



TOOLKIT ON MONITORING BENEFICIAL OWNERS



Institute for Development
of Freedom of Information

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TBILISI
2021

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INTRODUCTION

Transparency of tax information and beneficial owners is one of the most important mechanisms for preventing corruption. The recent instances of journalists and civil monitoring groups uncovering opaque practices in this regard have made the topic all the more urgent. At the same time, it has become clear that tax evasion and concealment of real ownership are not just standalone financial crimes, but also point to the existence of a multi-layered chain of corruption and money laundering that causes significant harm to society as a whole. Investigative journalists and civil society representatives can make an important contribution to the implementation of transparent practices in this area.

The purpose of this guide is to share information regarding the concept of a beneficial owner, transparency standards, and key practical advice with journalists, civic monitoring groups, researchers, and other stakeholders, which will enable them to identify beneficial owners and monitor the activities of the companies behind them.

Various publicly available international and local guides on these issues were used in the preparation of this guide, in addition the results of materials from investigative activities from journalists and civil society organizations and the methodology used in their analyses.¹

¹ The following sources are used for preparing various part of the toolkit:

- Q A Beneficial Ownership Implementation Toolkit (2019). The Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes Inter-American Development Bank
- Q Beneficial Ownership: How to find the real owner of secret companies - A guide for journalists and civil society in Ghana, Kenya & Nigeria. 2017. Transparency International.
- Q Sabados, Katarina. How to Follow the Money: Tips for Cross-border Investigations. (2018). Global Investigative Journalism Network.
- Q Bellingcat's Online Investigation Toolkit: bit.ly/bcattools
- Q Digital Research Tools for Investigative Reporters: <https://pudo.org/material/investigative-tools/>
- Q Practical Toolkit for Data Journalists. 2019. Institute for Development of Freedom of Information (IDFI)
- Q The Concealed Beneficiaries behind Fictional Characters. 2021. Institute for Development of Freedom of Information (IDFI)
- Q Offshore companies in Georgia: Business interests and corruption risks. 2021. Transparency International Georgia.

DEFINITION OF BENEFICIAL OWNERS

According to the definition from Financial Action Task Force (FATF), beneficial owner refers to the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement. In other words, **this is the natural person who controls the assets of a company.**



THE TERM BENEFICIAL OWNER COMPRISES TWO ASPECTS:

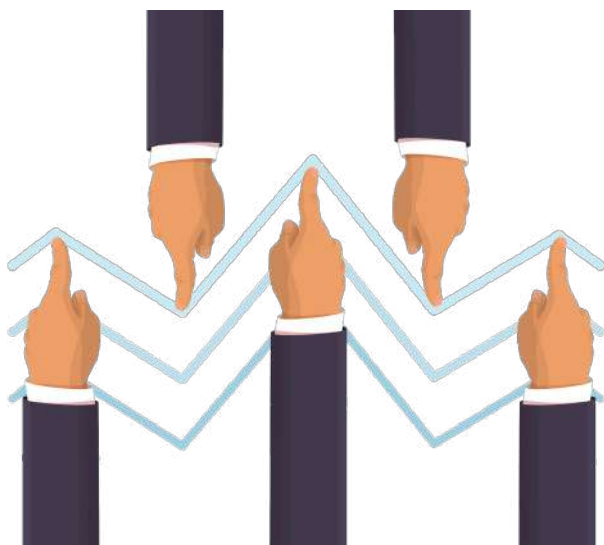
01

when the owner and controller of the property is a beneficial owner (**final owner**);

while the property rights belong to a nominal/formal owner (**legal owner**).

02

Brokerage firms are one of the most widespread examples of the separation of nominal and final ownership of property. Brokers invest money from clients in transactions so that the final return on investment becomes the property of the beneficial owners, while the nominal owners receive a specific fee for their services.



Another example of beneficial ownership is **control over the number of shares in companies**. As an example, the belief that a 51% stake in a closed company is sufficient for management rights is fairly widespread. For instance, in order to carry out activities such as: electing a director, exercising certain rights related to the management of the property, selling company real estate, and paying dividends. It should be noted that when it comes

to public companies, where often shareholders control a relatively small number of shares, owning 15-20% of the shares may be sufficient to exercise management and ownership in the company.

Companies (entrepreneurial legal entities) sometimes represent parts of a chain of corruption, which is especially true in cases of high-level corruption. However, identifying them is a difficult task. In recent years, cases of conflicts of interest and corruption revealed worldwide have made it clear that the transparency of beneficial owners helps reveal instances of not only corruption, but also human trafficking, child labor, drug trafficking, terrorist financing, and more. Therefore, hiding real owners created problems for the state from economic as well as legal standpoints.

Distancing oneself from specific assets by creating a multi-layered chain of legal entities is one of the most common methods of concealing beneficial ownership. This often-times interferes with effective and fair investigation.



In addition, offshore countries,² where company owners find it easier to hide their identities in accordance with legal regulations, play an important role in the concealment of assets. There are many factors that make company registration in offshore zones useful.

² Country, small state, and / or jurisdiction (territory) that offers tax and other benefits to entities in exchange for attracting foreign capital



First of all, entails tax breaks. Moreover, a registered company is not required to be a resident of that country or to have a physical office/branch in the offshore center. In the Georgian context, there are frequent cases when companies registered offshore or subsidiaries of these companies participate in state procurements by hiding the real owner, and they even win the contracts. In addition, there have been a number of cases in Georgia where companies owning property, including state property and various strategic facilities (e.g., energy, mining industry) are registered in offshore zones while acquiring any information on them presents an enormous challenge.³

³ Offshore Companies in Georgia - Risks and Recommendations (2016). Institute for Development of Freedom of Information (IDFI). Available at: <https://bit.ly/3mzM41c>



In 2017, the EU created a list of countries and jurisdictions (so-called blacklist) that are considered non-cooperating actors in tax policy, with the list being continuously updated. As of 2021, the list includes the following countries: American Samoa, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, US Virgin Islands, and Vanuatu.⁴ The most high-profile cases of corruption and money laundering are related to blacklisted countries. In addition, the Council of the European Union lists countries and jurisdictions (so-called gray lists) that have not / failed to meet certain obligations, although additional time has already been set for them to be fulfilled. In addition, the Council of the European Union lists countries and jurisdictions (so-called gray list) that can not/failed to meet certain obligations, even though additional time had been set for them to be fulfilled. This list includes: Costa Rica, Hong Kong, Malaysia, Qatar, Uruguay, Jamaica, Botswana, Northern Macedonia, Turkey, Jordan, Seychelles, and Thailand.


Countries take different approaches to identifying beneficial owners. They determine ownership in terms of control of a particular percentage of shares, voting rights, and property. For example, according to the the EU Fourth Directive against money laundering, the Single Reporting System (CRS), and the Automatic Exchange of Information (AEOI), a natural person who owns a 25% (or more than 25%) share of a company will be considered its beneficial owner.⁵ In some countries the percent threshold may be relatively low, while in some high-risk sectors, such as mining, the limit on shareholding is not set at all.


⁴ Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes (2021). Council of the European Union. Available at: <https://www.consilium.europa.eu/media/52208/st12519-en21.pdf>


⁵ A Beneficial Ownership Implementation Toolkit (2019). The Secretariat of the Global Forum on Transparency and Exchange of Information for Tax Purposes Inter-American Development Bank. p. 14. Available at: <https://www.oecd.org/tax/transparency/beneficial-ownership-toolkit.pdf>

Regardless of the cases prescribed by law, beyond the quantified percentages, the real owners (controllers) resort to various means to avoid publicity. Among them, control is exercised through nominal owners, executors of the transactions, relatives, or the persons holding managerial positions.

Nominal owners can replace real owners for a variety of reasons.

 **PROPERTY MANAGEMENT** - When a person wants to donate property to someone who cannot or does not want to manage it, the giver may enact certain conditions. For instance, if a person transfers property to a child with the condition that the parent is considered the legal representative of the minor and hence the legal owner of the property until the child reaches adulthood.

 **CONFIDENTIALITY** - A person wants to own a certain type of property, but in order to maintain privacy from the media or to avoid being attacked by criminal groups, maintains confidentiality. Most often, both former and current politicians and public officials, whose business activities are restricted through law, act to cover up the identity of the real owner of the company.

 **TAX AVOIDANCE** - Facts of hiding real property are most often encouraged with the motive of avoiding taxes. In this case, the person tries to illegally avoid the enforcement of the tax liability imposed on capital and property by the corresponding state agencies.

THE IMPORTANCE OF THE REGISTER OF BENEFICIAL OWNERS



Over the past decade, the issue of the transparency of beneficial owners has become an important part of the global agenda. It garnered special attention after G20 adopted the “High

Level Principles on Transparency of Beneficial Owners” in 2014. The G20 member states have unanimously agreed on making transparency of beneficial owners a priority and the need to take vital steps in this regard - for example, through the creation of a unified register. ⁶

Creating a register of beneficial owners is a widespread and effective way to ensure the transparency of beneficial owners. A **centralized public register** enables stakeholders to get information regarding the identities of the real owners of companies. The creation of a public register as one of the most effective mechanisms is advocated by both international organizations/initiatives and individual states. Information exchange is no less important in the fight against financial crimes. In 2016, an agreement on the systematic exchange of information around beneficial owners was signed under the jurisdiction of 53 states. ⁷

⁶ G20 High-Level Principles on Beneficial Ownership Transparency. Available at: <https://www.mofa.go.jp/files/000059869.pdf>

⁷ Ali Shalchi and Federico Mor. Registers of Beneficial Ownership. (2021). House of Commons Library. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-8259/>

With the creation of a public register, companies are obliged to register their own company, maintain a register of each member and, at the same time, submit documentation to the official public register of the beneficial owners of the country, if any.

In the case of some countries, national governments collect information about companies not in a central register of beneficiary owners, but regional or sectoral registries.



Publishing the register as open data helps journalists and other stakeholders to process databases electronically and to easily process and verify information. In the absence of a register, the monitoring party will have to request/retrieve information about the history, owner, and members of each company individually.

Raising the standards of transparency of beneficial owners is supported particularly strongly by the EU, which has adopted important directives on the prevention of money laundering, the fight against terrorist financing, and the detection of hidden beneficiaries. The first tangible step in this regard was taken by the European Commission in 2015, with the adoption of the Fourth Directive, which defined the member states for the establishment of a register of beneficial owners. The European Commission took the first tangible step in this regard in 2015 with the adoption of the Fourth Directive, which obligated member states to establish a register of beneficial owners.



Moreover, according to the *Fifth Directive against Money Laundering*, each EU member state was tasked with establishing a public register of beneficial owners by January 2020, as well as ensuring interoperability/linking between national registries of beneficial property information. Nevertheless, 9 EU member states still do not yet have such a register. ⁸

Great Britain is a leading country in terms of the creation of a public register of beneficial owners, having started advocating for the issue in 2013 and by 2016 having made the **public register** available to any interested party. The purpose of the register is to tackle the problem of corruption and tax evasion in international companies.

