

Media and citizens
against corruption
and malign foreign influence

BETTER JUDICIARY FOR A BETTER SOCIETY



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and malign foreign influence**

Better Judiciary for a Better Society

Media and citizens against corruption and malign foreign influence:
BETTER JUDICIARY FOR A BETTER SOCIETY

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2na Mediji i građani protiv korupcije i malignih spoljnih uticaja

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INTRODUCTION

The publication before you is the result of the project ‘Media and citizens against corruption and malign foreign influence’, carried out by the Centre for Investigative Journalism of Montenegro (CIN-CG) with the support of a regional project entitled ‘SMART Balkans – Civil society for shared society in the Western Balkans’, implemented by the Centre for the Promotion of Civil Society (CPCD) and funded by the Ministry of Foreign Affairs of the Kingdom of Norway.

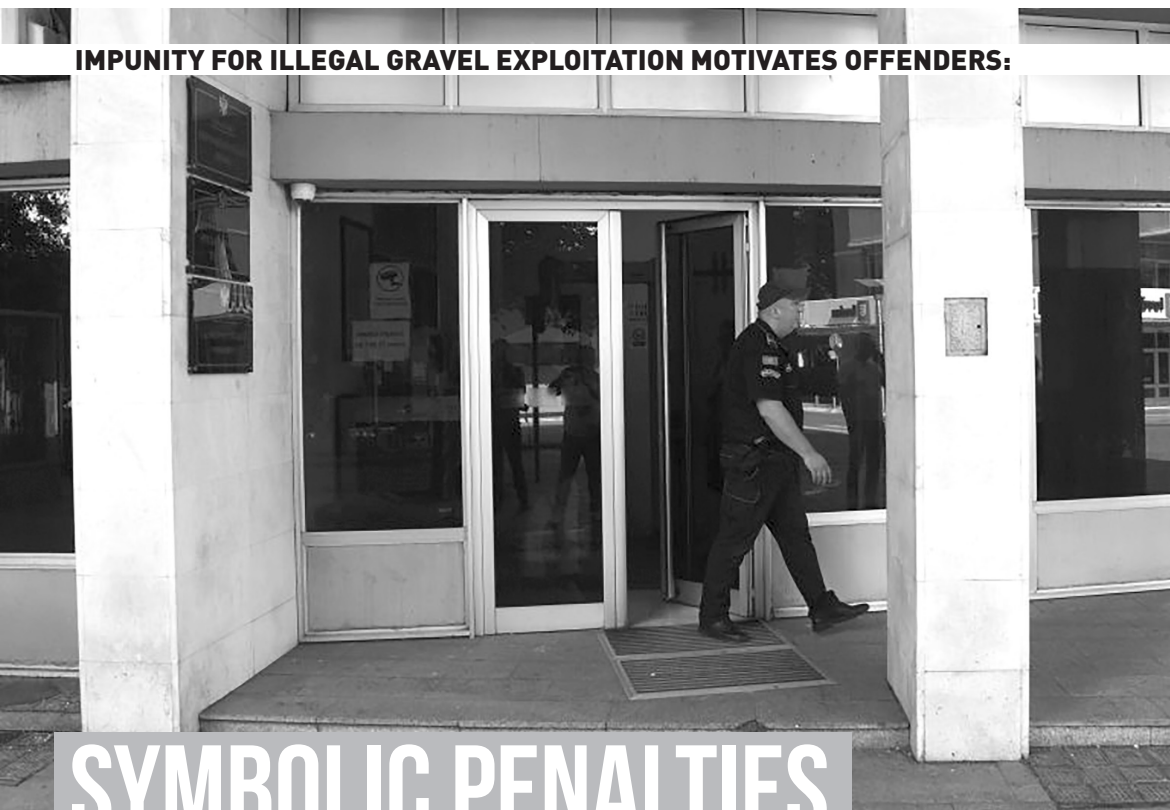
The aim of our project was to contribute to Montenegro’s integration into the European Union (EU), while promoting freedom of expression and publishing investigative articles relating to issues such as corruption, organized crime, the rule of law and malign foreign influence.

In most of the research compiled in this publication, the CIN-CG has focused on issues concerning the judicial system and its operation. Although there has been some progress, primarily in the area of prosecution, the key conclusion of our research is that there is still a long way to go to achieve the rule of law in this country. One of the key problems is that holders of judicial positions almost never face consequences for their actions, and despite major mistakes being made, prosecutors and judges remain unpunished, with citizens and the entire system bearing the costly consequences of these errors. The system of rewards and penalties barely even works in this domain.

Our research has also revealed that the capacity of the courts is weak when it comes to cases involving organized crime and high-level corruption. We found that the Special Department of the High Court, which deals with these types of cases, has rendered only 19 judgments, with trials being lengthy and defendants often having no one to handle their case, as there are only a few judges working in this department. We delved into suspicious privatizations, illegal gravel exploitation, as well as the influence of the capital from Serbia on the country’s banking system, the potential sale of the First Bank and the liquidity problems faced by this institution, which is otherwise linked to the family of former President Milo Đukanović.

Montenegro still has a lot of work to do if it aims to become a functional democracy, capable of tackling the challenges of corruption, organized crime, environmental degradation and other key issues. The first significant step towards progress would be to strengthen the judiciary, as well as all those groups within civil society and the media that closely monitor these processes and exert pressure on decision-makers to finally embark on structural reforms. Without such reforms, neither a better society nor integration into Europe can be achieved.

IMPUNITY FOR ILLEGAL GRAVEL EXPLOITATION MOTIVATES OFFENDERS:



SYMBOLIC PENALTIES IN LIEU OF PRISON

 Maja BORIČIĆ/Dražan ĐURAŠKOVIĆ

Competent institutions assert that the state will crack down on one of the most lucrative illegal businesses in Montenegro, while shifting the blame for failure onto one another

Piles of gravel everywhere, machines operating right by the shore, the riverbed expanded, and landslides on both sides of the riverbed, disrupting biodiversity... This is how the riverbed of the Morača River has been devastated for years by uncontrolled and illegal gravel exploitation. But similar scenes can also be found on other rivers in Montenegro. Despite the fact that these constitute criminal offences, the judiciary has failed for years to respond adequately to this crime.

As revealed by the Centre for Investigative Journalism of Montenegro (CIN-CG), out of 25 criminal proceedings initiated for illegal gravel exploitation over the last five years, only five have been completed. Two were dismissed, while three resulted in

symbolic penalties – two fines of 1,700 and 800 euros respectively, as well as one suspended sentence.

The threatened penalty for the offences that the prosecution charged the defendants with is imprisonment ranging from three months to five years and a fine. Therefore, even those few valid judgments consistently fall below the legally prescribed minimum.

Although the Government banned gravel exploitation six years ago, it rendered the moratorium decision meaningless by leaving the possibility for exploitation to continue through the so-called riverbed regulation. Reckless exploitation has continued along the Morača River and other Montenegrin rivers, causing the state to suffer multi-million losses.

According to **Irma Muhović** of the Montenegrin Ecologists Society (CDE), a combination of state determination, strict law enforcement, institution strengthening, improved coordination and alignment with international standards are essential factors in overcoming the issue of illegal gravel exploitation.

Speaking to CIN-CG, she underscores that the lack of effective justice enforcement and punishment for those responsible for illegal gravel exploitation sends a negative signal and undermines efforts in combating this issue.

“Insufficiently harsh penalties or a low rate of convictions will not only fail to deter offenders, but may also encourage further unlawful activities,” she warns.

To address this problem, she concludes, it is crucial for the state to demonstrate determination and enforce strict sanctions. Strengthening institutions and ensuring adequate resources and capacities for the effective implementation of judicial processes

are also necessary.

“Establishing an effective monitoring and control system for gravel exploitation, coupled with rigorous punishment for lawbreakers, can be of great assistance in combating illegal gravel exploitation,” she underscores.

Two deferred prosecutions and one suspended sentence

Two cases initiated before the Basic State Prosecutor’s Office ended with deferred prosecution. **Predrag Maraš** and his company PE Mar were fined 1,700 euros for the criminal offence of “unauthorized engagement in economic, banking, stock exchange and insurance activities.”

Milivoje Mugoša was fined 800 euros for two criminal offences. In addition to the offence charged to Maraš, Mugoša was also convicted of “unlawful occupation of land,” which, according to the law, is liable to a fine or imprisonment for up to one year.

In both cases, the prosecution was represented by the current prosecutor of the Special State Prosecutor’s Office, **Vukas Radonjić**, who used to be a prosecutor in the Basic Prosecutor’s Office back then. In the meantime, he transitioned to work as a special prosecutor.

Deferred prosecution may be applied to criminal offences liable to a fine or imprisonment for up to five years. Such a penalty is solely decided by the prosecutor handling the case.

The only prison sentence, namely a suspended three-month sentence, was imposed on **Danilo Petrović**, the owner of the Cijevna komerc company, for the same criminal offence for which Mugoša received a fine – “unlawful occupation of land.”

The court deemed Petrović’s lack of prior convictions, older age and being

married with four children as mitigating circumstances.

The institution of the Protector of Property and Legal Interests of Montenegro joined the criminal prosecution against the defendant, but the court did not consider this as an aggravating circumstance.



