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Investigation: Russian Elites' Connections to Bulgaria's Largest 'Crime Group'

Leading Russian defense figures bought luxury apartments in a Black Sea resort controlled by an organization U.S. diplomats called one of the country's largest crime syndicates.

By Important Stories and Bureau for Investigative Reporting and Data

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The apartment complex where Russian elites own property next to Bulgaria's Black Sea coast. **Dimitar Stoyanov (BIRD)**

Several heads of Russian state-owned companies — including acquaintances of President Vladimir Putin — have residences in a Bulgarian Black Sea resort controlled by TIM — an organization U.S. diplomats named one of Bulgaria's largest crime organizations and which was created by communist-era military and intelligence officers with connections at the highest state level.

Important Stories and Bulgarian investigative journalist center BIRD found that the resort, near Varna, has a small but influential Russian community, lured there by a former Bulgarian KGB officer who branched out into the hospitality and real estate sectors. In the heart of the resort lie apartments owned by the families of top managers of Rosneft, Gazprom, VTB Bank, as well as CEO of the Rostec state corporation Sergei Chemezov.

While relatives and friends of the Russian state-owned company bosses enjoyed the Bulgaria resort, TIM were building their business empire and investing into Russian state assets.

Everyone speaks Russian

The resort town of Saint Constantine and Helena, named in honor of the Roman emperor and his mother, stands eight kilometers from Varna. The local healing springs attracted aristocrats from the Eastern Roman Empire, and later the Bulgarian royalty, who built their summer residence on the coastal site. More recently, one of the buildings close to an ancient monastery was converted to produce wine and in 2004 became the site of the four-star Estreya Palace hotel — around which the modern aristocracy, with their nostalgia for Black Sea beaches, gathered.

Next to the Estreya Palace is a seven-story apartment complex, completed in 2010 and fitted out in traditional Bulgarian architecture. It includes massage rooms, a sauna, Turkish baths, a gym and an underground garage.

According to the Bulgarian real estate register, more than 20 apartments with an area of more than 100 square meters in the complex are owned by Russians, including top figures from some of the largest state-owned corporations, as well as their relatives and friends.

Permission to construct the complex was granted in 2007, and it opened only three years later. In total, more than 15 families from Russia invested in the apartments — at various stages of construction and after it had been completed. The most notable are acquaintances and colleagues of Sergei Chemezov, CEO of the Rostec state corporation. Chemezov is a long-time friend of Putin, having served with him in the KGB in East Germany.

Chemezov's son, Alexander, is the owner of one of the more exclusive apartments — more than 200 square meters — and a swimming pool and roof terrace of more than 300 square meters. For the apartment, pool, terrace and a space in the underground garage, he paid around six million rubles, as calculated by 2008 exchange rates. Chemezov's former wife, Lyubov Chemezova, also bought an apartment in the complex — measuring 110 square meters and without a swimming pool — for nine million rubles.

Embed:

Other property was bought by the daughters and wife of the former head of Russia's customs agency, Andrei Belyaninov — another long-time friend of Putin and Chemezov from their KGB connections in East Germany. Those apartments cost around 42 million rubles.

Belyaninov previously explained part of the reason Russian statesmen preferred Bulgaria to other European destinations, even though some have more luxurious property elsewhere,

such as the Spanish villa of Chemezov's stepdaughter, which cost around 15 million euros.

"I like to relax in Bulgaria, around Varna," Belyaninov told reporters in 2014. "There are very good resorts there, as some say Soviet-style. Conditions are very comfortable and everybody speaks Russian."

Another close connection of Putin — the wife of Orthodox businessman Konstantin Goloshchapov — also owned apartments in the same complex through a Dutch holding company, having spent around 38 million rubles. Goloshchapov has been dubbed "Putin's masseuse," lived next door to Chemezov in a village outside Moscow, and also owns apartments in a hotel building overlooking Red Square.

Among the Russian cohort of owners there are practically no outsiders — with nearly all having some connection to the Rostec boss. The name Druzhba, or friendship, which Saint Constantine and Helena was called during the communist era, has seemingly retained its relevance.

