems that the SPO is ignoring all other statements of Zlatanov,** many of which are supported with documents and testimonies of other witnesses, **regarding the exercise of undue influence over the institutions and their unlawful actions.**

The Ministry of Interior did not provide response to questions submitted by ACF regarding the police car guarding the “Eight Dwarfs” restaurant and the potential relationship between Petyo Petrov and the family of the former minister Mladen Marinov. Neither Marinov nor the current minister, Hristo Terziyski, have commented even though the latter promised a timely investigation of the topic during a television broadcast.²⁷

23 <https://www.24chasa.bg/novini/article/8789469>

24 <https://www.facebook.com/novinite.nova/videos/1716397275176967/> at 06:03.

25 Search and seizure report of 07.07.2020 —

<https://acf.bg/wp-content/uploads/2020/08/ПротоколИзземване070720-1-converted.pdf>

26 https://www.dnevnik.bg/bulgaria/2020/07/08/4088417_kak_prokuraturata_pretursi_kushtata_na_iliya_zlatanov/

27 <https://www.btv.bg/video/shows/lice-v-lice/videos/hristo-terziyski-sluzhitelite-na-mvr-njamame-polza-da-prikri-vame-narushenija-zashtoto-te-rushat-avtoriteta-na-nasheto-ministerstvo.html>

Conclusion and appeal to the institutions

The **reactions of the competent institutions**, given that enough time has passed since the publication of the investigation, raise doubts about the impartiality of the SPO and other authorities. In particular, concerns are raised due to:

- **the limited or absent public response** from the directly involved officials,
- **the absence of an institutional response** to the issues raised by the investigation.
- **citing false information** by SPO in order to discredit the investigation and ACF.
- **the delay of a swift criminal investigation** of all the relevant circumstances by choosing to focus on preliminary checks **coupled with the selective conduct of procedural actions, creating a conflict of interest** and aimed at ascertaining a small portion of the statements made in the movie.

Taken in their entirety, these reactions lead to the conclusion that, at present, **the institutions have no aspiration to solve the case**, but rather prefer to act as if nothing has happened.

The ACF **appeals** for an objective, impartial, and comprehensive investigation of all allegations of committed crimes **and also for the following**:

1. All the acts issued by prosecutors on case No. 1456/2019 of the SPO should be investigated in detail by the Prosecutor's Office in the course of a procedure for control of legality; however, the said acts should also be published in accordance with PORB's policy of keeping the public informed regarding cases of high public interest.
2. A comprehensive internal inspection should be carried out with regards to all orders of the SPO concerning the return of physical evidence of great value, seized in the course of criminal proceedings, issued in the last 5 years or more. The disclosed circumstances surrounding the return of physical evidence worth over EUR 2.5 million in total on case No. 1456/2019 of the SPO provide strong indications that this is not an isolated case.
3. Ministry of Interior (Mol) should carry out an internal investigation and release detailed information to the public regarding the alleged presence of police security in front of the "Eight Dwarfs" restaurant; Mol should also disclose what funds are expended on similar activities elsewhere and on what legal grounds.
4. Mol should also inform the public regarding the way the security firm Delta Guard carries out its private security activities.
5. The Notary Chamber and the bar associations whose members are involved in the case should conduct relevant checks and provide a public response on the results.



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