Irma Muhović

photo: private archive

Last July, he was given a suspended sentence, meaning he will not go to prison if he does not commit another offence within the next year. The trial

was presided over by Judge **Ivana Becić** of the Basic Court in Podgorica. The prosecution charged Petrović with the mildest form of that criminal offence, even though the verdict established that the cadastral parcel in question is a river. The more severe form of that criminal offense is "if the occupied land is part of a protected forest, national park or other land with a special purpose, the offender shall be liable to imprisonment for a term of three months to three years." According to the Law on State Property, rivers fall under natural resources.

In addition to these five cases, the Basic State Prosecutor's Office in Podgorica is currently conducting preliminary investigations in another 12 cases. The Special State Prosecutor's Office is considering charges in three cases involving gravel exploitation – two against the Podgorica-based company Montenegro Petrol, one of which was transferred to the Basic State Prosecutor's Office, and one against Cijevna komerc, with preliminary in-

vestigations being underway. CIN-CG has not received a response regarding whether there has been progress in these two cases.

The Basic Prosecutor's Office in Ko-lašin dismissed charges against CRBC, a Chinese company that constructed the motorway, as well as against Montenegro Petrol for the theft of a protected natural resource. The other two charges against the Chinese company ended up in court.

Proceedings are underway against CRBC and the chief executive officer of the Chinese company Hei Shiqiang. In one case, they are being tried for the criminal offence of unreported construction activity and incomplete construction documents in conjunction with environmental damage.

"In one indictment, the accused caused environmental damage to a greater extent and over a wider area by excavating gravel material from the bed of the Tara River without having established environmental protection measures beforehand," one draft indictment reads.

In the second case, they are charged with the destruction and damage of a protected natural asset. The draft indictment reads: "By exploiting the riverbed sediment 100 metres upstream from the plot [...], the accused caused destruction to the Tara River, a natural resource, whose basin is included in the biosphere reserve under the UNESCO programme and enjoys national protection."

The Prosecutor's Office blames inspection bodies and inspection bodies blame the judiciary

Regarding responsibility for the lack of an adequate response from the state, the authorities are unable to

reach a consensus and instead shift the blame onto one another.

The Prosecutor's Office asserts that the effective handling of criminal complaints concerning illegal gravel exploitation largely depends on the actions of inspectors, who need to identify the owners of the machinery found in the riverbeds and seek police assistance... It is also noted that upon reporting to the police, a relevant prosecutor should also be notified of each case. The Prosecutor's Office stresses that this is important, because "it usually takes several months from the date of inspection to the date of filing a criminal complaint, which further complicates the process of proving."

At the initiative of Stevo Muk, a member of the Prosecutorial Council from the non-governmental sector, the Prosecutorial Council recently requested and received information from the prosecutor's offices about what has been done in cases initiated due to gravel exploitation. However, that is all the Prosecutorial Council has done so far in respect of that issue.

"The work of state prosecutor's offices in these cases should be intensified. There needs to be better coordination among inspections and expedited delivery of field reports to the police or the prosecutor's office," Muk emphasized in a statement to CIN-CG.

He added that there are too many cases that have been underway for a long time, with few of them reaching a conclusion.

Muk underscores that the head of the prosecutor's office in Kolašin, during a session of the Prosecutorial Council, highlighted the importance of timely action by relevant inspection bodies. Among other things, they need to urgently provide field reports to the police and the prosecutor's office so

that police-related and prosecutorial activities can be undertaken to identify individuals and gather evidence.

"Without this, effective action by the police and the Prosecutor's Office is often impossible," says Muk.

In response to questions from CIN-CG, the Administration for Inspection Affairs said they were surprised by the prosecutors' stance. They claim that they have not received any feedback from the prosecutor's offices indicating that they have not done something well or that they need to take additional measures. They attribute the problem in the penal policy of the courts and the quality of the investigative actions conducted by the Prosecutor's Office.

"Quality investigation, clear instructions from prosecutors to the police and evidence collection are not the responsibility of inspectors, but their own," says **Ana Vujošević**, the director of the Administration.

Inspector Radulović: Prosecutors and judges devalue our work

Her colleague, water inspector **Miodrag Radulović**, emphasizes that prosecutors and judges are unwilling to do their jobs. "The track record of prosecution is very poor and greatly devalues our work," Radulović notes. He also points out that the lenient penal policy of the courts further undermines the efforts of inspectors.



Stevo Muk
photo: Luka Zeković

Inspector Radulović gives an example of gravel exploitation in Berane. After establishing that 5,000 cubic meters of material worth around 100,000 euros were stockpiled, they forwarded the case to the competent prosecutor's office, which found that no criminal offence had occurred.

He adds that they appealed to the High State Prosecutor's Office, which remanded the case to the Basic State Prosecutor's Office for reconsideration.

fine of 1,200 euros on the spot. If they assess that the illegal economic gain is higher than that amount, they should initiate proceedings before the court.

Miodrag Radulović says that inspectors most often assess that the case should go to court, but the court imposes fines below 1,200 euros.

"In this way, our work is completely devalued. What's even more important is that those involved in gravel extraction have no reason to stop when

they see what punishment they could face," explains this water inspector.

The director of the Administration for Inspection Affairs, Ana Vujošević, confirms the story of her colleague. She claims that the situation is not much better in the Misdemeanour Court, adding that predominantly suspended sentences are imposed.

"For those who pocket hundreds of thousands of euros, the least of their concerns is a mere six-

month suspension of their activities," Vujošević said. She emphasizes that inspectors always act urgently, that their phones are never switched off, adding that they are available at night, after working hours, during holidays...

"I have repeatedly told them to call me and I will make sure to dispatch an inspector within 20 minutes at any time, but they have never reached out to me," Vujošević underscores.

She adds that over 1,000 inspections have been carried out in the course of two years, more than 50 criminal complaints have been filed, and over 100,000 euros in fines have been col-



Zarubica, Vujošević i Radulović

photo: Maja Boričić

"This is economic crime, and they are angry with us for filing complaints, for having to do their own job," says Radulović.

The second case is even more dramatic and speaks to the attitude of the Misdemeanour Court towards exploiters. Radulović says that he filed misdemeanour charges twice against the Chinese company CRBC. In the second report, he indicated that the company repeated the same criminal offence. The court merged these two cases into one and fined CRBC 800 euros.

Inspectors can impose a minimum

lected.

“The only tangible result has been achieved by the inspection authority,” Vujošević concludes.

While the authorities blame each other, there remains hope that the rivers are not irreversibly lost and that the judiciary will finally embark on the fight against this ‘scourge’. This is the only way to curb crime.

Still no environmental department in the State Prosecutor’s Office

Veselinka Zarubica, the Chief Environmental Inspector, points out that that the determination of the extent of devastation falls within the responsibility of an expert witness, not an inspector. “There need to be traces of theft of state property and significant environmental devastation,” she says.

She explains that prosecutors justify their inaction on environmental issues by asserting that it falls outside their area of expertise, and that there should be specialized departments dealing with environmental crime. “But we have been discussing this for 30 years already,” Zarubica concludes.

Miodrag Radulović, the Chief Water Inspector, says that his inspectorate conducted 174 checks on illegal riverbed exploitation since the beginning of the year until 24 May.

“Two criminal complaints and one supplement to the criminal complaint have been filed, three penalty charge notices of 1,600 euros have been issued, and four case files have been submitted for assessment of the existence of a criminal offence,” explains Radulović.

He adds that in one case, a measure prohibiting the disposal of the material that has been exploited was imposed. In one case, the case files were sub-

mitted to the Protector of Property and Legal Interests of Montenegro, and in two cases to the agricultural and forestry inspectorate.

The Prosecutorial Council has not come forward with the reports it receives

Stevo Muk, a member of the Prosecutorial Council, told CIN-CG that the Prosecutorial Council has not made any conclusions or taken any other action after receiving reports about the handling of cases of ‘illegal gravel exploitation’ by the prosecutor’s offices.

He adds that he requested the Prosecutorial Council to adopt a conclusion requesting further information from relevant prosecutor’s offices regarding their handling of cases related to illegal gravel exploitation, starting from the date of the previous report on the same topic. He says that the Prosecutorial Council accepted his proposal.

“In this way, we will demonstrate a sustained interest in the actions of state prosecutor’s offices and ensure monitoring of progress in these cases. The Prosecutorial Council has not adopted a relevant conclusion, recommendation or anything similar concerning previous reports,” Muk notes.

NO DISMISSALS FROM THE PROSECUTORIAL COUNCIL SINCE ITS ESTABLISHMENT:



ALL ARE EQUAL, BUT

PROSECUTORS ARE MORE EQUAL

 Maja BORIČIĆ

There is no progress in establishing accountability in the judiciary

Special Prosecutor **Saša Čadenović** received a disciplinary sanction 11 years ago for arbitrarily taking away a case assigned to another prosecutor while serving as a prosecutor at the Basic State Prosecutor's Office in Podgorica. Čadenović is currently in prison on charges that he is part of a criminal gang.

In a 2012 decision by the Prosecutorial Council, seen by the Centre for Investigative Journalism of Montenegro (CIN-CG), Čadenović had his salary cut by 15% for three months as punishment for failure to perform his prosecutorial duties properly.

On 24 October 2012, he requested from V. M., the technical secretary of the Basic State Prosecutor's Office in Podgorica, to be handed over a case as-

signed by the state prosecutor in Podgorica, Lj. K. to deputy prosecutor, I. P. Without the knowledge of the prosecutor and the case processor, he prevented the dispatch of the decision previously agreed upon by the state prosecutor, drafted another decision without authorization, signed it as the processor, and submitted it to the prosecutor for review.