Other apartments were bought by the following individuals or their spouses:

- Anatoly Isaikin, former state security officer and former director of the state arms export agency Rosoboronexport
- Alexei Aleshin, former first deputy of Chemezov at Rostec and head of the government's environment, industrial and nuclear supervision service Rostechnadzor
- Alexander Rybas, former director at a Rostec subsidiary, and Aleshin's former deputy at the environment, industrial and nuclear supervision service
- Valery Lukyanenko, deputy chairman of VTB Bank and board member at a Rostec subsidiary
- Alexander Bespalov, former head of information at Gazprom who worked with Putin in St. Petersburg in the 1990s
- Ildar Fayzutdinov, former director of property at Rosneft
- Yulian Levin, president of RN Management, a Rosneft subsidiary
- Vasily Kichedzhi, former vice governor of St. Petersburg and former head of transport and communications at Moscow city hall
- Leonid Bochin, former head of environmental protection at Moscow city hall

The press office of Russia's environment, industrial and nuclear supervision service Rostechnadzor told Important Stories that the apartments in Bulgaria were bought "to decrease family members' expenses during summer holidays."

The wife of Alexei Aleshin, head of Rostechnadzor, and formerly Chemezov's first deputy at Rostec, invested in the apartments during the construction stage. Rostechnadzor's press office said Aleshin has not visited the Black Sea coast since 2013 and does not know anything about the owners of the resort.

Tired of the West

The Russian contingent came to the resort at the behest of the Estreya Palace owner — a former Bulgarian KGB officer with the call-sign Plamen — Atanas Karageorgiev, who is friends with the apartment owners on social media.

Karageorgiev told BIRD journalists that the Chemezovs stopped coming to the resort after the EU levied sanctions against the Rostec head. However, they continue paying for maintenance and the apartments are all in good condition, he added.

The former counterintelligence officer seems more like a Russian official than a European businessman. He was disappointed when Bulgaria joined the EU, saying "we are tired of Western culture. The West has no values. More precisely, they have 'values' for homosexuals," he said in 2018.

"In the 1990s, very few people watched Russian TV ... And now, in many Bulgarian families, TVs are tuned to Russian channels. We feel that we are two peoples who have the same values, and they do not coincide with Western ones," he added.

Karageorgiev's connections with the Russians who would go on to buy apartments in the Bulgarian resort were born in the 1990s, when he was director of Bultrak, a Russian-Bulgarian business shipping tractors from Chelyabinsk in Russia to Bulgaria.

He said that he got to know Chemezov because Russia's defense-related export agency Rosoboronexport, where he worked, was the agency which gave permission to export dual-purpose tractors.

Karageorgiev said he does not consider a modest purchase of apartments by the Chemezovs as an investment. "This is not an investment for him. They invest on a much larger scale."

Bultrak's Moscow office was headed up by Vasily Kichedzhi, who went on to become head of Moscow's transport and communications department and vice governor of St. Petersburg from 2011 until 2014.

Kichedzhi's brother, wife and niece were among the first investors in the apartment complex project, as were Chemesov's relatives.

Not saints

Saint Constantine and Helena is not only famous for its ancient history and access to the Black Sea.

Almost everything that happens there is controlled by the largest criminal group in Bulgaria, TIM. The organization, which is registered as a financial and industrial group, owns the resort, its management company and is responsible for developing the beaches and infrastructure around Saint Constantine and Helena through an affiliated company.

In dispatches revealed by WikiLeaks, U.S. diplomats named TIM an organized crime group, writing: "TIM is involved in a wide range of criminal activities, including extortion and racketeering, intimidation, prostitution, gambling, narcotics trafficking, car theft, and trafficking in stolen automobiles."

TIM representatives deny such a description of the organization and its activities.

The organization was registered in Varna in 1993 by three former Bulgarian special forces operatives — Tihomir Mitev, Ivo Kamenov and Marin Mitev. The group's work focused on

security services — a money spinner which local law enforcement said resembled racketeering.

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It was around then that TIM forced the state to sign an unprofitable and unnecessary contract to protect the Saint Constantine hotel — which would become the Estreya Palace — the former head of combating organized crime in Varna, Stamo Stamov, told the author of an expose on the outfit, titled "TIM: The Team That Conquered Bulgaria."

"Every month they were being paid more than the salary for 30 police officers. But they had just four people driving around the resort," Stamov said.

But to secure control over the resort, TIM had to fight off competition from a rival syndicate, known as Multigroup. Its leader Ilya Pavlov, the godfather of the Bulgarian mafia and the country's richest businessman, invested hundreds of millions in developing the region and buying up hotels in the 1990s. When the government eventually decided to privatize the hotel, the two groups clashed.

In 2003, Pavlov was shot and killed. The joint stock company that owned the resort fell into the hands of companies controlled by TIM — a fact which became public only in 2009 when the company was moved into the group's Varna Holding company, completing the journey from providing security services for a state-owned spa hotel to fully controlling the resort.

The current owner of Estreya Palace, Karageorgiev told BIRD reporters that he is independent from TIM. His hotel and the apartments complex are situated on the territory of the group's resort and he said his payment for the infrastructure every year is "higher than the income tax."

