



Questions about Rike

On June 6, 2006, Tbilisi Government signed an installment purchase agreement with Akhali Rike LLC., transferring 43,350 sq.m. land on Rike territory into the ownership of the company. According to the agreement. The land had been sold for USD 7 million, which amounted to GEL 12,540,500 according to the exchange rate fixed by the national bank at that time.

According to the information obtained from the registry of companies, Akhali Rike LLC was founded on April 14, 2006, by GMC Holding and a natural person Nikoloz MAkharashvili, each holding 50% of shares. Authorized capital amounted to GEL 200.

One week before purchase of the land from Tbilisi City Hall, the company partners signed an agreement transferring 100% of shares into the ownership of GMC Holding LLC. The latter itself was founded on January 12, 2005, and 100% of shares of the company remain under the ownership of Newcom Association Limited registered on the British Virgin Islands on April 6, 2004.

Notably, on June 14, 2006, another agreement was signed for selling shares of Akhali Rike LLC. In particular, GMC Holding LLC transferred 80% out of 100% of Akhali Rike LLC shares into the ownership of a natural person Davit Iakobashvili.

There are two peculiar aspects of the foregoing agreement. First, 80% of company shares was transferred into the ownership of a natural person Davit Iakobashvili eight days after the land sale; and second, according to the partnership agreement, the installment purchase agreement concluded with Tbilisi City Hall was cited as grounds for alienation of the Akhali Rike LLC shares by GMC Holding.

საქართველოს ახალგაზრდა იურისტთა ასოციაცია
GEORGIAN YOUNG LAWYERS' ASSOCIATION



Hence, on June 6, 2006, Tbilisi City Hall sold 43,350 sq.m. in Tbilisi to Akhali Rike LLC, without examining whether the latter had the capacity to perform works envisaged by the tender proposal.

On December 30, 2008, a peculiar real estate agreement was concluded between Akhali Rike LLC and the Old City Rehabilitation and Development Fund established by Tbilisi City Hall. The Fund signed an installment purchase agreement with Akhali Rike LLC, and thus acquired the territory. According to the agreement, total had been valued at USD 17 million equivalent in Georgian laris, which amounted to more than 28 million and three hundred thousand according to the applicable exchange rate fixed by the national bank at that time.

Thus, the very same property that the non-profit non-commercial Old Tbilisi Rehabilitation and Development Fund paid USD 17 million had been sold by Tbilisi City Hall for USD 7 million in 2006.

Further, we would like to highlight that the agreement under which the territory was purchased by the Fund does not indicate whatsoever any improvements made to the territory under the ownership of Akhali Rike LLC. In this light, it is peculiar that the Fund paid more than USD 10 million to buy back the territory.

Notably, shortly after the non-profit legal entity Old City Rehabilitation and Development Fund bought the territory back from Akhali Rike LLC, on February 12, 2009, 100% of shares of Akhali Rike LLC were owned by a French citizen Michael, Oscan, Cyril Jacques Sentirian.

საქართველოს ახალგაზრდა იურისტთა ასოციაცია
GEORGIAN YOUNG LAWYERS' ASSOCIATION



Further, oddly enough, according to hard copy documents kept by office for registration of non-profit non-commercial legal entities (the National Agency of Public Registry) about Akhali Rike LLC, partners of Akhali Rike LLC are include GMC Holding LLC – 20% and Davit Iakobashvili – 80%, whereas according to electronic database owners of the company are Nikoloz Makharashvili – 50% and GMC Holding LLC. As to the French citizen, he is not included among the company partners either in hard copy documents or in electronic database, even though acting director of the company was dismissed by French citizen Michael, Oscian, Cyril Jacques Sentirian on February 12, 2012.

Buying back of the territory by the Old City Rehabilitation and Development Fund is not the end of the story. On April 16, 2011, the fund concluded an agreement with the legal entity of public law Property Management Agency under Tbilisi City Hall on transfer of property – 40,997,00 sq.m. land plot on the territory of Rike in Tbilisi - into the ownership of the agency free of charge.

Para. “i” of prime Article 23 and Article 28 of the Law on the Capital City of Georgia – Tbilisi was cited as grounds for transferring the property into the ownership of the agency.

GYLA would like to highlight that the foregoing provision cited by resolution of Tbilisi Government was in fact adopted on April 8, 2011 by the Parliament of Georgia and published on the website of the legal entity of public law Legislative Herald of Georgia on May 2, 2011. Consequently, on April 19, 2011, there were no legal grounds for Tbilisi Government to transfer the property into the ownership of the agency as the applicable amendment had not been promulgated or come into force.

We believe that the foregoing grounds amount to a sufficient reason for the law enforcement authorities to examine Rike-related developments in 2006-2011 in a comprehensive and detailed manner, and analyze all relevant circumstances.

Further, the investigation should address the following:

- Whether the tender proposal submitted by Akhali Rike LLC to the Government of Tbilisi in 2006 was complete;

საქართველოს ახალგაზრდა იურისტთა ასოციაცია GEORGIAN YOUNG LAWYERS' ASSOCIATION



- Whether Tbilisi Self-Government examined in a qualified manner the capacity of Akhali Rike LLC to meet obligations enumerated in the proposal;
- Why was 80% of the company alienated following purchase of the land plot, for the purpose of fulfillment of tender obligations?
- Why was Akhali Rike LLC failing to meet the obligations undertaken by the agreement?
- Why did the legal entity of public law founded by Tbilisi Government – Old City Rehabilitation and Development Fund – pay USD 17 million from budget funds to buy back the property sold by Tbilisi Government for USD 7 million, even though Akhali Rike LLC did not make any improvements to the territory it had purchased;
- When and under what circumstances did a citizen of France, Michael, Oscian, Cyril Jacques Sentirian, become an owner of Akhali Rike LLC?
- Who is (are) current actual owners of Akhali Rike LLC?
- Why was the legal norm that did not have any legal force applied to transfer of the property into the ownership of Tbilisi Development Fund by Tbilisi Government?
- Are there any interests of Tbilisi self-government and other officials involved in the developments around Rike territory?

Further, GYLA stands ready to provide the law enforcement authorities with all relevant documents that we have.

[For additional information please refer to pp.63-68 of GYLA's Research "the Process of Rehabilitation beyond Façade."](#)

Sulkhan Saladze

Project Coordinator

Promotion of Accountability and Transparency in Georgia

Georgian Young Lawyers' Association