Eleven years later, the Special State Prosecutor's Office brought charges against Čadenović for the offence of forming a criminal organization and six offences of abuse of office.

Čadenović is accused of becoming a member of the criminal organization of 'Kavac clan' in mid-2020, with the task of not pursuing criminal prosecution and not initiating proceedings against the organizers and members of that criminal organization as a special prosecutor. As the indictment reads, Čadenović among other things hindered the identification of perpetrators of the most serious criminal offences, prevented their detention, removed reports provided by EUROPOL from case files as well as criminal complaints filed by the police against them.

No prosecutor has ever been dismissed since the establishment of the Prosecutorial Council in Montenegro. Only prosecutor **Romina Vlahović** was fired for incompetent and negligent work, but she was soon reinstated as the Prosecutorial Council's decision on her dismissal was overturned.

In the last ten years, there have not even been any fines imposed in disciplinary proceedings conducted by the Prosecutorial Council, except for prosecutor **Nikola Boričić** from the Basic State Prosecutor's Office in Podgorica, but even that decision was overturned, so the prosecutor was acquitted in a retrial.

Many prosecutors, however, have

resigned before disciplinary proceedings were initiated, thereby preventing the conduct of disciplinary proceedings. Some who made serious mistakes were not even subject to any proceedings, and some have been promoted in the meantime.

Even if criminal proceedings are initiated against prosecutors and judges, they usually drag on for years and often end "ingloriously". Disciplinary proceedings resulted in symbolic penalties at best – such as a salary deduction for a few months.

In the latest unofficial document, known as a non-paper, the European Commission emphasizes that there is virtually no progress when it comes to establishing the accountability of judges and prosecutors:

"The promotion and enforcement of ethics and standards of professional behaviour of judges and prosecutors remains a challenge. There is a limited track record and a lack of proactivity by both Councils."

The Prosecutorial Council attributes this to legislative solutions, which, as they assert, are inadequate as they leave room for interpretation.

In recent times, proceedings have been initiated against some of the top figures in the judiciary, including former president of the Supreme Court Vesna Medenica, president of the Commercial Court Blažo Jovanić and Special Prosecutor Saša Čadenović, among others.

"The extent of disruption to the foundation of the judiciary and justice in Montenegro is best illustrated by



Romina Vlahović
photo: Luka Zeković

arrests of those who were supposed to serve it. Still, there needs to be caution towards the propensity for selective justice, which unfortunately is not an exception but rather the rule for Montenegro," emphasizes **Marija Popović Kalezić**, director of the Centre for Civic Freedoms (CEGAS).

She notes that for further reform, it is necessary to fill all positions in the judicial and prosecutorial system with higher-quality staff, but also to consider the introduction of vetting.

Kalezić also underscores that both the Prosecutorial and Judicial Councils should do much more to expedite key changes.

"The functionality of both councils, as well as transparency, must be increased and lead to concrete results," she adds.

Vlahović dismissed and then reinstated to her position

The only decision by the Prosecutorial Council leading to the dismissal of Romina Vlahović was later overturned and she was reinstated.



Marija Popović Kalezić
photo: CEGAS

Vlahović, a prosecutor at the Basic State Prosecutor's Office in Podgorica, was dismissed in disciplinary proceedings in April 2013 due to incompetent and negligent performance of prosecutorial duties. The decision

stated that the prosecutor made unlawful decisions in certain cases, failed to act in cases assigned to her, kept cases at home and refused to return them upon request. It was also noted

that she did not consider cases with sufficient care and expertise, while delaying proceedings. Her actions led to the dismissal of criminal charges in some cases, as stated in the annulled decision of the Prosecutorial Council.

A few days before this decision was made, Vlahović submitted her resignation. However, the Prosecutorial Council deemed it 'irrelevant' back then.

Before facing disciplinary action, a criminal proceeding was initiated against Vlahović in January 2013 for stealing two creams from a 'Cosmetics' shop. She was found guilty in the first-instance judgment, but the High Court later overturned that decision. The case was remanded for retrial, which was then suspended due to a legislative change concerning the prosecution for thefts valued at less than 150 euros, which now requires a private lawsuit. The shop owner did not prosecute Vlahović.

In addition to being reinstated, she also received compensation totalling 21,000 euros for reduced or unpaid salaries from February 2013 to August 2014, as well as for unpaid rent during that period.

Prosecutor Nikola Boričić from the same prosecutor's office faced disciplinary charges for failure to act, resulting in the limitation period expiring in 13 criminal cases. He received a symbolical punishment from the Prosecutorial Council in the form of a 20% salary deduction for three months. The Supreme Court overturned this decision, citing a lack of evidence that the prosecutor's actions led to the expiration of the cases and consequently acquitting him of responsibility.

Boričić claimed that this procedure was retaliation from **Lepa Medenica**, head of the High State Prosecutor's Office, and **Dražen Burić**, former Acting Head of the High State Prosecutor's

Office, because he refused to act on their unlawful orders, especially after refusing to engage in illegal actions regarding the case publicly known as Belivuk – Miljković. In particular, he refused to participate in lifting the entry ban for those individuals into Montenegro.

As a result of this case, disciplinary proceedings were recently initiated against Medenica, which also ended ingloriously. The Prosecutorial Council refused to discuss the proposal for Medenica's dismissal because the indictment was poorly drafted. According to information obtained by CIN-CG, this decision will also be brought before the Supreme Court.

Deputy disciplinary prosecutor **Tanja Nišavić** lodged an appeal with the Supreme Court, seeking to annul the Prosecutorial Council's decision and remand the case for reconsideration.

The prosecutor accused of usury awaits the High Court

In response to CIN-CG's request to have access to all decisions regarding the dismissal and temporary removal of prosecutors, the Prosecutorial Council said that data from 2015, the year when the Secretariat of the Prosecutorial Council was established, are available on the website. They also mentioned that they currently do not have access to the archives of that institution as they have not yet been digitized.

The website only contains three decisions regarding the temporary removal of **Saša Čadenović, Grujo Radonjić** and **Lidija Mitrović**.

The Basic Court in Kotor told CIN-CG that the proceedings against **Grujo Radonjić**, the suspended prosecutor of the High State Prosecutor's Office,



Grujo Radonjić, Lidija Mitrović i Saša Čadenović
photo: Vijesti

have been before the High Court for a year now, pending an appeal against the first-instance judgment.

The proceedings against Radonjić were initiated back in 2018. In April last year, he was initially sentenced to the minimum term of one year imprisonment for usury and fined 1,000 euros. He was accused of 'earning' around 44,000 euros through usury. According to the Criminal Code (CC), usury is liable to a fine and imprisonment for a term ranging from one to eight years.

Prosecutor Lidija Mitrović of the Special Prosecutor's Office has been accused of abusing her office in the 'Klap' case by enabling five defendants to avoid criminal prosecution.

In the 'Klap' case, the Special Prosecutor's Office accused 19 individuals of tax evasion and non-payment of contributions, resulting in damage to the state budget amounting to 2.6 million euros.

CIN-CG previously reported that the majority of defendants, including individuals from the 'Klap' case, who were members of criminal groups involved in tax evasion amounting to millions of euros, were only imposed suspended sentences and fined a few thousand

euros. All of these agreements were approved by judge **Boris Savić**, with most of the deals having been negotiated by prosecutor Mitrović.

Prosecutor **Srđa Jovanović** from Kotor resigned after the Special Prosecutor's Office initiated proceedings against him, thereby avoiding disciplinary action. The Special Prosecutor's Office began proceedings against Jovanović over a year ago on suspicion of committing the crime of abuse of office. The current status of this case, including whether charges have been filed against the former prosecutor, remains unclear as the Special Prosecutor's Office has not provided further information.

The Basic State Prosecutor's Office in Nikšić told CIN-CG that the proceedings against prosecutor Vukas Radonjić, on suspicion of domestic violence, are still in the preliminary investigation stage.

Radonjić's wife reported him for domestic violence back in May, but the Nikšić-based prosecutor's office has not yet decided on whether to prosecute Radonjić, despite three months having passed since the complaint was filed.

No progress in holding judges and prosecutors accountable

European officials also stress the need for better supervision of the judiciary in Montenegro, including more thorough and unannounced inspections.

"The approach of Ethical Commissions of the Judicial and Prosecutorial Councils to handling cases is still not sufficiently effective and consistent."

Marija Popović Kalezić, the director of CEGAS, also says that the lack of implementation and malfunctioning of both internal and external control systems are key reasons for the lack of prosecution of judges and prosecutors"

"For five consecutive years, the Special State Prosecutor's Office has not undergone any control by the Supreme State Prosecutor's Office, and delays in control by higher authorities over lower ones have also been common."

She also underscores that during the seven years of operation of the Complaints Commission regarding the legality of the work of prosecutors and heads of state prosecutor's offices, a total of 667 complaints were filed, of which only 39 were found to be justified.

"Over the past seven years, only 10 disciplinary offences (punished with the lowest sanctions) and six cases of violation of the principles of the Code of Ethics, which cannot directly impact work assessments, have been identified. It is clear how effective and successful the control system itself is."

European officials also highlight the differing practices of the Judicial Council and the Prosecutorial Council regarding the inaccurate reporting of assets to the Agency for the Prevention of Corruption.



They explain that the disciplinary committee of the Judicial Council failed to impose sanctions on judges for this type of improper behaviour, while the Prosecutorial Council sanctioned prosecutors by reducing their salaries by 20 percent.