Industrial scale

After the 1990s, TIM quickly established its business fronts and expanded its influence across Bulgaria. By the start of the millennium, it had privatized Chimimport, and had filled its portfolio with banks, insurance companies, airlines and ships. Founder Marin Mitev estimated in 2012 TIM accounted for 5% of Bulgaria's GDP. The three founders are seen as among the five most influential people in the country.

According to the former chief of the General Directorate Combating Organized Crime at the Ministry of Interior, Vanio Tanov, the group's ties to government circles have become so strong that it was reportedly forbidden to mention TIM in meetings with the prime minister about the problem with organized crime in Bulgaria.

The group has denied its involvement in organized crime. When asked about bribing civil servants in an interview with a German journalist, founder Kamenov said corruption was rare in Bulgaria. "After all, we are not Russia," he added.

Kamenov — the executive director of Chimimport — has firsthand experience of Russia. After starting construction on the apartment block next to the Estreya Palace which proved so

popular with members of the Russian elite and acquaintances of Putin, Chimimport suddenly popped up in Tatarstan, quickly gaining control of a number of state assets, including the region's airline — a collaboration which proved unsuccessful and had tragic consequences.

Organized airline

In 2008, Tatarstan was preparing for the Universiade — an olympics for university students — and the local government was urgently looking for investors.

Kamenov stepped up, agreeing to invest $50 million to reconstruct regional capital Kazan's airport and another $20 million to renew Tatarstan Airlines' fleet, after personal negotiations with Tatarstan's then-President Mintimer Shaimiev. In return, the Bulgarians received a joint share in the state-owned airline and airport.

However, even years later, the planes had not been updated and in 2012, Tatarstan ceased its cooperation with Chimimport in the sphere of air transport. AK Bars was planned to become the airline's new co-owner.

Then, in November 2013 a Tatarstan Airlines passenger jet flying from Moscow to Kazan crashed upon landing, killing all 50 on board. Among the deceased was Tatarstan's President's son and the head of the regional federal security service (FSB). After a six-year investigation, Russia said the crash was caused by crew error and found that the commander had a fake pilot's license.

At the time of the crash, the Boeing plane was 23 years old. A year earlier it had been forced to make an emergency landing due to cabin depressurization. Planes of such age can still be airworthy, experts said, assuming they are properly maintained. Tatarstan Airlines head Aksan Giniyatullin refused to answer questions about the plane's service history or explain when certain components were last changed. After Chimimport took a stake in the airline, aircraft were serviced in Bulgaria.

Related article: Tatarstan Airlines Grounded

Once it had formally received its shares in Tatarstan Airlines, Chimimport backed out of the planned purchase of new Airbus planes, local business journal Business Online reported. Instead, it subleased four used Boeings from Bulgaria Air — which Chimimport also controls — to Tatarstan Airlines. The youngest of the planes was 15 years old. Business Online reported the deal cost Tatarstan $265,000 a month, instead of the original $100,000, as the contract stipulated the planes must be serviced in Bulgaria.

It was one of the ex-Bulgaria Air planes that was involved in the fatal crash. And one year later, Tatarstan Airlines went bankrupt.

But TIM and Chimimport's unsuccessful experience with Tatarstan did not prompt them to leave the Russian market. It still has links to companies with strong connections to the Russian elite.

A number of TIM's businesses are intertwined with Russian state companies whose managers

received apartments in the Saint Constantine and Helena resort at low prices.

For instance, TIM occupies a leading position in Bulgaria's aviation industry as co-owners of the Varna and Burgas airports, as well as Bulgaria Air and Hemus Air. The latter is listed as a foreign partner of UEC-Perm Engines, a subsidiary of Rostec. In 2019 Bulgaria Air signed a jet fuel contract with Rosneft — whose senior figures are also connected to the Saint Constantine and Helena apartment complex.

Two more of Chimimport's Russian assets are also notable. The company owns a small lender, IK bank, and an insurance company Armeets. The son of the Kremlin's Envoy to the Far East and Deputy Prime Minister Yuri Trutnev, Dmitry, sat on the board of both firms.

NATO's new neighbors

Some Russian state-owned companies and elites, including the current and former leaders who own apartments in the Bulgarian resort, are now covered by EU sanctions.

Despite this, Russian statesmen haven't become completely unwelcome in Bulgaria.

Just last year Bulgarian President Rumen Radev said that he intends to continue military and technical cooperation with Russia in face of the restrictions, citing the two countries "centuries of historical ties."

The links mean even a new NATO naval center in Varna which has been proposed by the Bulgarian government will be a close neighbor to the TIM-controlled resort, where leading Russian defense officials and friends of the President own property.

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