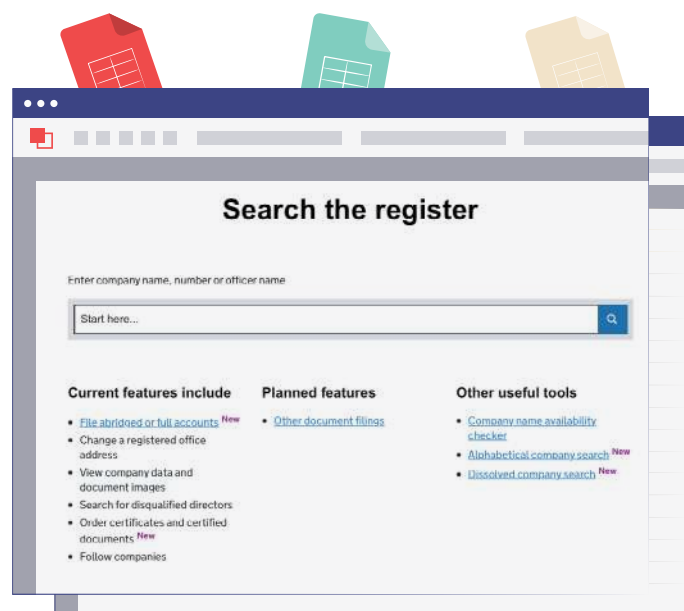


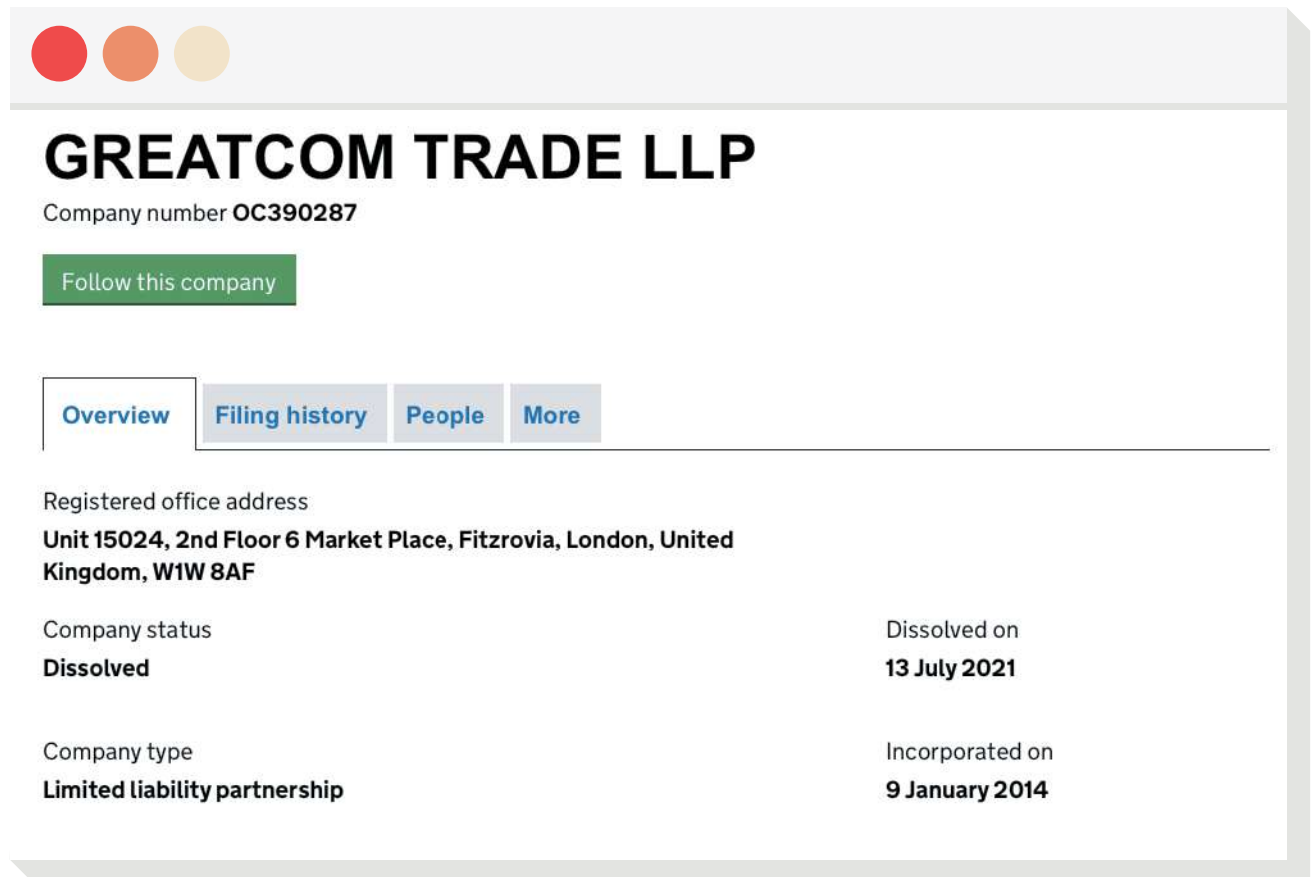
Figure #1: Public register of beneficial owners of Great Britain

Beginning April 2016, companies are required to enter information on beneficial ownership in the register of companies if the owners control a 25% stake in the management of a property or assets.

In addition, the UK imposes a similar obligation on foreign companies that have a business presence in the country. Through the register, interested parties can find **general information about the company, the history of submitted documentation, information about managers and/or persons with significant control, as well as information on any charges/sanctions, insolvency.**

⁸ Access Denied? Availability and accessibility of beneficial ownership data in the European Union (2021). Transparency International. Available at: <https://bit.ly/3FWZFHR>

As an example, see the sample case below:



GREATCOM TRADE LLP
Company number **OC390287**

Follow this company

Overview Filing history People More

Registered office address
Unit 15024, 2nd Floor 6 Market Place, Fitzrovia, London, United Kingdom, W1W 8AF

Company status
Dissolved

Dissolved on
13 July 2021

Company type
Limited liability partnership

Incorporated on
9 January 2014

Figure #2: Example of information regarding a company stored in the register

As the example demonstrates, the search engine has several sections, including company history and affiliated persons.

The register of beneficial owners has 20,000 unique daily viewers.

Overview Filing history **People** More

Officers Persons with significant control

Filter officers

Current officers

2 officers / 2 resignations

MEEZARTE HOLDING INC.

Correspondence address
New Horizon Building, Ground Floor, 3 1/2 Miles Philip S.W. Goldson Highway, Belize City, Belize

Role	RESIGNED	Appointed on	Resigned on
LLP Designated Member		9 January 2014	10 January 2021

Other Corporate Body or Firm [What's this?](#)





Law governed	Legal form	Place registered
BELIZE	INCORPORATED COMPANY	BELIZE

Figure #3: Example of information regarding a company in the register

EXAMPLE OF USING THE REGISTER FOR INVESTIGATIVE PURPOSES

The platform's contribution is particularly important in the work of civilian monitoring groups and activists, as well as investigative/data journalists, as evidenced by materials published in the spring of the same year. In particular, a journalistic investigation conducted by the Organized Crime and Corruption Reporting Project (OCCRP) revealed that the President of Turkmenistan, Gurbanguly Berdimuhamedov, had signed a contract worth \$ 25.7 million on the import of state-funded food with a company registered in the United Kingdom that had no prior experience with such activities. Information obtained through the public registry revealed that Hajimirat Recepov, the president's nephew, was the real owner of the company.⁹

Ukraine became the first country in September 2015 to make it mandatory **for all companies** to submit information about beneficial owners. The information must be attached to the company registration materials in the unified state register. These requirements also apply to companies that were already registered before the beneficial ownership information was made publicly available. According to Ukrainian law, a **beneficial owner is a natural person** who:

-  Directly or indirectly, independently or together with other natural persons, holds at least 25% of the shares or voting rights
-  Directly or indirectly exercises final control over management or business activities
-  or controls contract signing by the company
-  or has the rights to issue mandatory instructions or perform the functions of a governing body

⁹ Ruslan Myatiev and Bayram Shikhmuradov. As Turkmenistan People go Hungry, President's Nephew Profits off Food Imports (2021). Organized Crime and Corruption Reporting Project. Available at: <https://bit.ly/3peabV2>

The **unified state register of Ukraine**¹⁰ contains information about beneficial owners – with the indication of their name, surname, father’s name (if any), date of birth, citizenship, place of residence, ID and passport numbers, etc. Three types of entities are required to be listed in the register: legal entities, natural persons – entrepreneurs, and civic formations. The special law ‘On State Registration’ regulates this issue. In addition, according to the current legislation of Ukraine (Article 64.1. Economic Code of Ukraine), enterprises are obliged to submit information on final beneficiary owners, otherwise the law prescribes an administrative liability.¹¹

Детальна інформація про фізичну особу-підприємця	
Назва атрибута	Значення
Прізвище, ім'я, по батькові	ШЕВЧЕНКО ОЛЕКСАНДР ЄВГЕНІЙОВИЧ
Місцеворозташування	Україна, 69095, Запорізька обл., місто Запоріжжя, ВУЛИЦЯ ГОРЬКОГО, будинок 159 А, квартира 46
Види діяльності	46.73 Оптова торгівля деревиною, будівельними матеріалами та санітарно-технічним обладнанням (основний); 47.52 Роздрібна торгівля залізними виробами, будівельними матеріалами та санітарно-технічними виробами в спеціалізованих магазинах; 47.89 Роздрібна торгівля з лотків і на ринках іншими товарами
Дата державної реєстрації: дата та номер запису в Єдиному державному реєстрі про включення до Єдиного державного реєстру відомостей про фізичну особу-підприємця – у разі, коли державна реєстрація фізичної особи-підприємця була проведена до набрання чинності Законом України "Про державну реєстрацію юридичних осіб та фізичних осіб-підприємців"	Дата державної реєстрації: 20.06.1996 Дата запису: 21.09.2005 Номер запису: 21030170000013374
Дата та номер запису про проведення державної реєстрації	
Місцеворозташування реєстраційної справи	Департамент реєстраційних послуг Запорізької міської ради 04.05.2006, ГОЛОВНЕ УПРАВЛІННЯ РЕГІОНАЛЬНОЇ СТАТИСТИКИ, 21680000; 21.06.1996, 943, ГОЛОВНЕ УПРАВЛІННЯ ДПС У ЗАПОРІЗЬКІЙ ОБЛАСТІ, ОЛЕКСАНДРІВСЬКЕ УПРАВЛІННЯ У М.ЗАПОРІЖЖІ, ОЛЕКСАНДРІВСЬКА ДПІ (ОЛЕКСАНДРІВСЬКИЙ РАЙОН М.ЗАПОРІЖЖЯ), 43143945, (дані про зняття на облік як платника податків); 22.06.1996, 0811-2861, ГОЛОВНЕ УПРАВЛІННЯ ДПС У ЗАПОРІЗЬКІЙ ОБЛАСТІ, ОЛЕКСАНДРІВСЬКЕ УПРАВЛІННЯ У М.ЗАПОРІЖЖІ, ОЛЕКСАНДРІВСЬКА ДПІ (ОЛЕКСАНДРІВСЬКИЙ РАЙОН М.ЗАПОРІЖЖЯ), 43143945, (дані про зняття на облік як платника єдиного внеску)
Прізвище, ім'я, по батькові особи, яка призначена управителем майна фізичної особи-підприємця	
Дата та номер запису про державну реєстрацію припинення підприємницької діяльності фізичної особи-підприємця, підстава внесення	
Дата та номер запису щодо відміни державної реєстрації припинення підприємницької діяльності фізичної особи-підприємця, підстава вношення	
Дата відкриття виконавчого провадження щодо фізичної особи-підприємця (для незавершених виконавчих проваджень)	
Інформація для здійснення зв'язку	Відомості відсутні

Figure #4: Information regarding beneficial owners contained in the register

¹⁰ <https://usr.minjust.gov.ua/content/free-search>

¹¹ Guide to Beneficial Ownership Information in Ukraine: Legal Entities and Legal Arrangements. (2017). Global Forum on Asset Recovery (GFAR). Available at: <https://bit.ly/2Z1UZiC>

Slovakia was also one of the first European countries to make the **register**¹² of **beneficial owners of companies participating in public procurements** publicly available.

Aktuálne údaje [Zobrazíť aj historické údaje](#) [Stiahnuť výpis](#)

Partner verejného sektora

Obchodné meno: KPMG Slovensko Advisory, k.s.
IČO: 31403417
Právna forma: Komanditná spoločnosť
Adresa sídla / miesto podnikania / bydliska: Dvořákovo nábrežie 10, 81102 Bratislava, Slovenská republika
Dátum zápisu: 01.02.2017
Dátum výmazu: Nie je
Číslo vložky: 6800

Oprávnená osoba

Obchodné meno: TATRAAUDIT Bratislava s.r.o.
IČO: 35962607
Adresa sídla / miesto podnikania / bydliska: Pave Vukoviča 510/8, 85110 Bratislava - mestská časť Jarovce, Slovenská republika

Koneční užívatelia výhod

Meno a priezvisko	Dátum narodenia	Štátna príslušnosť	Adresa	Verejný funkcionár
Ing. Tomáš Číran	10.11.1971	Slovenská republika	Koprivnická 13, 84101 Bratislava - mestská časť Dúbravka, Slovenská republika	Nie

Verifikačný dokument (pdf) [Verifikačný dokument \(pdf\)](#)

Figure #5: Information contained in the register

¹² <https://rpvs.gov.sk/rpvs>



Members of Slovak civil society actively use the register to identify links between companies that have the same beneficial owner(s). In the first years after the register was made public, investigative journalists identified up to 190 public officials who may have had conflicts of interest relating to procurements. Information on the register website can only be found in the Slovak language, although a simple search engine and translation function will help one find the desired information. After entering a company and/or personal name in the search engine, the online platform will offer a summary of the information about them - in PDF format.

ONE OF THE MOST HIGH-PROFILE CASES REVEALED BY THE REGISTER

The Czech branch of Transparency International, through the Slovak register, revealed in 2018 the connection of the Czech Prime Minister, Andrej Babis, with a company that received millions of euros (75 million euros in total) annually from the EU in the form of subsidies.¹⁴ This, however, is not the only case involving Babis hiding beneficial ownership. A journalistic investigation published in October 2021 revealed that the Prime Minister had also purchased real estate in France valued at \$22 million through offshore companies.