“The independence, accountability and professionalism of the judiciary must be enhanced”, concludes the European Commission.

Popović Kalezić emphasizes that the control is best illustrated by the fact that only one prosecutor in Montenegro has received a three, while all others have been rated with the highest grade, which allows them to advance further. She concludes that legislative changes regarding control and accountability in the judiciary are necessary.

Prosecutorial Council awaits legislative changes

Stevo Muk, a member of the Prosecutorial Council, says that the decision-making regarding disciplinary responsibility should be returned to all members of the Prosecutorial Council, as this currently mostly lies within the Disciplinary Board of the Prosecutorial Council. Muk emphasizes that this is a bad practice that needs to be overcome “with a little goodwill, which has been lacking in the leadership of the Council over the past year and a half.”

He also emphasizes that amendments to the Law on the State Prosecutor’s Office are necessary, both in terms of the procedure for establishing disciplinary responsibility and in the description of disciplinary offences.

“It may be necessary to expand the circle of initiators of disciplinary proceedings or possibly lay down that anyone may submit an initiative for establishing disciplinary responsibility. Ultimately, the decision to initiate

disciplinary proceedings would remain with the disciplinary prosecutor,” Muk told CIN-CG.

He explains that it is a misconception that it is the Prosecutorial Council that takes decisions regarding disciplinary responsibility.

“The only such case was the initiative for the dismissal of the head of the High State Prosecutor’s Office in Podgorica, Lepe Medenica, which was suspended before the Prosecutorial Council had the chance to ascertain the facts and make a decision,” Muk said.

According to the Law on the State Prosecution, proposals for establishing disciplinary responsibility may be submitted by the head of the State Prosecutor’s Office, the head of the immediately superior state prosecutor’s office, the Supreme State Prosecutor, the Minister of Justice and the Commission for Monitoring the Application of the Code of Ethics of State Prosecutors.

Incompetent and negligent performance of prosecutorial duties is deemed to have occurred when a state prosecutor: fails to achieve at least 50 percent of the workload results without justified reasons, unless they provide valid reasons for not achieving the results; starts performing parliamentary or other public functions or professionally engages in another activity; receives an unsatisfactory rating twice in a row; receives disciplinary sanctions twice for serious disciplinary offenses; commits a serious disciplinary offence causing significant damage to the reputation of the State Prosecutor’s Office.

Speaking to CIN-CG, acting Supreme State Prosecutor **Tatjana Begović** highlighted that work is underway on amendments to the Law on the State Prosecution: “Representatives of the State Prosecutor’s Office and the Prosecutorial Council, members of the

working group, are striving to contribute with concrete proposals to further specify certain norms concerning disciplinary responsibility.”

Begović emphasizes that the State Prosecutor’s Office recognizes only perpetrators of criminal offences in its work, regardless of their position or profession: “If there is suspicion that someone has committed a criminal offence that is prosecuted *ex officio*, they are treated in the same manner, regardless of whether they are a state prosecutor, judge or representative of any other profession.”

Regarding state prosecutors against whom criminal proceedings have been initiated, Begović explains that the Prosecutorial Council, in the current stages of the proceedings, has made the only possible decisions, which are decisions on suspension: “The Law on the State Prosecution stipulates that if a state prosecutor is convicted of an offence that makes them unworthy of performing prosecutorial functions, this constitutes the most serious disciplinary offence.”

However, this is not the only way for a prosecutor to be dismissed. According to the law, this can also be done due to incompetence and negligent work. According to the decisions of the Prosecutorial Council, there have been no such cases in Montenegro.

**Vesković:
Katnić should have been
given a disciplinary penalty**

Legal advisor at the Human Rights Action Marija Vesković told CIN-CG that disciplinary prosecutors should be empowered to initiate disciplinary proceedings. Additionally, she emphasizes that the 2015 suggestion of the Venice Commission should be taken

into consideration, as it proposes that a person outside the prosecutor’s office should be appointed as a disciplinary prosecutor, thereby increasing democratic legitimacy and credibility in determining accountability.

As an example, she mentions the case of former Chief Special Prosecutor **Milivoje Katnić**, who was never held accountable for releasing statements containing excerpts from transcripts obtained through surveillance measures, which constitutes a serious disciplinary offence. Katnić disclosed information he acquired in cases and used his position to further his private interests.

“Neither the then acting Supreme State Prosecutor **Ivica Stanković** nor Minister of Justice **Vladimir Leposavić** took any action, although they had the legal authority to initiate proceedings against Katnić.”

JUDICIAL ACCOUNTABILITY IS AN EXCEPTION:

JUDGES REMAIN UNTOUCHABLE AS CITIZENS BEAR THE COST OF MISTAKES

 Maja BORIČIĆ

Jegdić has been on trial for six years already, and yet there is still no first-instance decision. How much longer will the trials of Medenica and Jovanić last? Judging by the initial hearings, the wheels of justice will move slowly, if at all

The Judicial Council dismissed two judges over 10 years ago for committing criminal offences. In 2017, the Judicial Council dismissed another judge, but that decision was overturned and the judges were reinstated. Five judges were dismissed for negligent and incompetent conduct, but even those dismissals occurred a long time ago, with the last one taking place 12 years ago.

According to data obtained by the Centre for Investigative Journalism of Montenegro (CIN-CG), it is common for judges to evade disciplinary proceedings by resigning. As CIN-CG previously reported, the same practice was observed in the prosecution service.

A number of dismissed judges continued to work in the judicial system, most often as attorneys.

By reviewing disciplinary proceedings published on the website, the Council has had a practice of imposing symbolic salary cuts for a few months as punishments for judges for consistent delays in rendering judgments; unjustified absence from hearings for up to a



Danilo Jegdić
photo: Svetlana Mandić

month; failure to act within legal deadlines in multiple cases. It has often happened that judges only received warnings for breaches of duty.

The system for establishing the accountability of judges and state prosecutors, unfortunately, is still ineffective, says

Marija Vesković, legal advisor at the Human Rights Action (HRA), speaking to CIN-CG.

"Numerous criminal proceedings initiated in the past 15 months indicate that there has been unlawful influence within the judiciary and the prosecution service, while on the other hand, the practice of establishing disciplinary and ethical accountability remains at a minimal level," Vesković stresses.

Former judge of the Basic Court in Kolašin, Branislav Grujić, was dismissed by the Judicial Council in 2009 because he was sentenced by a final judgement to one year in prison for abuse of office and negligent performance of duty.

He was convicted for allowing the limitation period for criminal prosecution to expire in several cases, and in one case, he enabled a convicted individual to avoid serving the sentence.

He was charged with abuse of office, which carries a sentence of imprisonment ranging from one to eight years,

and for two offences of negligent performance of duty, for which the penalty is either a fine or imprisonment for up to three years.

However, the Basic Court in Bijelo Polje sentenced him to ten months in prison for the lesser offence of abuse of office and three months for only one offence of negligent performance of duty, imposing a total sentence of one year. In the same case, the court clerk responsible for criminal cases received a prison sentence twice as long as judge Grujić, totalling two years.

The most serious consequences for violating ethics and professional principles were faced by Arif Spahić, a former judge of the High Court in Bijelo Polje. In 2010, he was sentenced to seven years in prison for two offences of bribery. The Judicial Council dismissed him in 2011. The crime for which he was convicted carries a penalty of three to 15 years in prison.

He was convicted after it was proven that he had accepted bribes totalling around 20,500 euros to impose a lighter sentence in a case involving a serious criminal offence in the field of public transport resulting in death. Additionally, the judge allowed the defendant to have their detention revoked and facilitated their escape.

In another case, Spahić accepted a bribe of 18,500 euros to impose a lighter prison sentence and revoke the detention of the accused for unauthorized production, possession and trafficking of narcotics.

In 2017, the Judicial Council dismissed Goran Vrbica, the then president of the Basic Court in Cetinje, but reinstated him in 2021. Vrbica was accused of instructing judge Nebojša Marković on what decision to make, thereby causing €800,000 damage to one company to the benefit of another.

The one-year sentence was overtur-

ned by the Constitutional Court. In the retrial, the judge was acquitted on the grounds that there was no evidence of abuse of office. After being reinstated, Vrbica continued to work as a judge in the Basic Court in Kotor but soon resigned from his position.

Judge Nebojša Marković, who was also involved in the same case, was also acquitted of the charges. However, the Judicial Council did not address his case as he had already resigned and became a practising lawyer.

A judge buried a defendant

Due to incompetent and negligent work, the Judicial Council dismissed five judges, the last one being dismissed twelve years ago.

Former judge of the Basic Court in Pljevlja, Zorica Novaković, former judge of the Basic Court in Podgorica, Žarko Savković, former judge of the Basic Court in Kolašin, Ljiljana Simonović, former judge of the Basic Court in Cetinje, Duško Jovović, and former judge of the High Court in Bijelo Polje, Atif Adrović, were dismissed for incompetent and negligent performance of judicial duties in proceedings between 2008 and 2011.

Simonović was dismissed because in 2008 and 2009, over 50 percent of her decisions were overturned, and for years she failed to proceed in dozens of execution cases, although she was required to do so urgently. In one case, the judge even terminated the proceedings due to the death of a defendant, who was still alive.

