



Statement of the coalition about freezing of shares of Rustavi 2 majority shareholder

Based on yesterday's reports, court granted Kibar Khalvashi's motion and froze shares of Rustavi 2 majority shareholder company Sakartvelo TV Ltd. that owns 51% of the shares, which may potentially result in suspension of operations of the most popular TV channel known for its criticism of the authorities. The said fact was preceded by a lawsuit filed by Kibar Khalvashi seeking to reclaim back his shares of Rustavi 2. By its August 5, 2015 decision, court simultaneously issued several interim orders in favor of the plaintiff and froze assets of Rustavi 2 TV Company as well as shares of the company shareholders. In addition, Director of Rustavi 2 was prohibited from discharging his authority as the company manager/executive. In view of the NGOs, the court's decisions lacked substantiation and the interim orders were disproportional and unnecessary.

To offset financial hardships brought on by the freeze of assets, the management made a decision to alienate shares of the company Sakartvelo TV Ltd., provided the buyer agreed to undertake an obligation to make an investment of no more than 6 000 000 U.S. dollars in Rustavi 2, but the Public Registry refused to register the decision, while the court had already frozen shares of Sakartvelo TV Company.

Despite the fact that the court dispute over the shares of Rustavi 2 is a private legal dispute, which formally rules out any direct involvement of the state, certain circumstances have given rise to suspicions about the state's involvement, including statements (and often threats) made by high-ranking officials about Rustavi 2, the state's intolerance of and attempts to suppress critical opinions, developments in broadcasting sphere (suspicious and sudden suspension of political talk-shows on

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national broadcasters).

In addition, as a result of the state's interim orders, the TV company is facing serious financial challenges and it may soon find itself in a deep financial crisis, which at the very least will hinder its day to day activities and call into existence of different and critical opinions in the broadcasting sphere. We must also note serious lack of political debates that already exists in media due to the said developments.

Under the difficult circumstances, the judiciary has a special role and responsibility for ensuring independent and objective resolution of the dispute. It must take into account and protect the high public interest accompanying the legal dispute.

We believe that the court must use all legal means at its disposal to ensure that course of the proceedings does not result in suspension of operation of Rustavi 2 and/or restriction of its editorial independence.

Members of the Coalition for Media Advocacy

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