¹³ Using Slovakia's Beneficial Ownership Register for Impact (2019). Open Government Partnership. Available at: <https://bit.ly/2Zjg1tB>

¹⁴ Out in the Open: How Public Beneficial Ownership Registries Advance Anti-Corruption. (2021). Transparency International. Available at: <https://bit.ly/2XFCTCU>

In the context of international practice, it should be noted that, despite the urgency of the issue, the United States is one of the countries that announced the initiative to create a register of beneficial owners quite late. The Corporate Transparency Act, issued in early 2021, obliges businesses operating in the United States to provide information about their real owners. By passing this act, the US also laid the foundation for the creation of the central register of beneficial owners, the implementation of which was entrusted to the Financial Crimes Enforcement Network (FinCEN) under the US Treasury.¹⁵



¹⁵ Considerations for the Upcoming U.S. Beneficial Ownership Registry (2021). Transparency International U.S. Office. available at: <https://us.transparency.org/news/beneficial-ownership-registry-considerations/>

The table below shows the registers of companies that contain information about the beneficial owners from several countries: ¹⁶

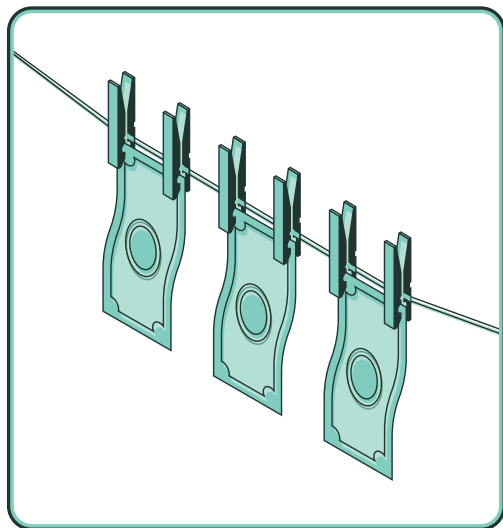
COUNTRY	WEBSITE	DESCRIPTION
BELGIUM	fGov.be	Register of companies registered in Belgium
CHINA	National Enterprise Credit Information Publicity System	Companies registered in China - with a record of registered capital, legal representative, date of registration, as well as history of fines and business violations.
	Court Enforcement Information Publicity	A list of individuals and companies operating in China, whose activities were found to be unscrupulous by a court.
	China Judgements Online	Judgments rendered by Chinese regional courts
	Cninfo	Financial reports and statements of Chinese public companies
	QCC	A website created by a private company, which is one of the largest sources of information about companies, with reference to registration information, shareholder structure, beneficial owner, authorization certificate, etc.
CYPRUS	cadastral map	Cadastral map of Cyprus
	offshore companies	A register of companies that allows you to search by company name or registration number.
ESTONIA	Rik	Estonian Beneficial Owners Register
FRANCE	Infogreffe	French Register of Beneficial Owners

¹⁶ To prepare the chart, an online guide investigative journalism by Bellingcat was used: Bellingcat's Online Investigation Toolkit: bit.ly/bcatttools

GERMANY	TransparencyRegister	German Register of Beneficial Owners
ITALY	Registro Imprese	Register of Italian companies, which offers a wide range of data: purpose of the company, e-mail address, location (legal address, operational offices or warehouses, etc.). Date of establishment or when the company started providing a specific service/activity. The register is only in Italian, but has a very simple interface. The basic search service is free, but it is possible to purchase reports and specific information about the company.
LESOTHO	http://www.obfc.org.ls/registry/	Updated information about companies registered in Lesotho, their owners and shareholders
MAURITIUS	https://portalmns.mu/	Register of companies in Mauritius
NAMIBIA	http://www.bipa.na/search/	Register of companies in Namibia
NIGERIA	https://publicsearch.cac.gov.ng/ComSearch/	Register of companies in Nigeria
SEYCHELLES	http://www.registry.gov.sc/BizRegistration/WebSearchBusiness.aspx	Register of companies registered in the Seychelles
SOUTH AFRICA	http://www.cipc.co.za/za/	The search engine provides information about companies registered in South Africa with the use of the company name and company registration number. Additionally, information can be found through the name of the company's director.
SWITZERLAND	Zefix	Register of companies registered in Switzerland
UNITED STATES OF AMERICA	ImportYeti	The database contains more than 70 million records of the U.S. Naval Checkpoint.
	LittleSis	A platform to help you identify people in politics and business (mostly in the US)

THE IMPORTANCE OF THE MONITORING AND INVESTIGATIVE ACTIVITIES RELATED TO BENEFICIAL OWNERS

Global interest in the transparency of beneficial owners is growing with every passing day. Countries and organizations such as the United States, the United Kingdom, the European Union, the United Nations, the Extractive Industries Transparency Initiative (EITI), and other leading actors are taking further steps and calling on other countries to raise the standard of transparency of beneficial owners. The urgency of the issue has increased in the wake of investigations by journalists and civilian monitoring groups. In recent years, they have exposed many corruption schemes and significant irregularities, with the access to information about beneficial owners having played a crucial role in these cases.



The **case of Luxembourg**, which despite numerous efforts by the EU against corruption and money laundering in the member states, has repeatedly come to the forefront due to the particularly opaque practices of the beneficial owners, is of particular interest. Indeed, Luxembourg was named as one of the leading countries with the highest risk of money laundering among EU member states.¹⁷

¹⁷ Prosser, David. OpenLux: exposing money laundering in Luxembourg. (2021) Arachnys. Available at: <https://www.arachnys.com/openlux-exposing-money-laundering-in-luxembourg/>

In 2018, through the efforts of the European Union, the Government of Luxembourg agreed to establish a public register of beneficial owners. Since March 2019, information about the final owners of companies registered within the country became available to interested parties. The search engine, however did not have a search function by the names of owners. Access to the information was possible only with the knowledge of the company name or registration number, which contradicts the main purpose of a public register.¹⁸



Search for an entity (Company, Non-profit association, ...)

RCS number

Trade name

SEARCH

Figure #6: Search system of the register

Despite these challenges, with the organizing efforts of the French publication Le Monde, a long journalistic investigation (OpenLux) was launched. More than 3 million administrative acts and financial reports obtained from the website have been submitted for monitoring to the Organized Crime and Corruption Reporting Project (OCCRP) and other partners working on these issues worldwide. One of the most high-profile journalistic investigations, which lasted all year and included information on 140,000 companies operating from 1995-2020, **found that 80% of the companies were hiding their beneficial owners**. OpenLux has once again put the opaque practice of beneficial owners in Luxembourg on the world agenda.

¹⁸ Tiourina, Svetlana. OpenLux. (2021) Organized Crime and Corruption Reporting Project. Available at: <https://www.occrp.org/en/openlux/>



A journalistic investigation uncovered **one of the most high-profile corruption cases** involving Gulnara Karimova, the daughter of the Uzbek President Islam Karimov. Swedish media began speaking about the alleged money laundering and other serious financial crimes by Karimova in 2012 with a team of the above-mentioned Corruption Reporting Project (OCCRP). To cover up suspicions over the purchases of real estate and luxury items, the president's daughter hid her property for a long time, and journalists did not forget to pay attention to Karimova's offshore account, from which a particularly large amount of money flowed.¹⁹

¹⁹ Sabados, Katarina. How to Follow the Money: Tips for Cross-border Investigations. (2018). Global Investigative Journalism Network. Available at: <https://gijn.org/2018/07/09/how-to-follow-the-money-tips-for-cross-border-investigations/>

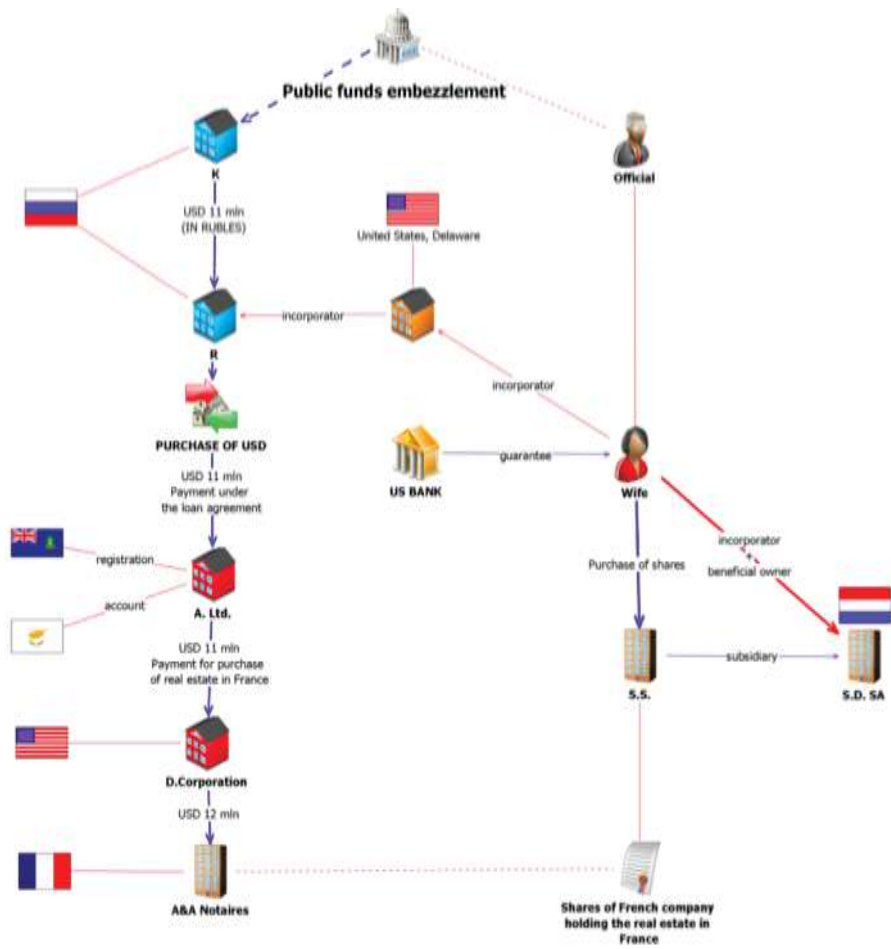
Official investigative bodies from Sweden, and later the Netherlands and the United States, soon became involved. It was finally revealed that Gulnara Karimova received more than \$1 billion in cash and shares in various companies in exchange for support for the entry into the Uzbek market of Swedish, Dutch, and Russian telecommunications companies TeliaSonera and VimpelCom.

EXAMPLE OF AN INVESTIGATED CASE ²⁰

300 million Russian rubles (\$ 11 million) misappropriated from state funds were transferred from Company K's account to Company R's account. Company R (Delaware Corporation) is owned by the wife of the official around whom the monitoring began. On the same day, a loan of USD 11 million was transferred from Company R to Company A's account through a bank from Cyprus. Company A, in turn, transferred more than \$11 million to the account of American Company D to purchase real estate in France. Company D would later transfer more than \$12 million to Luxembourg, with the notes on the purpose of the transfer indicating that the American bank was the guarantor of the transaction made by the wife of the above-mentioned official to purchase shares in the French company and own real estate. The deal was struck through the French company S.S., which represents the Luxembourg S.D. SA is a subsidiary of both companies and is owned by one person.

The investigation of this case revealed a corrupt chain through which the official bought real estate with misappropriated state funds.

²⁰ Concealment of Beneficial Ownership. (2018) The Financial Action Task Force (FATF). Available at: <http://www.fatf-gafi.org/media/fatf/documents/reports/FATF-Egmont-Concealment-beneficial-ownership.pdf>



OVERVIEW OF THE LEGISLATIVE FRAMEWORK OF GEORGIA



Georgia does not have a central public register of beneficiary owners, despite non-governmental organizations actively advocating for its creation in recent years. Studies show that companies registered abroad own significant assets (real estate, capital, etc.) and participate in public procurements in Georgia. According to Transparency International - Georgia, there are about 3,200 companies registered in the Georgian Business Register, all or part of which are owned by an offshore company.²¹

Due to low standards of transparency, **it is difficult for civil society to understand who is behind individual companies**, which increases the risks associated with organized crime, corruption, and conflicts of interest.

A general exception to the transparency policy regarding beneficial owners is the **'Law of Georgia on Broadcasting'**,²² according to Article 37 paragraph 2 of which a broadcasting license holder/authorized person may not be a legal entity registered in an offshore zone or a legal entity directly or indirectly owned by a person registered in the offshore zone.

²¹ Offshore companies in Georgia: Business interests and corruption risks. Transparency International Georgia. Available at: <https://bit.ly/3Ga2IML>

²² Law on Broadcasting. Available at: <https://matsne.gov.ge/ka/document/view/32866?publication=61>

The law stipulates the disclosure of the identities of beneficial owners to those who receive monetary or other benefits from the activities of the broadcaster. In addition, according to the 'Law on Broadcasting', the National Communications Commission authorizes the persons carrying out the activities of the broadcaster and maintains the departmental register of authorized persons. The register is accessible by any interested person in electronic form.

