

Israeli's Family Appeals Georgian Bribe Sentence

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The family of Israeli oil trader Rony Fuchs, who was sentenced earlier this month to seven years in a Georgian prison for bribing government officials, asked President Mikheil Saakashvili to set him free.

For almost 15 years, Fuchs and an Israeli colleague, Ze'ev Frenkiel, had tried to negotiate a \$100 million settlement from the Georgian government after an oil project in the country was expropriated.

In March 2010, an arbitration panel in London ruled that Georgia owed Fuchs and a Greek investing partner \$98 million, plus interest. Both were convicted of bribery after a sting operation. They have denied their guilt.

"We have received their family members' requests for presidential pardons, and they will be considered," Saakashvili's spokeswoman Manana Manjgaladze said Friday by telephone from Tbilisi. "The claims will be handled in the usual manner."

Requests for pardons are heard by a commission that includes members of the parliament, the state human rights ombudsman and representatives of the media and nongovernmental organizations. The president convenes the commission when a sufficient number of claims have been received.

Archil Kbilashvili, Fuchs' lead Georgian lawyer, confirmed that his client's family had sought a pardon and that no deadline had been set for consideration of the request.

The Tbilisi court also ordered Fuchs and Frenkiel to pay as much as 600,000 lari (\$366,000) in penalties.

In the early 1990s, Georgia sought foreign investors to repair and expand decrepit Soviet-era facilities to transport Caspian oil and gas from underexploited fields in Azerbaijan westward to outlets on the Black Sea.

After Fuchs said he could raise capital and provide the leadership to get the trans-Georgian pipeline and port facilities working, officials of the Georgian state oil company formed a joint venture with Tramex International, a corporation Fuchs co-owned with Ioannis Kardassopoulos, a Greek businessman.

The abrupt ouster of Georgia's first post-independence president interrupted the venture's start. But Fuchs didn't give up, according to the three-person arbitration panel convened by the International Centre for Settlement of Investment Disputes, a World Bank affiliate. While other investors abandoned Georgia, Fuchs told the panel, "We don't leave the country. We come back, and they see that we were serious."

In 1993, the Georgian government ratified a 30-year exclusive concession under which the joint venture would oversee and operate the country's energy-transportation network of pipelines, storage facilities and rail stations.

Then in 1996, Georgia's new president, Eduard Shevardnadze, issued a decree terminating all energy rights granted earlier to any parties.

Georgia plans to appeal the binding judgment of the arbitration panel. The government insists that the Israeli company obtained its permits "through illegal dealings with the military-dominated government" that was overthrown in a 1991-92 coup, Zaza Kachibaya, an official at the public prosecutor's office, said April 1.

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