



Press Release: 12.06.2017

1. CAS DISMISSED BULGARIAN CHESS FEDERATION APPEAL

On 30th September 2016, the Bulgarian Chess Federation filled an appeal to the Court of Arbitration for Sport (CAS) against the decision of the European Chess Union General Assembly on 10th of September 2016 to expel the Bulgarian Chess federation from the European Chess Union. <http://www.europechess.org/ecu-general-assembly-2016-main-decisions-and-information/>

After an exchange of written submissions for both sides and the hearing held in Lausanne, Switzerland on 28th April 2017, the CAS dismissed the case brought by the Bulgarian Chess Federation against ECU and ruled that all costs of Arbitration shall be paid by the Bulgarian Chess Federation as also a part of the ECU legal expenses. The Ruling was as follows:

- 1. The appeal filled by the Bulgarian Chess Federation on 30th September 2016 is admissible.**
- 2. The appeal filled by the Bulgarian Chess Federation on 30th September 2016 is dismissed.**
- 3. The costs of the arbitration, to be determined and served to the parties by the CAS Court Office, shall be borne by the Bulgarian Chess Federation.**
- 4. The Bulgarian Chess Federation is ordered to pay the European Chess Union a total amount of CHF 5,000 as a contribution towards the expenses incurred in connection with these arbitration proceedings.**
- 5. All other motions or prayers for relief are dismissed.**

The full CAS award is attached at the Press release and is referring to all the history of the case and the court findings and conclusions.

Briefly the British Chairman of the Panel and the two Swiss Arbitrators members of the Panel made the following main findings and conclusions:

- **The Panel concluded that ECU acted in an entirely fair, proper and transparent manner.**

149. In the circumstances, the Panel is fully satisfied that the process by which the Appellant's expulsion was proposed and subsequently approved at the General Assembly in Baku was carried out in a fair and

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lawful manner. The Appellant has not adduced any evidence that suggests the procedure was vitiated by any irregularity or procedural unfairness, or that it was in any way disadvantaged by the procedure followed. On the contrary, the Panel is satisfied on the evidence before it that the Respondent (wording correction) acted in an entirely fair, proper, timely and transparent manner. The procedure followed was fully in conformity with the Respondent's Articles of Association. The Appellant was afforded an adequate opportunity to present arguments (both in writing and orally) against the proposal before any vote took place at the General Assembly. The voting process was carried out in a proper manner and in accordance with the Respondent's express request for a secret ballot.

- **The Panel concluded that Bulgarian Chess Federation deliberately decided not to comply with the ECU request for documents.**

154. The Panel notes that the Appellant has therefore variously — and contradictorily claimed that: (i) it was unable to provide the documents and information because they were no longer in the Appellant's possession; (ii) it could provide some of the documents, but had decided not to do this as it was reluctant to provide only a partial response to the Respondent; and (iii) it could have provided some of the documents, but deliberately decided not to comply with any aspect of the Respondent's request as a matter of principle.
155. The Panel considers that the Appellant's shifting and inconsistent explanations for its decision not to comply with the Respondent's request for documents and information substantially undermine the credibility of its account of events. Contrary to the position initially advanced, **it is now apparent that the Appellant deliberately decided not to comply with the Respondent's request for documents**, and that it did this in the full knowledge that suspension from the Respondent was a possible consequence of that decision.

- **The Panel did not find the President of the Bulgarian Chess Federation Mr. Silvio Danailov a truthful or reliable witness.**

158. The Panel is bound to say that it did not find Mr. Danailov to be a truthful or reliable witness. Mr. Danailov demonstrated a conspicuous lack of candour in many of his answers, which were frequently evasive or tellingly vague. It was striking that, despite having spent several years serving as the Appellant's President and the Respondent's President, Mr. Danailov claimed he had little or no knowledge about the two organisations' accounting practices, rules and statutes. Mr. Danailov denied any knowledge of payments totaling several hundred thousand euros that were made while he was President of the Appellant. In light of the documentary evidence and the Appellant's shifting explanations, the Panel did not find these assertions credible.

159. The Panel was deeply unimpressed by Mr. Danailov's apparently total lack of concern when confronted with strong evidence that very substantial sums of money that (on the Appellant's case) were supposed to have been paid to the Respondent had in fact been misdirected to an unidentified third party. In response to a question from the Panel about why he was not concerned about the serious irregularities concerning those payments, Mr. Danailov responded tersely that the issue was "*bullshit*". **In the Panel's view, Mr. Danailov's dismissive indifference to allegations of serious financial impropriety involving the Appellant demonstrated a grave disregard for his responsibilities as the Appellant's President.** His contemptuous approach to this issue also undermined the credibility of his claims that he had been entirely unaware of any possible wrongdoing involving the Appellant.

The Panel observed that there were reasonable grounds for serious offences by the Bulgarian Chess Federation

161. In these circumstances, it is not necessary for the Panel to reach any specific findings about whether, in addition to the refusal to comply with the request for documents and information, the Appellant's expulsion was capable of being justified on other grounds as well. The Panel observes, however, that on the basis of the evidence before it the Respondent was justified in concluding that there were (at the very least) reasonable grounds to (i) conclude that the Appellant falsely claimed that chess tournaments held in Bulgaria in 2014 were official ECU tournaments, when in fact they were not, and had purported to host an official ECU tournament despite not having submitted any bid to the Respondent for the right to host that tournament; and to suspect **(ii) that the Appellant was knowingly involved in paying funds to a bank account which was falsely represented to be the Respondent's official bank account, when in fact it was controlled by unknown persons who had nothing to do with the Respondent;** and (iii) that the Appellant had requested and received substantial payments from the Bulgarian government in respect of services and equipment which it wrongly claimed the Respondent had provided.

ECU respects all decision taken by CAS, the highest independent sport tribunal which has the jurisdiction to determine sports-related appeals.

2. BULGARIAN GENERAL PROSECUTOR LETTER

In February 2017, European Chess Union become aware about an informative letter from the Bulgarian General Prosecutor Sotir Tsatsarov, dated 16 December 2016, related with the investigation about alleged transfers by the Bulgarian Chess federation of Bulgarian state funds to the European Chess Union. The document was officially translated, submitted as exhibit in CAS and quoted during the hearing in CAS on 28th of April 2017.

According to the letter a prosecution file was created at Sofia City Prosecutor's Office in connection with a written signal and applications to it by a group of citizens, which concerns financial irregularities in Bulgarian chess federation. The letter concludes:

*".....After examining and assessing the facts and the circumstances related to the case, on October 7, 2016, a decree for initiating preliminary legal proceedings was issued. The legal proceedings are initiated against an unknown perpetrator who on an unknown date in 2014, using a false document, illegally received movable property — money belonging to the Ministry of Youth and Sports with the intention to misappropriate it. **The forgery and the sum of money involved are huge, thus this case will be treated as a heavy crime according to Article 212 Paragraph 5 in connection with Paragraph 2 of the Criminal Code.**"....."*

The European Chess Union notes that the findings and the heavy crime mentioned for the year 2014 is only a part of the case since the transfers of Bulgarian state funds, through the Bulgarian Chess Federation, to the offshore company ECU LLC Delaware started in the year 2011 and continued till the year 2014.

European Chess Union asks Bulgarian authorities to extend the investigation to the years 2011, 2012 and 2013 and to identify all the individuals involved in the case with criminal offences.

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