პირი - კავკასუს ონლაინი

ინფორმაცია სანარმოს შესახებ

დასახელება: კავკასუს ონლაინი
 ორგანიზაციულ სამართლებრივი ფორმა: შპს
 საიდენტიფიკაციო კოდი: 211380833
 აღიარა:

სანარმოს იურიდიული მისამართი

ქვეყანა: საქართველო
 ქალაქი/დაბა/სოფელი: თბილისი
 რაიონი: დიდებუ რუღლუეთი
 მისამართი: წინამძღვრისძევის ქ. N160
 საფოსტო ინდექსი: 0108
 ტელეფონი: 2480000
 ფაქსი: 2480048
 ელ-ფოსტა: info@ca.ge
 ვებ გვერდი: www.ca.ge

სანარმოს რეგისტრაციის პარამეტრები

რეგისტრაციის ორგანო: ვაკე-საბურთალოს რაიონული სასამართლო
 ქვეყანა: საქართველო
 ქალაქი/დაბა/სოფელი: თბილისი
 რაიონი: ვაკე-საბურთალო
 რეგისტრაციის ნომერი: 54/4-1030
 რეგისტრაციის თარიღი: 19.11.1998
 ბოლო ცვლილებების თარიღი: 30.07.2021

Figure #7: Departmental register of authorized persons



A mention of beneficial owners can be found in the **Law of Georgia on the Prevention of Money Laundering and Terrorist Financing**.²⁴ According to the law, **LEPL Financial Monitoring Service of Georgia** is defined as the body for prevention of money laundering and terrorist financing, which **records** statutory accountable persons (financial institutions²⁵), non-financial entities²⁶, and public institutions²⁷) and receives information from them about suspicious and other transactions, analyzes it and, in the presence of a relevant reasonable suspicion that the

²⁴ Law of Georgia on Prevention of Money Laundering and Terrorist Financing. Available at: <https://matsne.gov.ge/ka/document/view/4690334?publication=2>

²⁵ Non-bank depository institution - credit union; Founder of a non-state pension scheme; Insurance broker, reinsurance broker; Currency exchange point; Commercial Bank; Microfinance organization; Brokerage company; Payment service provider; Insurance organization; Leasing company; Lending entity; Securities registrar; Investment Fund

transaction is suspicious and carried out for the purpose of money laundering or terrorist financing and/or other crime, immediately, without obtaining permission from another body or person, transmits this information and additional materials to the appropriate law enforcement authority. In contrast to the practice of the National Communications Commission, the publicity of the entities registered by the Financial Monitoring Service is not ensured. As for the cases brought by the Financial Monitoring Service to the law enforcement agencies and the Revenue Service,²⁸ the statistics for 2017-2020 look as follows:



²⁶ Lawyer, Law Office; Lottery organizer, organizer of gambling or winning games; Notary; Certified Accountant; Legal entity that provides accounting services and on whose behalf the certified accountant acts; Auditor, audit firm; A person who trades in precious stones or metals; National Agency of Public Registry and Revenue Service

²⁷ National Agency of Public Registry and Revenue Service

²⁸ 2020 Report of LEPL Financial Monitoring Service of Georgia. Available at: https://www.fms.gov.ge/Uploads/files/GEO_Annual_Report_2020_28.04.21.pdf

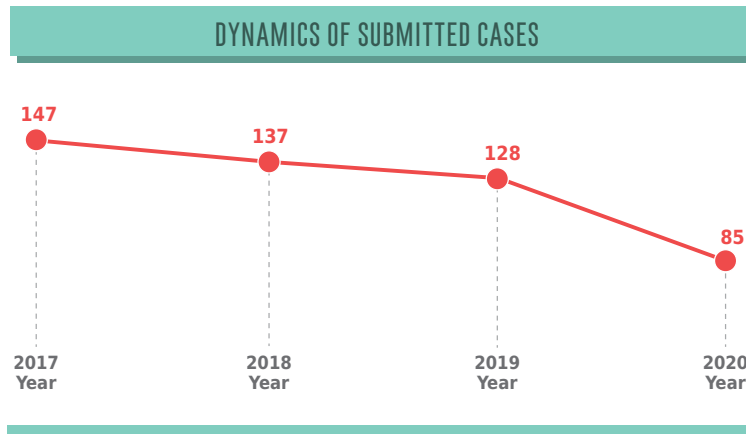


Figure #8: Statistics of cases submitted by the Financial Monitoring Service to law enforcement agencies and the Revenue Service

It should be noted that the Service prepares a **national report and action plan** for money laundering and terrorist financing risks assessment, which is public and is published in accordance with the rules established by the legislation of Georgia, except for the parts that contains confidential information, state secrets, or the publication of which may hinder ongoing investigations in Georgia.

Article 19 of the same law also defines **high-risk jurisdictions**. For the purposes of the law, such jurisdiction is a country or territory, the system of money laundering or terrorist financing prevention of which has serious shortcomings. The list of high-risk jurisdictions is determined by the **National Bank of Georgia**.

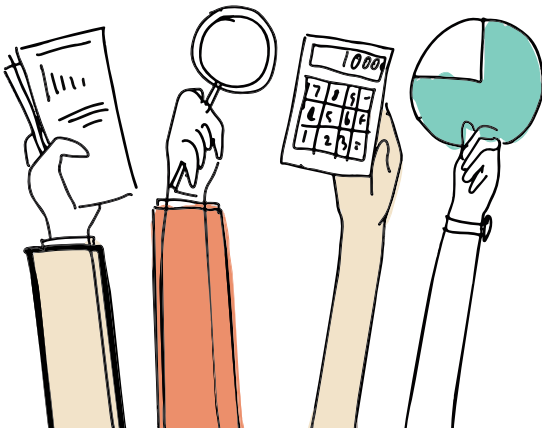
In addition to the above, beneficial owner is defined by the **Law of Georgia on Commercial Bank Activity**,²⁹ according to which commercial banks have the obligation to have complete information about the identity of each beneficial owner of the bank who directly or indirectly owns more than 10 percent of the shares. Commercial banks are accountable to the National Bank, which means providing complete information about the beneficial owners. Should the National Bank consider the information provided about the beneficial owner to be insufficient or inaccurate, it has the right to verify or specify it directly with the beneficial owner.

²⁹ Law of Georgia on Commercial Bank Activities. Available at: <https://matsne.gov.ge/ka/document/view/32962?publication=39>

According to law, commercial banks are also required to make this information public in their annual accounts. The National Bank establishes rules for the provision and disclosure of such information based on International Financial Reporting Standards and international best practice.



THE PROCESS OF MONITORING AND INVESTIGATING THE ACTIVITIES OF BENEFICIAL OWNERS



There are several ways to obtain new information or verify old data about companies or individuals. A sophisticated approach will help the monitoring person to access accurate information, including through the use of official records, public procurements, government procurements, desk surveys, and social media in parallel with the use of open data, public registries, and company websites.



RECOMMENDATION #1

To identify beneficial owners of companies, check the information published on international platforms and in the registers of beneficial owners of other countries.

Due to the fact that the current practice in Georgia in finding information about beneficial owners is sparse, **in the first stage, the use of international platforms will be of great help.** It is important to note that economic activities in Georgia are often carried out by hidden beneficiaries, who invest through

companies registered in offshore countries, participate in the implementation of both private and state projects, etc. Earlier, the registers of various countries were listed. In addition to those, we present various international platforms where data obtained from journalists and separate official registers are collected.

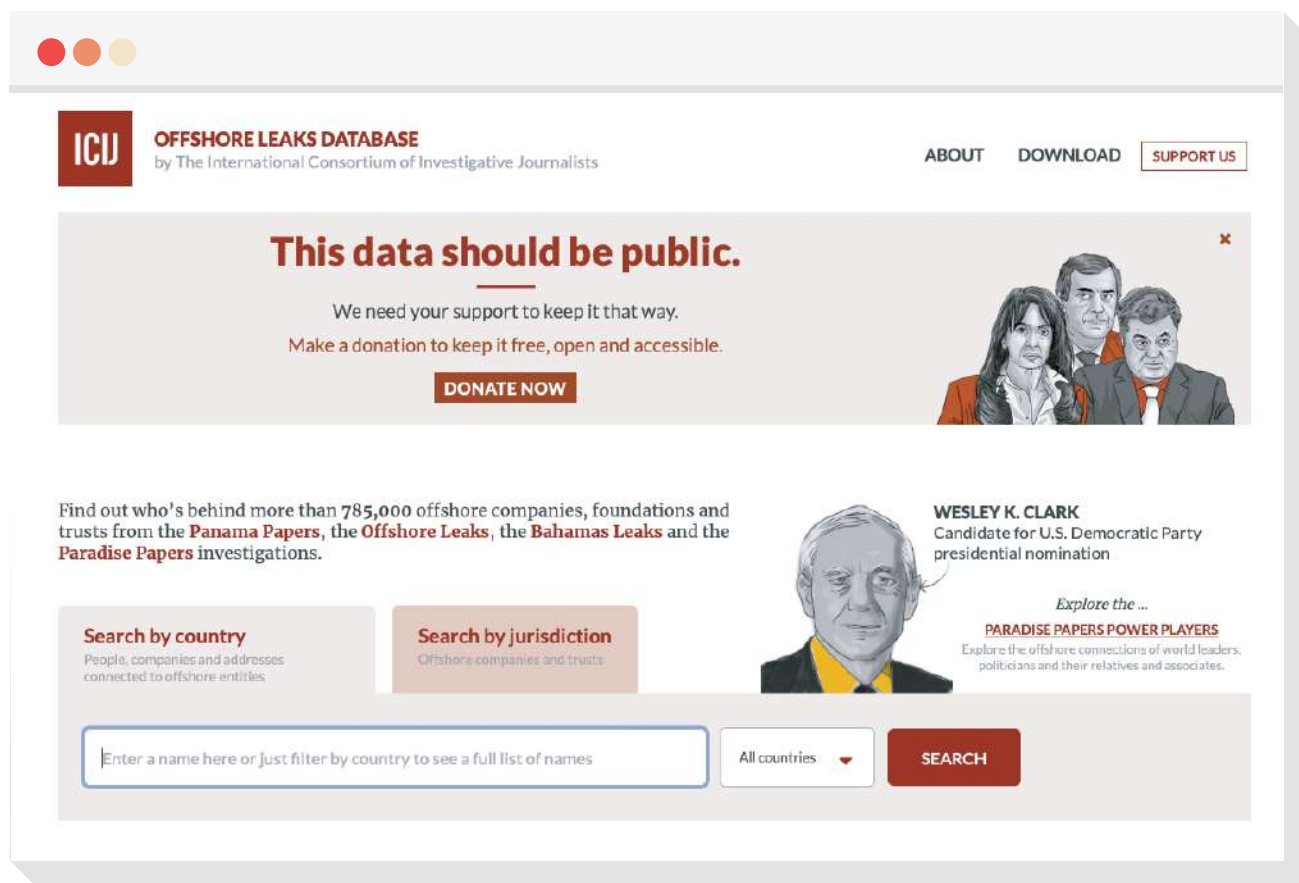
OFFSHORE LEAKS DATABASE

The largest platform of the International Consortium of Investigative Journalists (ICIJ) **on offshore companies**,³⁰ where the results of large-scale journalistic investigations prepared as a result of leaked materials from companies as well as various institutions are published - “Panama Papers”, “Paradise Papers”, “Bahamas Materials”, as well as the results of the largest investigation in the history of investigative journalism - “**Pandora Documents**” that will be posted on the platform in the future. Prior to the release of the Pandora Documents, an unprecedented response followed the leak of the Panama Papers. The materials contained millions of documents from Mossack Fonseca, one of the largest offshore law firms, which were delivered by anonymous sources to the hands of the German newspaper Süddeutsche Zeitung. It was the latter who shared the documents with an international consortium of investigative journalists.

³⁰ <https://offshoreleaks.icij.org>

At this stage, the platform includes **information on more than 785,000 offshore accounts** related to more than 200 countries/jurisdictions. It can be said that the value of the data available on this website is incalculable for investigative journalism and civil monitoring teams, as it contains leaked information about opaque structures and real owners of companies.

Due to the fact that the information obtained is mostly based on leaked records, it does not have the form of a standard corporate register, and some types of information may additionally be duplicated.



