



European Chess Union

VIA E-MAIL

To: Bulgarian, Chess Federation

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Su: Proposal of Suspension of Bulgarian Chess Federation ECU Membership

Cc: Mr Krasen KraleV, Minister of Youth and Sports of the Republic of Bulgaria □

Cc: FIDE

Cc: FIDE Ethics Commission

Tbilisi, 07 July 2016

NOTICE

Dear Sirs,

By the Press release dated 29 June 2016, European Chess Union (“ECU”) Board announced to all National Federations, Board Members, Zone Presidents and Commissions’ members the decision of the ECU Board to propose to the Annual ECU General Assembly 2016 the suspension of Bulgarian Chess Federation membership.

By the present Notice, the Board of the European Chess Union, according to Articles 7(a) and 7(b) of the ECU Memorandum and Articles of Association, notifies you of the proposal for the suspension of your membership. The present proposal shall be presented to the Annual General Assembly of ECU, which will be held in Baku, Azerbaijan, on 10th September 2016 (<http://www.europechess.org/ecu-general-assembly-2016/>).

Please find below the reasons for the decision of the ECU Board on 24 & 25 June 2016 in Prague, Czech Republic:



Factual Background

1. Due to a number of press articles and letters received by ECU about chess tournaments allegedly organised under the aegis of ECU and alleged transactions between ECU and Bulgarian Chess Federation during the years 2011-2014, the ECU Annual General Assembly 2015 (hereafter: GA) held in Bar Montenegro made the following decisions.
 - The GA unanimously confirmed that the Open Tournaments organized in 2014 in Albena and Golden Sands, Bulgaria were not official events of the European Chess Union. None of the federations present were aware that such tournaments were allegedly related to the ECU Calendar 2014. The GA noted the absence of representatives of the Bulgarian Chess Federation to support such claim.
 - With 41 votes in favor and 1 abstention, the GA decided to send a letter to the Bulgarian Ministry of Sports and any other authority needed, presenting the official ECU documents related to this matter and asking all the documentation and reports that refer to alleged European Chess Union contracts, invoices and payment mandates. It was also decided to send a letter to all related European Union authorities in Brussels as well, since the ECU is now member of the EU transparency server.

See Exhibit 1: ECU CL5/2015

2. The Bulgarian authorities, namely the Public Financial Investigation Agency of Bulgaria, sent a letter dated 6th November 2015 with the request for contribution to the investigation connected with the alleged European Championships organised in 2014 in Bulgaria.

See Exhibit 2: Letter of Bulgarian Investigation Agency

3. European Chess Union answered to the Public Financial Investigation Agency of Bulgaria by letter dated 14 December 2015.

See Exhibit 3: ECU Letter to Bulgarian Investigation Agency



4. The ECU Board held in Lviv, Ukraine on 2nd and 3rd March 2016 decided the following:

“ECU Board decided unanimously to give a final deadline, by a letter to the Bulgarian Chess Federation to provide to ECU the “alleged” ECU contracts, invoices and bank mandates. If Bulgarian federation shall not provide the requested material or deny that exists then ECU will launch the procedure of suspension of the Bulgarian Chess Federation according the ECU Statutes and members’ obligations.”

5. Based on the abovementioned decision of the ECU Board, a letter was sent to the Bulgarian Chess Federation dated 6 April 2016 asking to provide a number of documents pursuant to Article 7(a) of the ECU Memorandum and articles.

See Exhibit 4: ECU Letter to Bulgarian Chess Federation

6. The Bulgarian Chess Federation answered ECU by letter dated 19 April 2016, failing to provide the requested documents except the Bulgarian Chess Federation Statutes in Bulgarian language.

See Exhibit 5: Bulgarian Chess Federation Letter to ECU

7. Interpol invited ECU to testify in the frame of criminal investigation taking place in Bulgaria.

See Exhibit 6: Interpol Invitation to ECU

8. ECU applied to the Bulgarian State Investigation Office to receive official reports which are connected with the alleged European Championships in Bulgaria from 2011 to 2014. ECU received the reports by decision of the Bulgarian State Finance Agency made on 1 May 2016.

See Exhibit 7: Decision of Bulgarian State Finance Agency

See Exhibit 8: Report dated 15 January 2013

See Exhibit 9: Report dated 3 August 2015

See Exhibit 10: Report dated 16 February 2016 (amendment of the report dated 3 August 2015)

9. By decision dated 15 June 2016, the FIDE Ethics Commission dismissed the case 5/2015 filed by the Bulgarian Chess Federation against ECU officials for an alleged interference in the internal affairs of the BCF. The FIDE Ethics Commission held that ECU officials “acted with the mandate of the ECU Board and General Assembly and in furtherance of the legitimate interests of the ECU only”. It found no evidence that ECU officials were part of any conspiracy to discredit the Bulgarian Chess Federation.