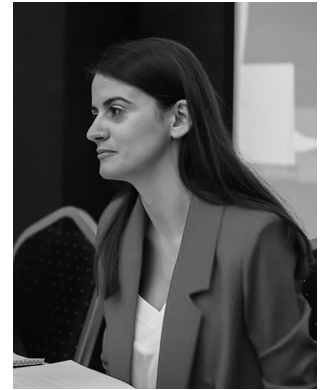
Savković was dismissed because he did not proceed in many cases for several years, causing limitation periods to expire in some cases.

Similarly, Novaković failed to act in enforcement cases for years or proceeded incorrectly. She later continued to

practise as an attorney. However, she was recently sentenced to three years in prison for the continuing criminal offence of fraud and the continuing criminal offence of forging a document. She is accused of collecting false costs totalling 160,000 euros in over 20 cases. This judgment is not yet final.

Former judge Jovović was fired because, in 2009, he delayed rendering over 150 judgments. According to the Criminal Procedure Code, a judgment must be drafted and delivered within one month, and within two months for complex cases.

Former judge Jovović, now an attorney, took up to eight months for some judgments.



Marija Vesković
photo: HRA

No one is held accountable for crimes, but some are for electricity theft

The case of judge Adrović vividly illustrates how a judge can be dismissed for much milder offences than those committed by many representatives of the judiciary over the years.

Adrović was dismissed because he imposed a suspended sentence on a person who stole electricity, but later paid the Electric Power Company (EPCG) even more money than he had consumed. However, this accused person had previously been sentenced to 45 days in prison for endangering traffic, so the Judicial Council referenced the provision of the Criminal Code that a suspended sentence cannot be imposed if someone commits a new offence within five years.

In all these proceedings, the president of the Judicial Council was Vesna Medenica, who is now facing trial for abuse of office. The Special State Prosecutor's Office is prosecuting Medenica for her involvement in a criminal organization formed by her son, Miloš Medenica, and for inciting judges from various courts to make decisions in favour of certain parties, who in return provided bribes



Blažo Jovanić

photo: Boris Pejović

or had family ties with her.

Currently, criminal proceedings are underway against judges Danilo Jegdić and Blažo Jovanić, as well as judges Marija Bilafer and Milica Vlahović-Milosavljević.

Judge Bilafer of the Basic Court in Kotor is suspected of abuse of office, particularly for issuing unlawful court decisions cornering the registration of property in the maritime zone. The Special State Prosecutor's Office has not responded to CIN-CG's inquiries regarding the status of this case and whether charges have been brought against the judge.

Judge Milica Vlahović-Milosavljević of the Commercial Court is accused of abuse of office, specifically for imposing a temporary measure in favour of Vesna Medenica's godfather, Rado Arsić, and his company, under pressure from the former president of the Supreme Court, Vesna Medenica. This action was contrary to the Law on Enforcement and Security, resulting in a serious violation of the rights of the other party.

Her suspended superior at the Commercial Court, Blažo Jovanić, is accused of creating a criminal organization that

engaged in malpractices in bankruptcy proceedings in that court. This included fabricating fictitious expenses and false evaluations, resulting in eight companies being defrauded of hundreds of thousands of euros.

Since its establishment, the Judicial Council has issued 21 decisions to suspend judges, including Branislav Grujić, Snežana Dragojević, Željko Šupljeglav, Žarko Savković, Zorica Novaković, Zoran Lekić, Zoran Ašanin, Milorad Marotić, Ilijaz Krom, Isad Jašarović, Arif Spahić, Ljiljana Simonović, Nikola Tomić, Vidomir Bošković, Nedeljko Mrdak, Atif Adrović, Lazar Aković, Danilo Jegdić, Marija Bilafer, Milica Vlahović-Milosavljević and Blažo Jovanić.

The decision to suspend, effectively temporarily removing a judge or prosecutor from their duties, is taken if a criminal procedure has been initiated against them for an offence that disqualifies them from performing their function, if they are detained or if there is an ongoing disciplinary procedure leading to dismissal.

In addition to the already dismissed judges and the four against whom proceedings are still ongoing, almost all other suspended individuals have resigned, thereby preventing the continuation of disciplinary proceedings.

Even Vesna Medenica, who held top positions in the judiciary for almost three decades, avoided having her case reviewed by the Judicial Council by resigning before criminal proceedings were initiated against her.

Prolonged proceedings cast a shadow on truth

Speaking to CIN-CG, Ana Perović-Vojinović, a long-time judge and former member of the Judicial Council, says she is confident that criminal proceedings against judicial leaders and

judges will end ingloriously.

“However, there is justified concern regarding the duration of the proceedings, as prolonged proceedings always cast a shadow on the truth established in the proceedings, diluting it and diminishing its strength,” she notes.

Perović-Vojinović suggests that there should be a consensus to prioritize these proceedings and ensure absolute dedication to them in order to reach a high-quality judgment that is professionally grounded and substantiated.

“This means shorter deadlines for scheduling hearings, thorough and swift processing of the evidence and proficient handling of entire case files,” says this judge from the Administrative Court.

She notes that the disciplinary responsibility of judges is undoubtedly one of the most important issues upon which the efficiency of the judiciary hinges.

“We have been witnessing many negative developments in the judiciary in recent years, especially the inability to adequately and promptly resolve situations where there is suspicion of major errors due to incompetence or suspicion of corruption,” she adds.

Perović-Vojinović was a member of the Judicial Council between July 2018 and July 2022. She emphasizes that during that period, the Judicial Council particularly struggled with the disciplinary responsibility of judges, as well as with an inefficient, outdated and inapplicable Law on the Judicial Council and Judges.

She explains that the law broadly defines disciplinary offences, which in practice often results in the dismissal of complaints.

Vesković of Human Rights Action further explains that the legal descriptions of some disciplinary offenses by

officeholders, not only in the judiciary but also in the prosecution service, are too vague and subject to arbitrary interpretation, leading to avoidance of accountability. As a result, judges and prosecutors are sometimes treated unevenly.

According to the legal advisor from HRA, it is necessary to improve the legislative framework, especially regarding violations of the Code of Ethics and disciplinary offences.

“The difference is not insignificant because disciplinary offenses entail serious sanctions unlike ethical violations, which practically go unpunished.”

Resignation should not be allowed during disciplinary proceedings

Perović-Vojinović also points out the problematic issue of allowing judges to resign, especially in cases where there is suspicion that they have committed serious disciplinary offenses through their conduct.

“I believe that judges, as public officials, have a special responsibility to the public, and that the law should address the ‘legal power’ of resignation in a way that prioritizes disciplinary offences.”

Vesković also highlights the problematic nature of this practice, noting that Human Rights Action has proposed amendments to the law

to stipulate that resignation should not be considered during disciplinary proceedings. However, the Ministry of Justice rejected this proposal, stating



Vesna Medenica
photo: Savo Prelević



Ana Perović-Vojinović

photo: PR centar

that according to the Constitution, the judicial function, among other things, ceases upon the judge's request.

Vesković explains that in Serbia, there is a legal possibility allowing a resignation not to be accepted until

the completion of

disciplinary proceedings. In addition, their Constitution also states that the judge's function ceases upon the judge's request, so this was not a valid reason for not adopting this provision.

HRA's legal advisor notes that there is also a problem with initiating proceedings to establish the responsibility because neither members of the Judicial and Prosecutorial Councils nor the disciplinary prosecutor have the authority to initiate proceedings to establish the responsibility of a judge or prosecutor. This should be changed.

Every member of the Judicial and Prosecutorial Councils should have the authority to initiate disciplinary proceedings, she emphasizes.

The fact that certain cases have never been prosecuted, despite legal conditions allowing it, also shows that the problem lies not only in the legislative framework but also in the lack of proactivity or willingness of judicial

officials to initiate proceedings against their colleagues, says the legal advisor from HRA.

Vesković cites the case of judge Milosav Zekić, who continued to hold judicial office for almost a year after being criminally convicted, despite being required to be immediately dismissed.

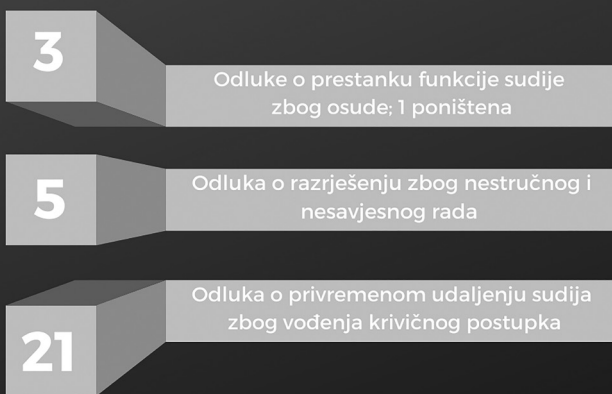
"At that time, Vesna Medenica was the president of the Supreme Court, aware that criminal proceedings were underway against Zekić, but did not initiate disciplinary proceedings against him even after he was convicted."

Such conduct by the court president constitutes grounds for removal from the presidential position, concludes Vesković.

It is not known to us whether the legality of the decisions made by judge Zekić during the time when he could no longer be a judge was questioned. Only after a year of being convicted, he resigned.

Acting president of the Supreme Court Vesna Vučković, who is also a member of the Judicial Council, told

SUDSKI SAVJET



CIN-CG that it is not within her responsibility to discuss the accountability of judges and referred us to the Disciplinary Council of the Judicial Council. However, even the Disciplinary Council of the Judicial Council remained silent to our questions, which speaks volumes about their readiness to change the system.