The screenshot shows the top section of the 'OFFSHORE LEAKS DATABASE' website. At the top left is the ICIJ logo and the text 'OFFSHORE LEAKS DATABASE by The International Consortium of Investigative Journalists'. To the right are navigation links for 'ABOUT', 'DOWNLOAD', and 'SUPPORT US'. Below this is a large banner with the headline 'This data should be public.' and a call to action 'DONATE NOW'. The banner also features a cartoon illustration of three people. Below the banner, there is a section titled 'Find out who's behind more than 785,000 offshore companies, foundations and trusts from the Panama Papers, the Offshore Leaks, the Bahamas Leaks and the Paradise Papers investigations.' This section includes two search filters: 'Search by country' and 'Search by jurisdiction'. To the right of these filters is a cartoon illustration of Wesley K. Clark, with text identifying him as a 'Candidate for U.S. Democratic Party presidential nomination' and a link to 'PARADISE PAPERS POWER PLAYERS'. At the bottom of this section is a search bar with the placeholder text 'Enter a name here or just filter by country to see a full list of names', a dropdown menu set to 'All countries', and a red 'SEARCH' button.

Figure #9: Search function of the portal

In addition to the above, the data in the Offshore Leaks Database is published according to former or current officials in politics. The data posted about individuals includes their biographies, the results of journalistic investigations and their assessments of the results, databases of all the companies to which a particular person is or has been linked.

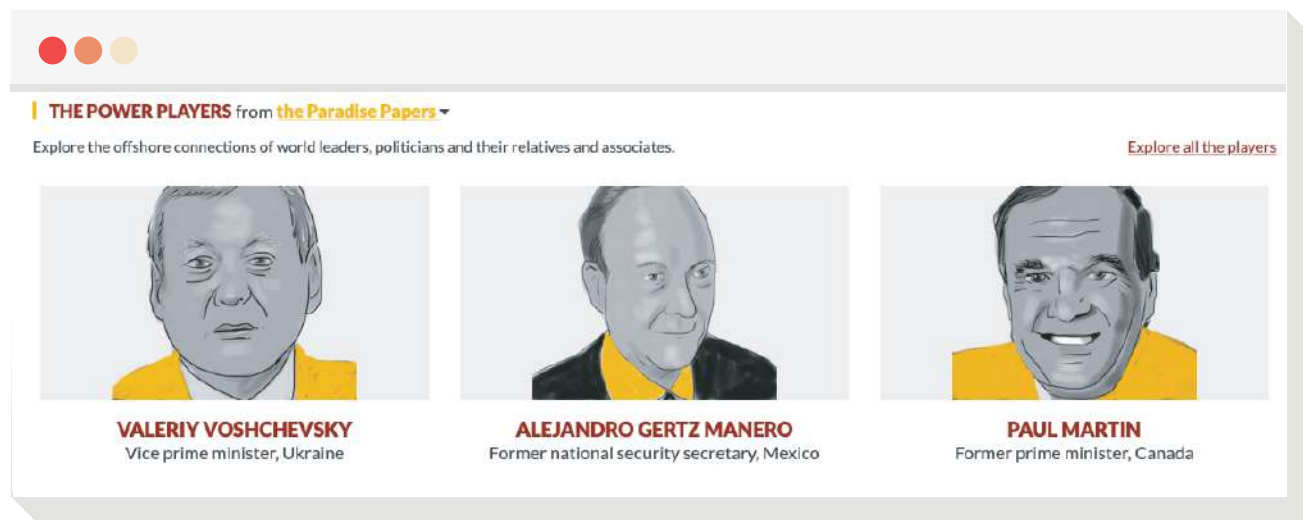


Figure #10: Search engine by political figures



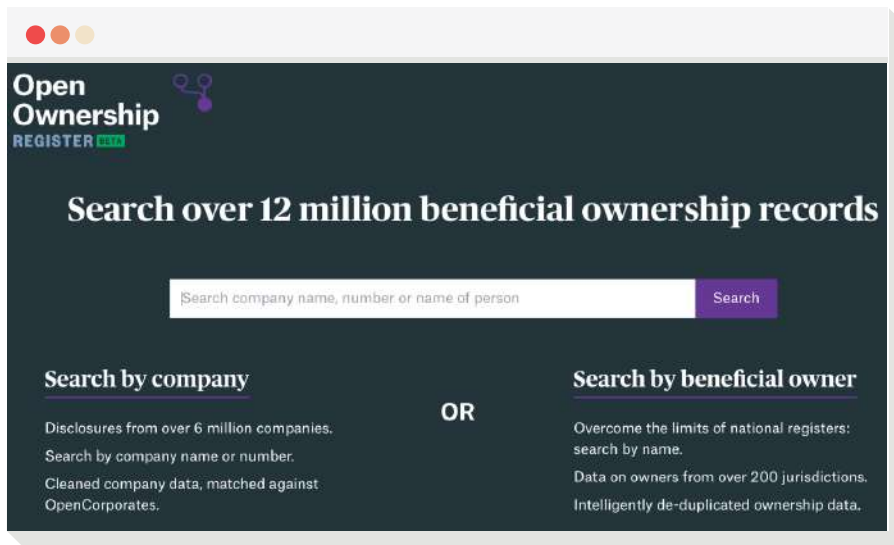
OCCRP ID

The **Investigation Platform** (Dashboard)³¹ - it contains **links to business registers** in different countries and more than 1,000 data and **leaked documents obtained by journalists from various public or private sources**. The platform enables one to get information about companies operating in 180 countries, their addresses, and management links.

³¹ <https://id.occrp.org>

OPEN OWNERSHIP

The global ownership register – **Open Ownership**³² – created based on publicly available sources about beneficial owners, currently includes **data on more than 6 million companies**. In cooperation with the Open Government Partnership (OGP), the platform periodically expands data volumes from countries that have committed to creating a public register of beneficial owners. Through the “Property Openness Register”, the monitoring company has access to the company address, the names of the owners, their date of birth, citizenship of the country, etc. The platform allows data to be presented visually.



In addition to the register, through the platform’s **home page**, it is possible to find out which countries have committed to the transparency of beneficial ownership, as well as what stage they are at in terms of their performance.

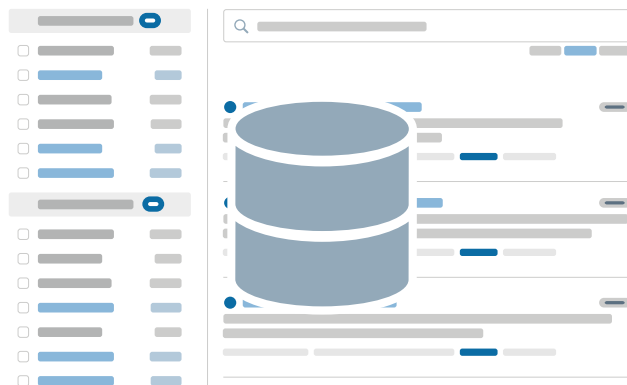
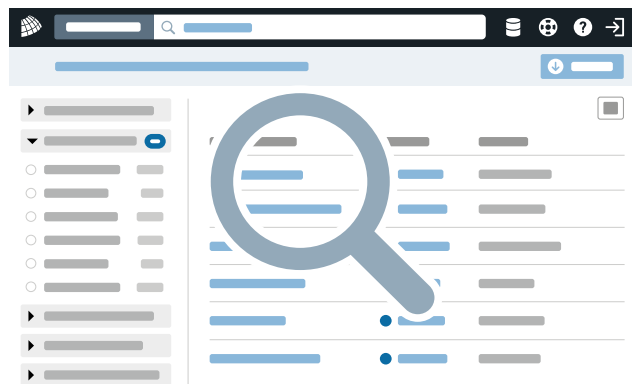
Figure #11: Search function of the global register

³² <https://register.openownership.org>

OCCRP ALEPH

The Aleph data platform³³ integrates both **current and old databases, surveys, documents, and leaked information archive** to help monitors identify political links and influence of corruption schemes. **Based on over 230 open sources**, information is constantly updated on the platform, and additional evidence from the leaked information category is available to accredited journalists.

The search engine on the platform provides users with a variety of ways to access information, including country, person name, email,



address, company name, court decisions, etc. In addition, the data posted on the website can be **searched by sections**, such as, for example, company websites, bank accounts, licenses, legal entities, public institutions, photo and video materials, e-mails, and more.

The monitoring process can be facilitated significantly by the section of the databases themselves, where the data is placed according to the company register, archives, leaked information, land registry, sanctions, and other categories.

³³ <https://data.occrp.org>

The screenshot displays a search system interface with three main columns of data. At the top, there is a search bar and navigation icons. A speech bubble icon is visible above the browser tabs.

Entity types		Dataset categories		Countries and territories	
Web pages	1,514,213	Company registries	50	Georgia	9
Bank Accounts	334,396	News archives	71	Malta	3
People	45,215,939	Grey literature	16	Togo	2
Documents	8,638,807	Leaks	10	Tanzania	3
Images	447,219	Court archives	19	Kenya	11
Files	1,388,356	Gazettes	19	Ghana	3
Packages	39,694	Licenses and concessions	17	South Africa	7
Folders	69,293	Procurement	43	Austria	3
Tables	225,053	Land registry	9	Albania	4
Workbooks	63,612	Persons of interest	25	Bosnia & Herzegovina	16
E-Mails	551,587	Regulatory filings	7	Croatia	5
Text files	1,083,157	Document libraries	5	North Macedonia	8
Licenses	888,596	Air and maritime registers	3	Serbia	10
Legal entities	31,646,061	Financial records	5	Slovenia	6
Organizations	1,334,818	Sanctions lists	9	Kosovo	4
Real estates	22,854,100			Montenegro	8
Contracts	25,100,011			Zambia	4
Companies	51,733,919			Uganda	4
Public bodies	347,236			Congo - Kinshasa	3
Airplanes	1,927			Namibia	3
Court cases	4,025,121			Malawi	2
Assessments	27,289			Guinea	2
Videos	743			Rwanda	2
Vessels	13,948			United States	46
Assets	158,946			Germany	8

Figure #12: Search system of the platform

Access to e-mails, Word and PDF files, contracts, and other types of documentation on the platform is made simple and convenient for the user through the latest interface. In addition, the user can choose from among 54 languages.

Some sources are hidden from anonymous users. [Sign in](#) to see all results you are authorised to access.

More than 10,000 results Date distribution Export

Name	Dataset	Countries	Date
EMAIL EMAIL. 7 RUE DES COQUERELLES, 02600 MORTEFONTAINE, FRANCE...	France Companies Index	France	2005-02-21
EMAIL EMAIL. 2 SQUARE LA FAYETTE, 49000 ANGERS, FRANCE...	France Companies Index	France	2016-05-13
EMAIL EMAIL. 37 RUE DE FORMIGNY, 14000 CAEN, FRANCE...	France Companies Index	France	2012-05-21
EMAIL EMAIL. 28 RUE DE LA GARE, 08800 LES HAUTES RIVIERES, FRANCE... EMAIL. 21 RUE DE LINCHAMPS, 08800 LES HAUTES RIVIERES, FRANCE...	France Companies Index	France	2012-12-28
email@stefanoforesti.com email@stefanoforesti.com...email@stefanoforesti.com...	HBGary leaked emails		-
Email OffersOnDemand Email OffersOnDemand...	ENRON Emails		-
CLAUDE EMAIL CLAUDE EMAIL...	New York State Departm		-

Figure #13: Examples of electronic communications posted on the platform

OPEN CORPORATES

One of the largest open data **portals** on companies, which makes available **structured data on up to 200,000 companies** for journalists, NGOs, and academia, and rates countries using a 100-point rating system based on their **openness**.

When searching for a company in the search engine, the user can select the country/territory under whose jurisdiction he is looking for the desired information.