See Exhibit 11: Decision of FIDE Ethics Commission dated 15 June 2016

Based on all above facts:

ECU Board intends to propose to the ECU Annual General Assembly 2016 the suspension of your membership for the following reasons:

1. You refused to provide documents based on ECU’s legitimate request dated 6 April 2016 (see Exhibit 4), hereby violating Article 7(a) of the Articles of the Association.
2. Despite the decision of the General Assembly in Bar Montenegro stating clearly that the Open tournaments organised in Albena and Golden Sand in 2014 were not official ECU tournaments, you continue to maintain the contrary, thereby ignoring the decision of the ECU General Assembly.
3. According the official reports of the Bulgarian Financial Investigation Agency, you maintain that you transferred to ECU the following amounts in accordance with different invoices allegedly issued by ECU, namely:

- a. Alleged invoice No 232/11 dated 3 August 2011;
- b. Alleged invoice No 271/11 dated 10 October 2011

Both for **BGN 113,829.-** (i.e. **EUR 58,200.-**) in connection with the 2011 European Individual Youth Championship in Albena.

- c. Alleged invoice No 292/11 dated 24 October 2011
- d. Alleged invoice No 318/11 dated 15 November 2011

Both for **BGN 126,170.-** (i.e. **EUR 64,510.-**) in connection with the 2012 European Individual Open Championship in Plovdiv.

- e. Alleged invoice No 364/2013 dated 25 November 2013 for an amount of **EUR 202,000.-** in connection with the 2014 European Individual Women Championship.

- f. Alleged invoice No 362/2013 dated 24 November 2013 for an amount of **EUR 147,800.-** in connection with the tournaments organised in Albena and Golden Sands in June 2014.

In total, the Bulgarian Chess Federation allegedly paid **EUR 472,350** to ECU regarding the abovementioned tournaments.

4. As you are already fully aware as an ECU member, the abovementioned amounts have never been received by the ECU. They do not appear in the ECU Annual Statements that are communicated to and known by all our Member Federations and reported in detail to the ECU General Assembly. Moreover, the President of the Bulgarian Chess Federation Mr Silvio Danailov was ECU President from September 2010 till August 2014 and he or his administration never reported these amounts to the ECU annual accounts.
5. Despite the obvious facts, you still insisted in your submissions to the Bulgarian investigation authorities and today that these huge amounts were indeed paid to ECU.
6. You insisted to the Bulgarian authorities that ECU has a valid bank account in Slovenia namely: ABANK Slovenia □IBAN SI 56051 00801 327 1 144, even though there has never been such account. On the contrary, all transactions prove that this bank account belongs to a company called ECU LLC based in Delaware, United States (see <http://www.bizapedia.com/de/EUROPEAN-CHESS-UNION-LLC.html>).
7. Said company and the related bank account are not mentioned in any minutes, files or accounts of ECU. Mr Almog Burstein, former ECU Treasurer, and Mr Kurt Gretener, ECU Bookkeeper, confirmed in writing that they know nothing about such company and the related bank account in Slovenia (see **Exhibits 12 & 13 attached**). Ms Sava Stoisavljevic, former ECU Secretary, testified similarly to the FIDE Ethics Commission.”
8. Without informing ECU, you submitted bank certificates to the Bulgarian authorities allegedly confirming that the bank account in Slovenia belongs to ECU. You also stated that this bank certificate is only to be used in Bulgaria and nowhere else. You further maintain that this bank account was closed on 5 April 2015, without the knowledge of the ECU Board, President and Treasurer.
9. You provided a number of invoices to the Bulgarian authorities bearing the address of the company ECU LLC in Delaware, even though said address is not related with European Chess Union. You also submitted contracts, which do not appear in ECU files.

10. You insisted to the Bulgarian authorities that you rented chessboards, pieces, electronical equipment and software and/or devices for jamming mobiles from ECU. You are fully aware that such material is not available to rent from ECU and ECU is not offering such paid services to its members.

See Exhibit 14: ECU Press release dated 22 June 2015

11. Your declarations to the Bulgarian authorities, in the press and even to the FIDE Ethics Commission that the present case is part of conspiracy against Bulgarian Chess Federation and its President could constitute defamation.
12. Similarly, your allegations against the ECU President and complains about his private life are insulting and could also constitute defamation.
13. Finally, through the abovementioned actions, you involved ECU in a criminal investigation as the letter/invitation by Interpol clearly states.

Following the above, the ECU Board considers that your actions are against ECU, are not observing the Objects of the ECU and are not compatible with your membership in ECU. Therefore, during its Meeting held in 24 & 25 June 2016 in Prague, Czech Republic, the ECU Board decided to propose to the ECU General Assembly 2016, which will be held in Baku, Azerbaijan on 10th September 2016 **the suspension of your ECU membership.**

By the present notice, according to the Article 7(b) of the Articles of the Association, we invite you to present your position by written answer to this Notice, until 28 July 2016. The present Notice, along with your response will be included as attachment to the Agenda of the Meeting of the General Assembly, which will be distributed to all ECU members in due course.

Please note that the forthcoming General Assembly shall hear oral representations on behalf of ECU Board and your federation.

For the European Chess Union

Zurab Azmaiparashvili
ECU President