Judge Danilo Jegdić of the Basic Court in Podgorica has been on trial for six years, and a first-instance decision has not yet been rendered. He is accused of continuing forgery of an official document, which is liable to imprisonment for a term from three months to five years, with the possibility of a stricter sentence for continuing offences. In response to CIN-CG's questions, the Basic Court in Nikšić, where this case is being tried, said the proceedings were still ongoing before judge Sava Muškić.

How long will the trials of the former president of the Supreme Court and the suspended president of the Commercial Court last? Given the way the trials started, with frequent postponements of hearings, one might infer that the wheels of justice will turn slowly, if at all.

Reasons for missed limitation periods should be examined

The previous practices of both councils concerning complaints about the work of judges and prosecutors, as well as annual reports on their performance, have shown numerous cases of limitation periods being missed in criminal prosecutions, Vesković recalls.

"However, in practice, there has been a lack of checks and initiation of proceedings to determine their responsibility."

Accordingly, Vesković emphasizes, it will be particularly important to ensure that the reasons for missed limitation

periods in criminal prosecutions are investigated. If the responsibility of a judge or prosecutor is established, it should have implications for their evaluation, advancement, and dismissal.

DEPOSITS WITHDRAWN FROM THE BANK AMID CENTRAL BANK GOVERNOR'S SILENCE AND ACO ĐUKANOVIĆ'S MOVE TO LUXEMBOURG:



WHO WILL RESCUE PRVA BANKA NOW?

 Biljana MATIJAŠEVIĆ

Following the change of government three years ago, deposits held in the bank of the younger Đukanović began to 'melt away'.

The bank has survived thanks to substantial backing from the government, as well as deposits from state-owned enterprises, institutions, local governments and close businessmen. Auditors warned about the company's uncertain future, while the Central Bank insists that everything is fine but withholds audit findings

As Prva Banka (First Bank) grapples with a new crisis stemming from its history of risky operations and the loss of its privileged market position after 30 August 2020, its major owner, **Aco Đukanović**, resides outside Montenegro following the collapse of the Democratic Party of Socialists (DPS) and is seeking to sell this company. For years, the Prva Banka has survived thanks to substantial backing from the government, as well as deposits from state-owned enterprises, institutions, local governments and businessmen close to the Đukanović family.

Multiple sources confirmed to the Centre for Investigative Journalism of Montenegro (CIN-CG) that the brother of the former mul-

tiple prime minister and president of the country, **Milo Đukanović**, moved to Luxembourg shortly after the 2020 elections and has already embarked on new projects there.

The long-standing regime of the Democratic Party of Socialists (DPS) enabled Aco Đukanović and a certain number of affiliated businessmen to amass enormous wealth, often bypassing legal regulations, despite the fact that laws were written precisely for them. The wealth of the younger Đukanović has been estimated at several hundred million euros. Prva Banka is just one of the former state-owned companies that have fallen into Aco's hands during years of dubious and partner privatizations led by the elder Đukanović.

Following the change of government three years ago, deposits placed in the Prva Banka began to dwindle, and the 2022 audit report highlighted significant uncertainties regarding the bank's future operations.

"The potential cumulative effects of the issues raised in sections of our report entitled 'Basis for a qualified opinion and emphasis of matter' may directly impact the reduction of capital adequacy below prescribed minimums, as well as worsen other indicators and limits prescribed by the Central Bank, indicating the existence of material uncertainty that raises significant doubt about the bank's ability to continue operating in accordance with the principle of going concern," states the report from BDO, an independent auditing firm.

How deposits were dwindling

The new management of the Electric Power Company (EPCG), which is a significant shareholder in Prva Banka

(around 20 percent), withdrew around 11 million euros in deposits from the bank immediately after the establishment of the new management and



Aco i Milo Đukanović
photo: Luka Zeković

change of government. According to EPCG officials, the current balance in the deposit account at Prva Banka is around 1.6 million euros.

In 2019, the energy company had a total of 24 million euros in deposits (fixed-term and on-demand) in Prva Banka, which decreased to around 20 million euros in 2020. According to audit reports, EPCG reduced its deposits in Aco Đukanović's bank to 14.5 million euros in 2021, and further to 8.8 million euros in the previous year, leaving only 1.6 million euros in the account now.

In 2010, the state-owned energy company granted Prva Banka a subordinated loan of 10 million euros to overcome liquidity problems. The loan was reduced to six million euros through several annexes, with the last annex signed by the former management of EPCG in 2020, postponing the repayment until 1 April 2028.

EPCG recalls that last year they requested approval from the Central Bank of Montenegro (CBCG) to withdraw the subordinated loan, but the

regulator did not allow it. The CBCG previously explained that such action would jeopardize the bank's operations.

"The total income of EPCG from accrued and paid interest on the subordinated debt, as of 31 March 2023, amounts to approximately 6.5 million



Radoje Žugić
photo: Luka Zeković

euros," EPCG officials told CIN-CG.

At the end of 2019, Prva Banka had deposits of around 340.8 million euros. By the end of 2020, following the fall of the Democratic Party of Socialists (DPS), customer deposits decreased to 301.7 million. In 2021, they further dropped to 258.4 million euros.

However, by the end of last year, deposits at Prva Banka had increased to approximately 285.3 million euros, but this still represents a significant outflow compared to the time of the elder Đukanović's rule.

Significant amounts of deposits in Prva Banka were also held by EPCG's subsidiaries – the Montenegrin Electric Distribution System (CEDIS), as well as the companies majority-owned by EPCG – the Coal Mine and Zeta Energy. Deposits were also held by Pivara Trebjesa, Sports Facilities LLC, the Student Dormitory and Student Centre in Nikšić and the Municipality of Nikšić.

Of those, significantly reduced deposits were held only by EPCG, CEDIS, Zeta Energy and Coal Mine in the last year. For example, in 2019, CEDIS had a total deposit of 20 million euros, while by the end of last year, it was reduced to only 3.5 million euros.

The deposits of Coal Mine amounted to 3.2 million euros in 2019, falling

to 675 thousand euros last year. Zeta Energy reduced its deposits from 953 thousand euros in 2019 to a symbolic one thousand euros last year.

CBCG withholds audit findings

The Central Bank of Montenegro (CBCG) conducted an audit of Prva Banka last year, but the institution, still managed by **Radoje Žugić**, a trusted figure of the former regime and former director of Aco Đukanović's bank, refuses to disclose the findings. Žugić's term of office has expired, but due to political disagreements, a new governor has not yet been appointed, so he continues to lead this institution, which he took over in 2016. He also headed the institution between 2010 and 2012.

"The information regarding the findings of the bank audit, as well as any potential measures to be implemented, is confidential," the CBCG told CIN-CG.

Goran Knežević, a banking expert and former deputy director-general of the CBCG, says that, to his knowledge, the CBCG conducted an audit of the bank at the end of last year and the beginning of this year, and allegedly found nothing irregular.

According to him, the audit findings by the CBCG regarding Prva Banka reportedly indicate that the bank's operations are compliant with the law, based on good practices and stable. He mentioned that the cut-off date for an assessment was the end of November, rather than the end of the year.

"In line with the new Law on Credit Institutions, CBCG is required to disclose any disciplinary measures imposed on banks, if any. If none are imposed, it should mean that everything is in order," he explains.

The CBCG says that Prva Banka is operating within the regular regime. It is liquid and there are no outstanding

orders.

In response to CIN-CG's inquiry about whether EPCG will continue to support Prva Banka as in the previous period, the energy company said that Prva Banka, in its semi-annual report, indicates that there are no operational issues and that liquidity is at a satisfactory level, enabling uninterrupted operation, adding that the bank operates without any restrictions regarding loan approvals.

An analysis by CIN-CG has revealed that Prva Banka has not received a positive report from independent auditors for over a decade, which should have been a warning signal for the regulator, the Central Bank, to take stricter measures.

In their reports of auditing firms over the past 12 years (earlier reports are not available on the Central Bank's website), audit companies generally highlight the same issues – a high level of non-performing loans, non-compliance with regulatory requirements and international auditing standards, underestimated or overestimated balance sheet items, leading to a misrepresentation of the true financial performance.

A source familiar with the situation at Prva Banka (name known to the editors) stated that the bank had previously warranted a negative opinion from auditors, "but no one dared to write it," given that it is owned by the brother of Milo Đukanović, who himself once held shares in the bank. It is known that he earned his first legal million by selling those shares.

The source indicated that the bank did not adjust to banking regulations in Montenegro; instead, the regulations were "adjusted to it". In other words, the Central Bank relaxed regulations to tailor them to Prva Banka.

Goran Knežević told CIN-CG that

analysing the performance of this bank, one can conclude that it would be desirable for Prva Banka to change its business model, risk management system and corporate culture.

"Those who build one culture rarely change it, unless they themselves undergo intensive change. Typically, a new culture needs to be introduced by someone else, or an inadequate business culture ultimately results in the system's demise," Knežević notes.

He confirmed that after 2008, when Prva Banka faced its first major crisis, bank controls were 'relaxed'.

Measures and performance data also remain under the veil of secrecy

Asked about why stricter measures were not taken against Prva Banka, given the fact that it has not received a positive auditor's opinion for over a decade, the CBCG told CIN-CG that information regarding the findings of bank business controls, as well as the implementation of measures, is confidential and can only be provided to the competent state authorities.

Ines Mrdović, director of the Action for Social Justice (ASP), told CIN-CG that actual control of the bank's operations by the supreme monetary institution has never been undertaken, and those who attempted it previously were quickly removed.