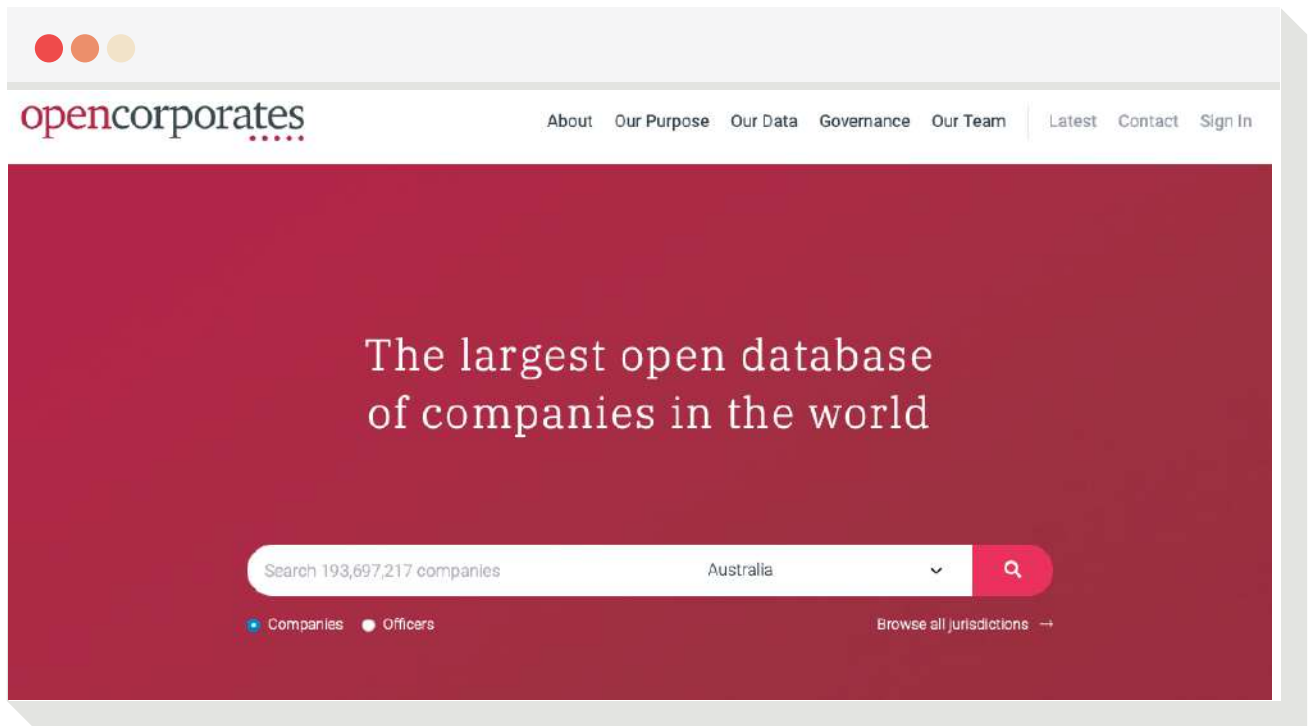
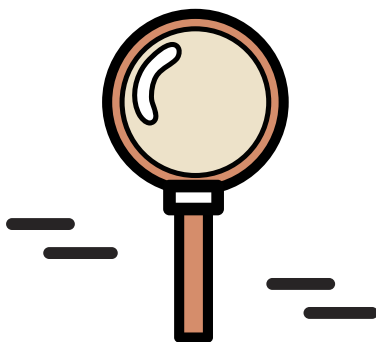


Figure #14: Search system of the portal

Additional information can be accessed through the purchase of an application interface (API). In addition, OpenCorporate's highly qualified team provides training in this area for those interested.

³⁴ <https://opencorporates.com>



STAR ASSET RECOVERY

The goal of the joint initiative of the World Bank and the United Nations Office on Drugs and Crime (UNODC) - StAR Asset Recovery Watch - is to collect and systematize publicly available information about the proceeds of corruption. **Public databases**³⁵ are placed on the platform based on information made available by prosecutors and investigative agencies around the world. Moreover, the StAR team provides individual guidelines for beneficial owners based on case studies from 23 countries.

³⁵ <https://star.worldbank.org/asset-recovery-watch-database>

³⁶ <https://panjiva.com>

PANJAVA

An interesting and extensive database for investigative and data journalists is **Panjiva**,³⁶ which brings together information on global trade transparency. The platform contains existing data about American, Chinese, Indian, South American, etc. companies involved in exports and imports. Interested parties can subscribe to the platform and indicate the company/trade area of interest to them, which in turn enables them to receive notifications via e-mail as soon as the material is updated.



RECOMMENDATION #2

Examine in detail the information published on the official communication channels of the companies

One can start searching for information about the company by **checking their website**.³⁷ Especially interesting material can be found in the case of large corporations.

First, focus on the **company history** and main description section.

You may also find important **financial information** on the company website. You can additionally use the **ProQuest Historical Annual Reports** electronic reporting platform, which brings together information from the reports on companies' financial performance and is designed for researchers in business, history, economics, and more.

In the corresponding section, search for the **company's annual reports** and observe the activities carried out in previous years or other details you need.

Study press releases in depth. You may find important and interesting information here that has been left out of the media spotlight. The press release is considered to be the first source of the company's official position, and you are therefore free to use the old press releases as sources of information.

³⁷ Mattera, Philip. Dirt Diggers Digest Guide to Strategic Corporate Research. (2019). Corporate Research Project. ხელმისაწვდომია: <https://www.corp-research.org/ddresearchguide>

³⁸ https://about.proquest.com/products-services/pq_hist_annual_repts.html



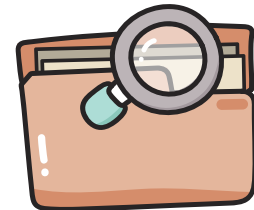
RECOMMENDATION #3

Use all Georgian open source information to collect data about the beneficial owner or companies related to them

If, with the help of international platforms/registers, you have identified a beneficial owner of a particular company who is a citizen of Georgia, has some connection with Georgia, or a company registered offshore owns a stake in a company registered in Georgia, you should continue the search through (Georgian) open sources.

HOW TO RETRIEVE / VERIFY DATA ABOUT PRIVATE COMPANIES ³⁹

When monitoring procurement, it is important to retrieve and verify information about the companies and their executives that are involved in tenders. There are several ways of doing this:



³⁹ Methods for verifying information about companies and individuals are presented according to IDFI's previously published toolkit: A Practical Toolkit for Data Journalists. 2019. Available at: <https://datalab.ge/ge/toolkittext/toolkit/3/>



Search for the company's name (typed in Georgian letters as well as Latin), phone number and address. Review the information about the company and take notes of any facts/circumstances that might be relevant to analyzing the case.



Find the company's official Facebook page and check the "About Us" section.



COMPANY WEBSITE:

Along with the social network, check whether they have an active webpage and verify the company's authenticity. Review the information available on the company's website.

BUSINESS REGISTRY ⁴⁰

On the website of the National Agency of Public Registry, access the business registry section and look for the company of your interest by entering the following data:

Personal or Company ID (The simplest method)	🔍
Company name	🔍
Legal Form	🔍
E-mail	🔍

⁴⁰ Business Registry: <https://napr.gov.ge/dziebakomp>



NOTE

If even one letter is mistyped in the company name, the system will not be able to retrieve appropriate data. It is better to use the Google search engine to find the company identification code to make it easier for you to search for the company.





After finding the company, **access their info**, where you will find the following data/documents:

- 📁 ID number
 - 📁 Name
 - 📁 Legal form
 - 📁 Registration date
 - 📁 Status
 - 📁 Extract from the Registry of Entrepreneurs and Non-entrepreneurial (Non-commercial) Legal Entities (Firstly, click on the document at the top of the page, with the latest date,
- which contains the most recent data about the company, including the executives, board members, partners, along with their ID numbers, names and their corresponding shares in the company - available in PDF format)
- 📁 Various information regarding the ownership status
 - 📁 Registered changes in the subject's initial data.

If the new extract reflects a change in the entity's registered data, the scanned documents will be available to determine what kind of change was made. In the event of a change in shares, you will be able to see on what basis the shares were changed. In case of share purchase, a contract will be available, on the basis of which you will determine the price at which the share was sold.



Be aware that some documents are only available in .djvu format, which can be opened with the djvu reader application. **Always check the documents containing numbers in their titles!** The following types of information can be found:


-  The owners' meetings protocols
-  Information regarding legal representatives, directors and sometimes offshore company owners
-  Court decisions regarding the company
-  Information about any leases



NOTE

When reviewing these documents, always take notes of the company's directors or representatives personal number, address or e-mail

In addition to the Companies Register, the following are available on the website of the National Agency of Public Registry:

 *Seizure, tax lien / mortgage register*, where you can check if the company or its shareholders have similar obligations. ⁴¹

⁴¹ <https://www.my.gov.ge/ka-ge/services/5/service/191>

Company Info⁴² - This website was created based on the National Agency of Public Registry's business registry, by Transparency International-Georgia. **It provides a simplified way of looking for the company's and its owner's ID number.** The search is possible with company names as well as the name



RESTRICTION

In 2014, the National Agency of Public Registry implemented a security code, as a result, the information on the website is not automatically updated anymore. Therefore, always verify data through the **business registry!**

Donations to Political Parties⁴³ - Donations from legal and physical entities to political parties since 2012, is available on the State Audit's website, in the section of the political funds monitoring department. This will be useful for ascertaining the company's political leaning.

Donations to Political Parties⁴⁴ (linked with other datasets) - The platform allows users to retrieve information about business interests behind donations made to political parties. To achieve this, the platform combines data published by various agencies:

- 👉 donations to political parties since 2012
- 👉 the Public Procurement Platform and
- 👉 the Business Registry

⁴² <https://www.companyinfo.ge/ka>

⁴³ Donations to political parties: <https://monitoring.sao.ge/ka>

⁴⁴ <https://www.transparency.ge/politicaldonations/>



For instance, when looking for a company, the search results also show various political donations they have made as well as detailed information regarding their participation in tenders. The platform was created by Transparency International-Georgia.

The Registry of Tax Pledge/Mortgage⁴⁵ - The National Agency of Public Registry has published the Registry of Pledge/Mortgage, where you can verify whether companies or individuals have registered tax pledges, mortgages or other financial sanctions.

Registry of Debtors⁴⁶ - The National Agency of Public Registry has published a registry of companies and individuals that are indebted to the State. However, only their name, ID /Personal number, address and registration number are available. The information about the debt itself is not available. Therefore, you can simply check **whether certain companies/individuals have any financial obligations to the State.**

Reporting Portal⁴⁷ **of Service for Accounting, Reporting and Auditing Supervision** - Reporting portal is The first public information source in Georgia comprising financial statements and management reports of the entities operating in Georgia. Reportal was launched in 2017 by a subordinated body under the Ministry of Finance of Georgia - Service for Accounting, Reporting and Auditing Supervision to facilitate capital markets and economic growth.

⁴⁵ The Registry of Pledges/Mortgages: <https://naprlmr.reestri.gov.ge/#/>

⁴⁶ Registry of Debtors: <https://debt.reestri.gov.ge/main.php?s=1>

⁴⁷ <https://reportal.ge/>

The Following Information about the entity is available on reportal:

- Financial and/or management reports of the entity
- Information about the group of entity
- Information about the entity's auditors
- Profile information of the entity

HOW TO RETRIEVE / VERIFY DATA ABOUT INDIVIDUALS?



When monitoring procurement, it is important to gather information through various online platforms about individuals connected with tender awarded companies. For this purpose, you can use:

Google

Search for the name and last name (typed in Georgian letters as well as Latin), Review the information and take notes of any facts/ circumstances that might be relevant for analyzing the case

facebook

Find out their Facebook account, review their posts, pictures and any other information, pay attention to his/her relatives, friends, activities, etc.;

SEARCH



VOTERS' LIST⁴⁸

(PERSONAL NUMBER IS NECESSARY)

The Central Election Commission has published a list of voters, specifically the data of voters registered to certain addresses. **This database is an essential source to ascertain an individual's (1) Family members, (2) Birth date and (3) address.**

To this end, you have to indicate the person's last name and personal number. To find out the personal number, you can use:

- Q Public Registry's **Immovable Property Registry**, where you can find the property registered under an individual's name along with their personal number
- Q **Company Info** - Indicate the individual's name in the search bar and his/her personal number will be displayed, if he/she has ever owned a company.

ASSET DECLARATIONS⁴⁹

If you suspect certain companies or their owners of having family ties or suspicious business relations with public officials, you can examine the asset declarations website.

⁴⁸ Voters' list: <https://voters.cec.gov.ge/>

⁴⁹ Declarations submitted by Public Officials: <https://declaration.gov.ge/>





NOTE

Birth dates of public officials as well as their family members are included in the declaration. This information will be useful in there are some people with the same name. In particular, you can retrieve the personal number from the registries of business and immovable property, with which you can find out his/her address in the voters' list. This address will be compared with the data indicated in the declaration of the public official. This way the person's identity will be verified.

UNDERSTANDING A PERSONAL NUMBER

- Real Estate Registry
- Company Info

UNDERSTANDING THE ADDRESS

- List of voters

COMPARISON / CONFIRMATION

- Declarations of officials

- ➔ **Company Info** and the **Business Registry** - Through these platforms, you can review a person's business shares and relations. On the Business registry's search page, you can use the "**Search by Participant**" section to find out this data.
- ➔ **Donations to Political Parties** - Donations from legal and physical entities to political parties since 2012, is available on the State Audit's website, in the section of the political funds monitoring department. This will be useful in ascertaining the company's political leaning.



NOTE

The personal numbers or ID numbers of donors are available, which can be used to verify information on other platforms.

- ➔ **Donations to Political Parties** (linked with other databases) - The platform was created by Transparency International-Georgia and it **combines data published by various agencies: donations to political parties since 2012, the Public Procurement Platform and the Business Registry**. As a result, after searching for an individual, search results shows various political donations he/she has made as well as detailed information regarding his/her entrepreneurial activities and participation in tenders.
- ➔ **The Registry of Tax Pledges/Mortgages** - Through the National Agency of Public Registry's Registry of Pledges/Mortgages, you can verify whether certain individuals have registered tax pledges, mortgages or other financial sanctions to their name.
- ➔ **Registry of Debtor's** - This is a registry of individuals, who are indebted to the State. However, only their name, personal number, address and registration number are available. The information about the debt itself is not available.



RECOMMENDATION #4

Study the details of the activities of companies in public procurements

If the beneficial owner of interest to you owns companies registered in Georgia, be sure to check their participation in public procurements.

A company registered offshore may in turn own a stake in a Georgian registered company. In these cases, as well, study the company's participation in public procurements.

TO THIS PURPOSE, USE:

THE UNIFIED ELECTRONIC SYSTEM OF STATE PROCUREMENTS

Web Address: <https://tenders.procurement.gov.ge/>

Responsible public entity: State Procurement Agency (henceforth, Procurement Agency)

Published information: Full information related to individual electronic procurements from their announcement to completion is available - details of the announced tender, documentation, tender applications and results, subsequent contracts (except for sub-contractors).

Registration: If you want to see the full information related to a procurement, it is recommended to **register on the website!** Otherwise the system will not display details related to the contract fulfillment and transfers. The system can be used as a guest or through Facebook authorization.

Procedures in the electronic system:

- 1** Electronic tender with all variations (**Main module**)
- 2** Consolidated tender, competition, or direct procurement - (**Module CMR**)
- 3** License for direct procurement - (**Module SMP**)
- 4** Production-approval of the annual procurement plans- (**Module ePLAN**)

Electronic tenders and simplified procurements are the most frequently used in state organizations. Suspicious circumstances often can be found in these tenders!



DIRECT PROCUREMENT CASES ALLOWED BY LAW:

- If the supply of a product, service or construction work is an exclusive right of a single entity.
- There is an emergency.
- To prevent deterioration of quality of an already procured object and to continue its exploitation, procurement must be made from the same supplier or from a subcontractor defined in the contract.

- 🛒 Time limits require such procurement to ensure unhindered implementation of an event of state or social significance.
- 🛒 State procurement relates to representation expenditure.
- 🛒 Technical service of vehicles and/or procurement of parts for such services and/or procurement of vehicle maintenance materials.



NOTE

A consent of the procurement agency is required for a direct procurement! **(SMP module)**. You can monitor requests for a consent for a direct procurement from the public entities and their arguments on the platform. Registered users can also share their opinion in the comment section or request additional information related to the procurement.



WHAT TO SCRUTINIZE WHEN MONITORING INDIVIDUAL TENDERS

GENERAL INFORMATION ABOUT TENDER

pay attention to the type of procurement, status, dates of announcement and deadline for proposals, category, contract value, deposit, etc.

DOCUMENTS

review documents published by the procuring body, as well as, documents exchanged between the procuring body and the applicants.

PROPOSALS

review tender participants, their general information, and proposed quotas.

RESULTS

- In this section you will find documents related to the absence of conflict of interests, other tender documents, including information about the tender subjects and communication between the procuring body and the participant and the final results.



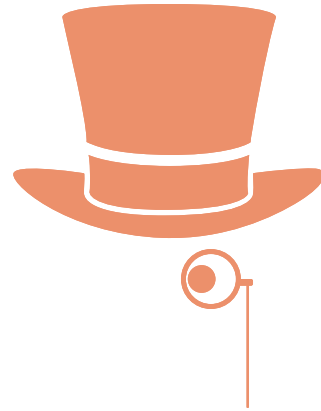
PAY PARTICULAR ATTENTION TO:

- ✓ Terms of the tender, how limiting are the terms (e.g. color of a vehicle, a specific parameter of a product, requirement of unreasonable experience that is not connected to the product or the service).
- ✓ The company that won the tender.
- ✓ Representatives/owners of the company that won the tender.
- ✓ Previous work of the company, which tenders did they participate in, which tenders did they win and how did they fulfil the contract.
- ✓ Who was a subcontractor.
- ✓ Whether all documents have been submitted.
- ✓ Deadlines of each stage of the tender and the timeline set out by the contractor.
- ✓ Terms of the signed contract.
- ✓ Documents verifying that the contract has been fulfilled.

SUSPICIOUS CIRCUMSTANCES IN PROCUREMENTS

Based on the IDFI experience, here are some suspicious circumstances that might point toward possible corruption cases:

- ? The winner was announced without any competition (they were the only applicant or a direct procurement occurred).
- ? The winning company was registered shortly before the tender announcement.
- ? Owners of the winning company are related to employees of the procuring body or have conflict of interests with the member of the tender commission.
- ? An appeal has been filed about the tender (in the Board of Disputes).
- ? Reasons for direct procurement are unsubstantiated (SMP module).
- ? An applicant with the lowest price was disqualified.
- ? Direct procurement contracts are signed frequently with the same company or the winning company did not participate in any similar tenders.
- ? Tender value is much higher or much lower than the average price of the product.
- ? Tender includes a specially defined term/prerequisite (difficult to identify without a specialist).
- ? Procurement was done by a subcontractor.
- ? Procurement was conducted using a Contingency Fund.
- ? Amendments were made to the signed contract: deadline was extended or the price was increased.
- ? Procurement and/or the contract are not public (cannot be found in the electronic system).





RECOMMENDATION #5

Utilize secondary sources



When working on analytical material, you may need to review the steps taken by public institutions towards the prevention of money laundering. In this regard, you can rely on the **reports** of the Council of Europe Anti-Money Laundering Assessment Committee - **MONEYVAL**,⁵⁰ which assesses the technical compliance of the countries' legal and institutional framework with the 40 recommendations of the Financial Action Task Force (FATF).

Keep in mind that the appropriate response of official agencies to a journalistic investigation into alleged money laundering cases, or to reports prepared by civilian monitoring groups, can be considered one of the main pieces of data.



RECOMMENDATION #6

Verify information about company-related people, especially high-ranking officials

As mentioned above, real beneficial owners often use the names of a close ally, relative, or family member to conceal their identity. There are certain recommendations that will help the monitoring person in selecting the figures who are likely to create this kind of chain to conceal their identity. First, ongoing/

⁵⁰ <https://www.fatf-gafi.org/countries/>



periodic monitoring may be carried out on the head of government, members of the legislature, ministries, representatives of the judiciary or military/law enforcement agencies, heads of state-owned enterprises, and other high-ranking officials. Along with these, check the information about their relatives and close relations.



RECOMMENDATION #7

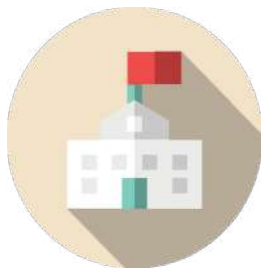
Request public information

Keep in mind that in order for the material **you collect to be comprehensive, you may need to request public information** from a number of public institutions. In this section, we provide a list of all the public institutions and possible questions that will help you to get the right information about the beneficial owners, taking into account the current legislation.



In the review of the Georgian legislative framework, we have already mentioned the Financial Monitoring Service of Georgia, which, based on the existing law on the combating money laundering and terrorist financing, registers accountable persons defined by law and receives information from them about suspicious and other transactions. **You can request information from this LEPL about the number of**

suspicious transactions in Georgia, indicating the period of time you are interested in. You can request the information to be provided broken down by various categories. For example, look into suspicious transactions involving legal entities whose beneficial owner has not been verified by the Financial Monitoring Service.



In addition, the monitoring person should pay attention to the **list of countries with preferential taxation defined by the decree of the Government of Georgia⁵¹ and the documents reflecting the establishment of branches in Georgia by companies registered in these countries.**

To this purpose, you may need to request official information from the National Agency of Public Registry. In this context, you may be interested in quantitative information on the establishment of branches in Georgia by companies registered in countries with preferential taxation. For more detailed information, you can request from the Agency quantitative information on the establishment of entrepreneurial and/or non-entrepreneurial (non-commercial) legal entities in Georgia by companies registered in countries with preferential taxation, with the indication of each entrepreneur (joint liability company, limited partnership, limited liability company, joint stock company, cooperative) and non-profit (non-commercial) legal entity.

If you are able to identify companies related to them registered in Georgia in this way, you can study the details of their activities, including in public procurements, with the help of the above-mentioned open sources and portals.

⁵¹ Resolution of the Government of Georgia of December 29, 2016 №61.

Available at: <https://matsne.gov.ge/ka/document/view/3523434?publication=0>

APPENDIX 1: PRACTICAL EXAMPLE



To illustrate the implementation of our recommendations in practice, we offer what information can be found as a result of revealing offshore companies and the identities of their beneficial owners.

According to Pandora Papers, former Georgian Prime Minister Bidzina Ivanishvili owns 12 offshore companies he founded in 1998-2016. It should be highlighted that the former Prime Minister did not mention any of these companies registered prior to 2012 in his asset declaration.⁵²

One of Bidzina Ivanishvili's offshore companies is Finseck Limited, a company registered in 1999 through the intermediary company Alcolgal. According to the **information** disseminated by the International Consortium of Journalists, in 2011, the Financial Services of the Virgin Islands became interested in the activities of the company⁵³ and requested information from the intermediary company. According to Alcolgal, the company Finseck Limited is connected to the trust⁵⁴ that Bidzina Ivanishvili set up for his children.

⁵² As Cartu Group explained, in accordance with Article 15 (i) of the Law of Georgia on Conflict of Interest and Corruption in Public Service, the following is subject to declaration: participation of a person or his family member in entrepreneurial activities in Georgia or another country. These include participation in overseas and offshore companies. The law does not apply to beneficially owned companies. Otherwise, not the term "participation" but the term "beneficial ownership" would be used. Accordingly, Bidzina Ivanishvili's property declaration was completed in compliance with the law.

⁵³ The leaked information does not include additional details about reasons why the Financial Services were interested in the said company

⁵⁴ A trust (trust function), or trust-like legal structure, is a system of relationships in general law in which property that belongs to the owner is transferred to a trustee (or guardian). Under the agreement, the owner transfers the assets to the custodian.

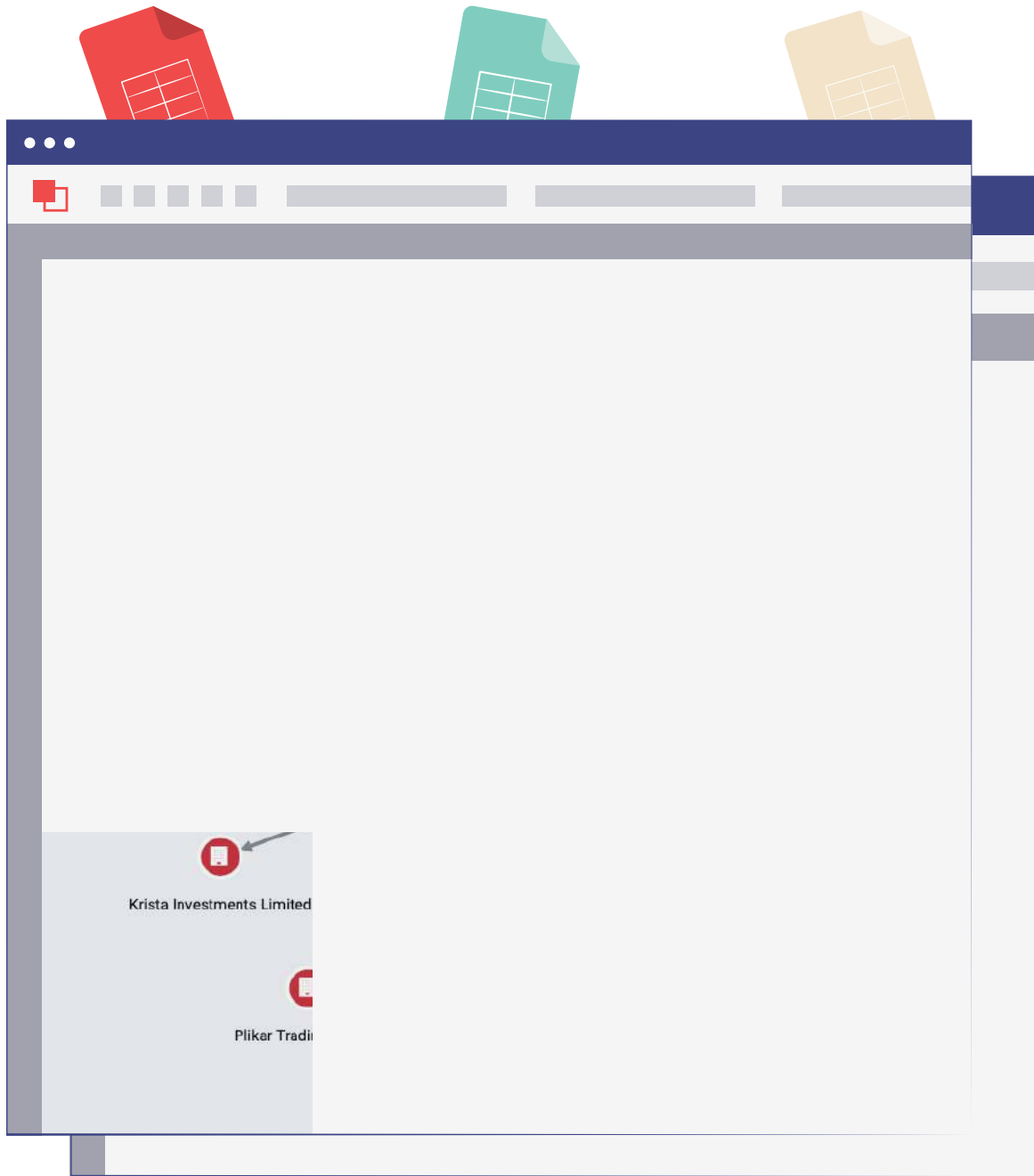


Figure #15: Offshore companies linked to Bidzina Ivanishvili

Finding information on the Entrepreneurial Register reveals that Finseck Limited owns 4 subsidiaries in Georgia - Express Service Ltd., Leasing 21st Ltd., Hazelnut Development and Processing Company Ltd. and Complex Service Ltd.