"It was simply an 'untouchable' bank to which state interests were



Goran Knežević
photo: private archive

subordinated due to strong political and nepotistic connections, so there is a big question mark about whether auditors received truly relevant data from the bank's management in such an

environment, and how they were able to provide relevant assessments of the bank's condition," she notes.

Mrdović believes that since the 2008 financial crisis, during which the bank was assisted with 44 million without consulting the public, and a year later, when tens of millions of euros

were deposited into it from the sale of part of the government's stake in EPCG to prevent bankruptcy, the true business figures of the bank are still largely shrouded in 'a veil of secrecy'.

Prva Banka was founded by taking over the state-owned Nikšić Bank in 2006, and within a few months under the control of the Đukanović family, it grew by several dozen times. It immediately began to serve, as reported by the BBC, as an ATM machine for the ruling elite and their friends, some of whom received multimillion-dollar loans without proper collateral.

Before the crisis and state aid in 2008, the regulator had imposed measures on Prva Banka due to identified liquidity problems. At that time, the bank was required to cease granting loans that did not comply with regulations. However, according to audit reports, the bank did not adhere to the measures imposed by the Central Bank of Montenegro (CBCG), under which it was effectively operating only nominally for two and a half years.

In 2008, Prva Banka managed to avoid collapse with the help of the state following the enactment of special legislation, allegedly due to the global crisis, and by approving a loan of 44 million euros from the state budget. The bank repaid the loan in instalments, but doubts arose in some quarters about the authenticity of the repayment. The first instalment was repaid by transferring 11 million euros in 11 consecutive transactions on 13 March 2010, following the inflow of deposits from the state-owned Regional Waterworks, also in 11 transactions of one million euros each. This was confirmed by the auditor.

Due to suspicions regarding the regularity of the loan repayment to the state, several criminal complaints were filed against Prva Banka and some former members of the government. The complaints were filed by MANS, the CBCG and the Movement for Changes. Prva Banka at the time denied allegations that they had unlawfully repaid a portion of the loan to the government.

The Special State Prosecutor's Office did not respond to CIN-CG's questions regarding the criminal complaint filed in 2020 by the Democratic Montenegro, the Pensioners' Party and the Pensioners' Union. The previous criminal complaint filed in 2012 was dismissed by the Supreme State Prosecutor's Office, led by **Ranka Čarapić**. That complaint was filed by the CBCG due to suspicions of irregularities in business operations when **Ljubiša Krgović** was at its helm. He was dismissed from that position after opposing the Đukanović family.

It will be difficult for someone to buy a bank burdened with problems

During the era of the DPS, the bank was effectively supported by the Montenegrin Electric Power Company



Ines Mrdović

photo: youtube/prtsr

(EPCG) through deposits, recapitalization, approval of subordinated loans and through million-dollar transactions during the sale of a part of the EPCG to the Italian company A2A. The sale of Montenegro's most valuable company was negotiated by the elder Đukanović.

Thanks to the EPCG, Prva Bank managed to maintain the legally prescribed level of capital. Following the latest auditor's report for 2022 and the expressed qualified opinion, there have been discussions about selling the bank.

Media outlets from Serbia and Montenegro reported in July that the Postal Savings Bank of Serbia was interested in acquiring Prva Banka, but this news was quickly denied. The Central Bank says they have not received any formal notification regarding the intention to purchase the shares of Prva Banka, claiming that the EPCG is also not aware of such information.

In the 2022 report on Prva Banka, the auditor stated that there is interest in acquiring a majority stake in the bank "by strategic investors from Europe and the region."

"According to the bank's management, some of the offers could be implemented in the short term, creating the necessary conditions for the survival and further development of the bank," the report states.

CIN-CG has reached out to several banks in Europe and the region, all of which said they were not considering the purchase of Prva Banka. Prva Banka did not respond to CIN-CG's inquiries regarding whether they are conducting negotiations for selling the bank and with whom.

An insider familiar with the matter points out that the talks about the sale of the bank have been ongoing for more than a decade, so it will be challenging for anyone to acquire it

due to liquidity issues.

As early as in 2011, according to media reports, negotiations were underway for the sale of Prva Banka to Russian banker Vladimir Antonov, who was suspected of embezzlement in Lithuania's Snoras and Latvian Krājbanka, as well as financial irregularities involving the HSBC bank.

Prva Banka was in negotiations for sale with the royal family of Al Nahyan from the UAE in 2008 and 2013, but those attempts were also unsuccessful.

At the end of last year, the bank had 280 shareholders, with the largest being Aco Đukanović, holding 41.46 percent and EPCG holding 19.76 percent. However, the owners of a total of 11 percent of shares are concealed behind aggregate custody accounts at Hipotekarna Bank (4.48 percent), Prva Banka (3.44 percent), and CKB (3.1 percent).

Aco is now increasing his deposits

NGO Action for Social Justice (ASP) announced in late August that Aco Đukanović withdrew his deposits when seeking state assistance in 2008.

According to ASP data, Aco Đukanović's fixed-term deposits fell from 18.1 million euros at the end of 2008 to 4.3 million euros. His deposits continued to decrease, so by 2019, according to the auditors' report, he had not held any deposits at Prva Banka under his name.

Since leaving the country, however, the younger Đukanović has been injecting deposits into his bank over the past three years, while others were withdrawing, as shown by the audit reports. In 2020, he had a deposit in the bank amounting to 956,000 euros, and by 2021, this sum had grown to 1,127,000 euros. In the same year, a

microcredit company owned by Prva Banka, Montenegro Investment Credit, deposited 806,000 euros in Prva Banka. The 2022 audit report states that Aco Đukanović's deposit amounted to 1.8 million euros, while Montenegro Investment Credit reduced its deposit to 514,000 euros.

Since the state no longer injects money into the bank that has been privileged for years, it is evident that the younger Đukanović now has to inject his own money to save the bank's liquidity and prepare it for sale. Considering how much money they have taken from the state, these deposits are only symbolic amounts for the family.

CIN-CG requested copies of the 2008 and 2009 control reports on Prva Banka from the Central Bank, but the request was denied on the grounds that they constitute business secrets.

Through the freedom-of-information platform developed by MANS, CIN-CG also requested a separate 2009 audit report by the PriceWaterhouseCoopers (PwC), ordered by the Central Bank. However, the Central Bank also declined this request, stating that they do not have it. The PwC did not complete the audit, which remained in a draft form. This, as Krgović stated in his statement to the prosecution service in 2014, is one of the most severe qualifications for a bank.

Asked by CIN-CG whether the Central Bank destroyed documentation on the operations of Prva Banka for 2008 and 2009, they said that they "do not



	DEPOZITI KLIJENATA (€)	DEPOZITI AČA ĐUKANOVIĆA	POSLOVNI REZULTAT (€)
2019.	340.872.000	/	1.216.000
2020.	301.732.000	956.000	1.551.000
2021.	258.473.000	1.127.000	-4.453.000
2022.	285.354.000	1.814.000	62.000

Vijesti

AUTORKA: JELENA BUJIŠIĆ

destroy documentation on bank operations, and it is available for inspection by third parties in accordance with the law."

"When it comes to archiving and storing documentation, the Central Bank acts in accordance with the Law on Archival Activities and the List of Categories of Central Bank Registry Material approved by the State Archives of Montenegro," they said.

Parts of the draft audit report by PwC were published in 2012 by the regional network of investigative journalists, the Organized Crime and Corruption Reporting Project (OCCRP). The report revealed that Prva Banka approved nearly two-thirds of loans to related parties, where it not only violated its internal rules but also laws and other regulations, causing harm to itself in favour of providing special treatment to VIP firms and individuals.

One example involves foreign companies associated with businessman Zoran Bećirović, a friend of Milo Đukanović. Central Bank inspectors es-

established in 2007 that the bank, without obtaining all the necessary information and documentation, opened accounts for Beppler and Partners, registered in the British Virgin Islands, as well as Caldero Trading, Beppler Property and Development and Beppler Investments, registered in Cyprus.

In 2014, the OCCRP also reported that Prva Banka conducted business with the convicted drug lord Darko Šarić and his associates, allowing them to take out loans under favourable conditions through accounts at the bank, which raised justified suspicions of money laundering.

“In its dealings with Šarić and Rodoljub Radulović, or their companies, Prva Banka violated the law and internal regulations, granting them loans in violation of prescribed procedures and without adequate collateral to ensure repayment. For instance, when opening accounts for Lafino Trade LLC in the US state of Delaware and for Camarilla Corporation in Seychelles, Prva Banka failed to obtain valid registry extracts or copies of personal documents for individuals with access to the accounts. In this way, Prva Banka breached the Law on the Prevention of Money Laundering and Terrorism Financing,” the OCCRP reported.

SPECIAL DIVISION OF THE HIGH COURT DELIVERED ONLY 19 JUDGMENTS IN NEARLY FOUR YEARS:



LACK OF JUDGES LEAVES THE ACCUSED WITHOUT TRIAL

 Maja BORIČIĆ

The court handling the trials of Medenica, Jovanović, Čadenović, Lazović, heads of drug cartels and other defendants accused of high-level corruption and organized crime is not functioning and rarely renders decisions

The Special Division of the High Court in Podgorica, responsible for adjudicating of corruption, organized crime and war crimes, has rendered only 19 judgments over the course of nearly four years.