საიდენტიფიკაციო კოდი	პირადი ნომერი	სუბიექტი	მონაწილე	მონაწილეობის ტიპი
204963879		შპს ექსპრეს-სერვისი	Finseck Limited	მენილე
204929532		შპს ლიზინგი ოცდამეერთე	კომპანია ფინსეკ ლიმიტიდი	მენილე
206113141		შპს თბილის განაშენიანების და გადამუშავების კომპანია	კომპანია ფინსეკ ლიმიტიდი	მენილე
205023632		შპს კომპლექს-სერვისი	ფინსეკ ლიმიტიდი	მენილე

Figure #16: Information found in the Entrepreneurial Register

At the next stage of the search, we became interested in the leadership of the company. According to the information from the public register, the General Director of Complex-Service Ltd. is Paata Sulaberidze, who holds the position of director (at the same time owner) of 11 additional companies. Other owners of these companies are Bidzina Ivanishvili, Bera Ivanishvili, Georgian Dream Ltd., and the international charity fund Cartu.

As for the director of Complex Service Ltd, Kakha Kobiashvili, according to the information from the public register, he holds the position of director or general director in 10 additional companies. These companies, in turn, are owned by other offshore companies affiliated with Bidzina Ivanishvili (Limestone Finance International SA, Vanity Overseas, Gilmar Holding), as well as the international charity fund Cartu.

**ამონაწერი მეწარმეთა და არასამეწარმეო
(არაკომერციული) იურიდიული პირების
რეესტრიდან**

განაცხადის რეესტრაციის ნომერი, მომზადების თარიღი: B17021259, 17/02/2017 16:12:58

სუბიექტი

საფირმო სახელწოდება: შპს კომპლექს-სერვისი

სამართლებრივი ფორმა: შეზღუდული პასუხისმგებლობის საზოგადოება

საიდენტიფიკაციო ნომერი: 205023632

რეესტრაციის ნომერი, თარიღი: 5/4-3844; 10/03/2004

მარეესტრირებელი ორგანო: ვაკე-საბურთალოს რაიონული სასამ

იურიდიული მისამართი: საქართველო, ქ. საჩხერე, ივ. გომართელის ქ., N5

დამატებითი ინფორმაცია:

ელ. ფოსტა: Complex.Service2013@gmail.com

დამატებითი ინფორმაციის ნამდვილობაზე პასუხისმგებელია ინფორმაციის მოწოდებელი პირი.

**ინფორმაცია ლიკვიდაციის/ რეორგანიზაციის/ გადახდისუუნარობის პროცესის
მიმდინარეობის შესახებ**

რეესტრირებული არ არის

ხელმძღვანელობა/წარმომადგენლობა

- გენერალური დირექტორი - 17001005377, პაატა სულაბერიძე
- დირექტორი - 54001002613, კახა კობიაშვილი

პარტნიორები

მესაკუთრე	წილი	წილის მმართველი
315864, ფინსეკ ლიმიტიდ, ვირჯინიის კუნძულები (ბრიტ.), , , 11.03.1999		100%

Figure #17: Extract from one of the companies

According to information found on the website of the State Audit Office, both of them have been donating large sums of money for the benefit of the ruling party or the presidential candidate supported by it over the years.

შემოწმების მიმღები	თარიღი	სახელი, გვარი / დასახლება	ნომერი / კოდი	თანხა
სალომე ზურაბიშვილი დამოუკიდებელი კანდიდატი	27/11/2018	პაატა სულაბერიძე	17001005377	10,000.00 ლ
ქართული ოცნება-დემოკრატიული საქართველო	21/07/2016	პაატა სულაბერიძე	17001005377	4,000.00 ლ

Figure #18: Funds donated by Paata Sulaberidze to political entities

შემოწმების მიმღები	თარიღი	სახელი, გვარი / დასახლება	ნომერი / კოდი	თანხა
ქართული ოცნება-დემოკრატიული საქართველო	25/01/2021	კახა კობიაშვილი	54001002613	50,000.00 ლ
ქართული ოცნება-დემოკრატიული საქართველო	12/08/2020	კახა კობიაშვილი	54001002613	40,000.00 ლ
ქართული ოცნება-დემოკრატიული საქართველო	29/03/2019	კახა კობიაშვილი	54001002613	45,000.00 ლ
სალომე ზურაბიშვილი დამოუკიდებელი კანდიდატი	24/10/2018	კახა კობიაშვილი	54001002613	30,000.00 ლ
ქართული ოცნება-დემოკრატიული საქართველო	13/10/2017	კახა კობიაშვილი	54001002613	40,000.00 ლ
ქართული ოცნება-დემოკრატიული საქართველო	29/12/2016	კახა კობიაშვილი	54001002613	25,000.00 ლ

Figure #19: Funds donated by Paata Sulaberidze to political entities

APPENDIX 2: ADDITIONAL INTERNATIONAL RESOURCES

Sanctions Explorer

The mechanism of sanctions is an important tool for the protection of both national and international interests in the hands of the European Union, the United Nations, the United States, as well as many other states or organizations.



SanctionsExplorer⁵⁵ is a large and comprehensive open source tool for identifying both past and current sanctions. Through the platform, users can find information about sanctions imposed on a particular institution by various international actors. In addition, information on sanctioned entities is available by country as well as alphabetically. Moreover, the search engine allows the user to specify additional criteria in the form of the sanctioning actor, the date, and category of the sanction.

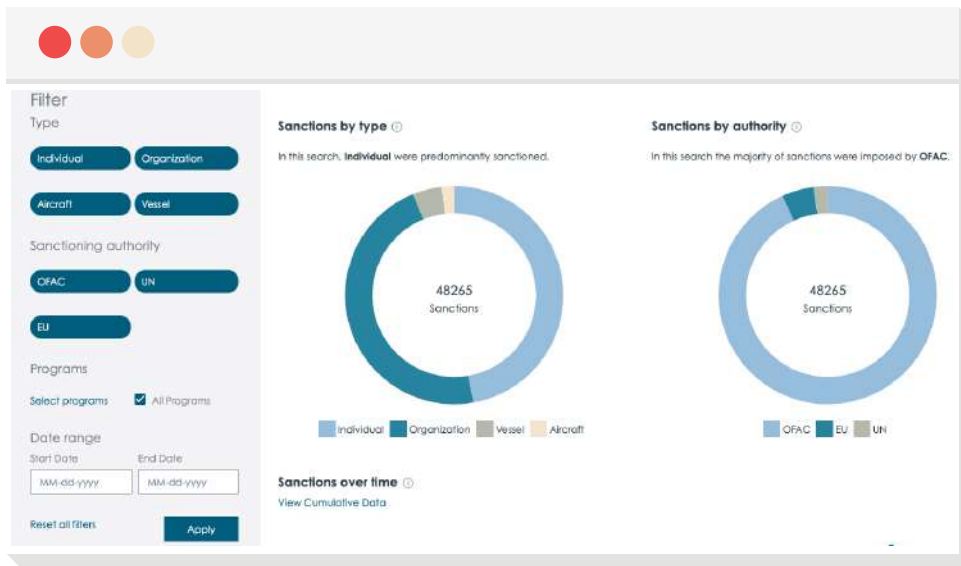


Figure #20: Search system of the portal

⁵⁵ <https://sanctionexplorer.org>

GENERAL STATISTICAL DATA OF THE COUNTRIES

UNdata

The main goal of the United Nations project - Statistics for Public Benefit - launched in 2005, was to assist member countries' statistical services and to provide free access to statistics globally. Today, **UNdata**⁵⁶ is one of the largest databases in the world, with access to multiple databases of almost all public policy issues, including trade, demographics, energy, environmental issues, gender statistics, manufacturing, finance, child issues, healthcare, telecommunications, and more.



UN databases can be accessed through the Application Interface (API), which allows users to select a specific part of the dataset without having to download the datasets in full. The API is a unique opportunity for organizations to have dynamic access to the desired data in a constantly updated mode.



DataBank

World Bank Database⁵⁷ - includes comprehensive country databases on a variety of economic and social issues, including economic growth, GDP, exports, foreign direct investment, inflation, population, poverty, education, and more.

⁵⁶ <http://data.un.org/Default.aspx>

⁵⁷ <https://databank.worldbank.org/home.aspx>

APPENDIX 3: OTHER INSTRUMENTS FOR INVESTIGATIVE JOURNALISTS AND ACTIVISTS

Conveying power and influence networks/chains through visualization plays an important role in journalism.

Oligraphers,⁵⁸ created by the Civic Monitoring Group's Public Accountability Initiative (PAI), serves the purpose of portraying oligarchic and other influences through graphic design. **LittleSis**,⁵⁹ created by the same organization, allows for visualizations to be created by placing data there. Users are able to add information about the individual or company and create a similar type of visualization.

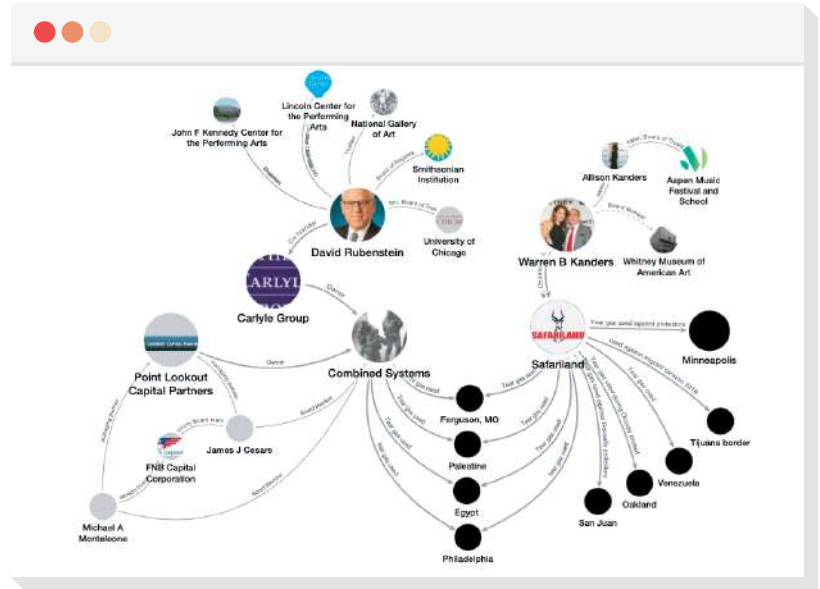


Figure #21: Example of portraying linkages

⁵⁸ <https://littlesis.org/oligrapher>

⁵⁹ <https://littlesis.org/>

Q **Encrypted communication tool Signal**,⁶⁰ which enjoys the highest level of trust in terms of text and voice communication security among popular applications. The user can delete the message permanently by specifying the desired time on the stopwatch. The app is often used by journalists when corresponding with whistleblowers.



Q No less important than secure correspondence is **storing files in virtual space**, which **VeraCrypt**⁶¹ can help you with. After installing the program on a Windows, Mac, Linux, or other operating system, you will be able to create an encrypted folder and place the files there in the most secure way.



Q Collecting interviews, notes, addresses, and records in an organized manner is important in the work of researchers as well as investigative journalists. **Evernote**⁶² is a useful platform/mobile application for users who want to integrate text search, scanner, note-taking, academic article search, and other important features into one system.



⁶⁰ <https://signal.org/#signal>

⁶¹ <https://www.veracrypt.fr/en/Home.html>

⁶² <https://evernote.com/>

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