These figures were disclosed to the Centre for Investigative Journalism of Montenegro (CIN-CG) following a freedom of information request submitted to the High Court in Podgorica.

Out of the 19 judgments rendered between January 2020 to October of this year, within the division handling cases initiated by the Special Prosecutor's Office, 11 resulted in convictions, five in acquittals and three in dismissals.

According to the report's findings, the annual case-load ranged from 109 in 2020 to 150 cases last year.

Last year saw only eight judgments being issued.

In addition to the alarmingly low number of judgments for the gravest criminal offences, the problem lies in the lengthy duration of trials, whereas the number of defendants is increasing each year.

The number of old cases is also on the rise. All of this could lead to breaches of the right to a trial within a reasonable timeframe, and in some cases, even to statutes of limitations.

As of 12 October of the current year, the Special Division of the High Court had as many as 44 cases older than three years, as per statements from spokespersons of the Judicial Council who spoke to CIN-CG.

According to the report from the Judicial Council, at the beginning of last year, the High Court in Podgorica had 1,967 pending cases, of which 661 had lingered than three years. By the end of the year, that number had increased to 3,185 cases, with the number of older cases almost doubling to 1,008.

In addition to the inefficient handling of the most sensitive cases, the High Court in Podgorica was further compromised by a recent break-in at the evidence storage facility housing evidence for the most serious criminal offenses. The extent of the missing evidence and how much this situation will further complicate the handling of cases in that court remains to be seen.

The duration of proceedings is one of the main indicators of the efficiency of the judiciary in cases of organized crime and high-level corruption, emphasizes Valentina Pavličić, Montenegro's representative before the European Court of Human Rights, speaking to CIN-CG.

Judicial authorities must make efforts to ensure trials are conducted within a reasonable timeframe, and

excuses relating to case overload cannot be accepted. "It is reasonable to expect that applications will be lodged if someone has spent three years in detention without a first-instance judgment, provided that there is no contribution on their part to delaying the proceedings," Pavličić underscores.

The representative before the Strasbourg court notes that the European Court of Human Rights (ECtHR) has reiterated in numerous decisions that "states are required to ensure the administration of justice promptly, as delays could jeopardize its effectiveness and credibility."



Vesna Vučković
photo: Luka Zeković

Trials against officials either have not yet begun or are in their very early stages

The efficiency of the judiciary is exemplified by ongoing trials against leaders of the judiciary, prosecution and police, as well as other high-ranking officials, many of which either have not yet commenced or are in their initial stages.

The trial of Vesna Medenica, the former president of the Supreme Court and longtime Supreme State Prosecutor, has not yet begun at the High Court in Podgorica, despite the indictment being filed a year ago. The Pre-Trial Chamber of the High Court confirmed the indictment only in February of this year. The trial was supposed to start in May, but has been postponed several times. Subsequently, the proceedings

against Medenica and her colleague from the Commercial Court, judge Milica Vlahović Milosavljević, have been separated from those of the other defendants. They are being tried by the panel presided over by judge Nada Rabrenović.



Valentina Pavličić
photo: European Council/
Radonja Srdanović

The Special Prosecutor's Office filed charges against Medenica in October last year, accusing her of being part of a criminal organization created by her son, Miloš Medenica.

The former "first lady of the judiciary" is accused of facilitating court cases to end in favour of private companies and receiving bribes for doing so.

The criminal group allegedly formed by her son is also accused of cigarette smuggling, unauthorized production, possession and trafficking of narcotics, as well as exerting unlawful influence.

Medenica was released from custody in November last year after spending just under seven months in detention.

Her colleague, former head of the Commercial Court, Blažo Jovanić, began his trial only at the end of June this year, despite the indictment being filed in November last year. He is accused of leading a criminal organization that engaged in malpractice in bankruptcy proceedings at the court. He is being tried by a panel presided over by judge Zoran Radović.

Special State Prosecutor Saša Čadenović was arrested in December last year on suspicion of collaborating with the 'Kavac Clan'. The indictment was filed with the High Court in June

this year and was confirmed a few days ago. He is charged with the criminal offence of forming a criminal organization and four offences of abuse of office. The trial in this case is yet to commence.

The Special State Prosecutor's Office filed an indictment in early January this year against former national security officer Petar Lazović, Radoje Zvicer, police officer Ljubo Milović, and several other individuals. Lazović has been in custody since July last year, and the indictment in this case has not yet been confirmed. He has offered multimillion-dollar bail several times in exchange for freedom, but the court rejected it.

In March this year, the Special State Prosecutor's Office filed an indictment with the High Court against six former executives of the Plantaže company, who are charged with the criminal offence of abuse of office in economic activity. The indictment has not yet been confirmed in this case either.

In the case involving the Abu Dhabi Fund, in which former high-ranking Democratic Party of Socialists (DPS) official Petar Ivanović is among the suspects, the prosecution has encountered setbacks. The indictment for abuse of office was announced multiple times, but it turned out that the investigation was remanded for reconsideration due to procedural errors by the prosecutors. The investigation was initiated in early 2021. Ivanović is accused of entering into several loan agreements with domestic companies from the Abu Dhabi Fund that failed to meet loan eligibility requirements, resulting in a budgetary loss amounting to eight million dollars.

The Criminal Procedure Code provides that the prosecutor must immediately inform their immediate superior prosecutor (in this case, the Supreme

Prosecutor) of the reasons why an investigation has not been completed if it is not concluded within six months. The immediate superior prosecutor will take necessary measures to conclude the investigation.

Although the inquiry in this case was initiated in 2019 and the investigation began only in early 2021, significantly exceeding the deadlines, the Supreme State Prosecutor was only recently informed about it, and the Prosecutorial Council requested a report on this case only in September of this year.

Judges refuse to go to High Court

The Special Division of the High Court currently operates with only six judges, which allows for the formation of just two panels. This further complicates the situation because, among other things, a judge who participated in the decision to confirm the indictment may not participate in the trial of the accused.

Several legal experts interviewed by CIN-CG have noted that the responsibility for the situation in the High Court lies with the president of the court, who bears the responsibility for scheduling judges, as well as with the Judicial Council, which allowed judges to be appointed to multiple courts, leaving unfinished cases for the most serious criminal offences.

In October, acting president of the Supreme Court of Montenegro Vesna Vučković sent a letter to the president of the Court of Appeal of Montenegro, Mušika Dujović, and judges of the Criminal Division of the Supreme Court, Seka Piletić, Milenka Seka Žižić and Zoran Ščepanović, asking them to consider the possibility of sending judges from these two courts to assist in the Special Division of the High Court in Podgorica:

“The president of the Court of Appeal responded that none of the judges of this court were able to be sent to assist, and the same stance was taken by the judges of the Supreme Court,” sources from the Supreme Court told CIN-CG.

The Judicial Council has clarified that at present, judges from High Courts can only be temporarily reassigned to the High Court for a maximum period of one year, with their consent being necessary for this.

Pavličić, who is also a former judge of the High Court, explains that the organization and scheduling of work in the court are certainly defined by the court’s president.

Boris Savić, the president of the High Court, declined to respond to CIN-CG’s question about whether he considers himself responsible for the inefficient operation of the Special Division, and also refrained from addressing other questions concerning the functioning of the court.

“Practice shows that the current number of active judges is not sufficient, so preventive action should certainly have been taken to prevent this situation. We are talking about the most sensitive and perhaps the most urgent category of proceedings that require more than a formal approach,” says Pavličić.

She notes that it is precisely through the handling of cases of organized crime and corruption where the strength of the court’s authority, professional knowledge and procedural capabilities is demonstrated, ultimately leading to the resolution of such cases within a reasonable timeframe.

According to reports from the Judicial Council, the Special Division of the High Court each year resolves about 20 to 30 percent of cases from January 2020 to December 2022, with the fewest being resolved through judgments.

The Judicial Council's report cites the insufficient efficiency due to factors such as the small number of judges, the pandemic and the large number of defendants and defence counsels in most cases, which requires additional time. It is also noted that last year "three experienced judges" left the division.

The report failed to address any potential omissions made by judges

Additionally, statistics indicate that last year, the High Court sentenced individuals to imprisonment in only 45 percent of cases where penalties were imposed.

In 2021, the Special Division of the High Court had 138 ongoing cases, with 95 remaining unresolved, representing just under 69 percent. Likewise, within the High Court, only approximately 40 percent of resolved cases resulted in imprisonment.

In 2020, there were 109 cases in progress, with 81 remaining unresolved, or just over 74 percent. Once again, only about 44 percent of cases in the High Court resulted in imprisonment.

Court efficiency has deteriorated

In its Analysis of the Application of the Law on the Protection of the Right to a Trial within a Reasonable Time 2017-2022, Human Rights Action (HRA) concludes that the efficiency of the courts has significantly deteriorated in the period from 2017 to 2022.

The judiciary has failed to achieve the goal of reducing the number of backlog cases, as envisaged by the Action Plan for the Implementation of the Judiciary Reform Strategy. Instead of decreasing, the number

of such cases surged by as much as 49.5 percent compared to the target.

They say that this deterioration was particularly evident in 2022, exacerbated by a vacancy rate of approximately 21 percent during 2021 and 2022.

"A careful analysis should explore whether other indicators may also suggest that the decline in efficiency is due to poor management of human resources and cases in the courts, compared to what was previously the case."

HRA notes that compared to the population size, Montenegro still ranks second in Europe in terms of the number of judges, with even twice as many as the European average.

Although there are significantly more judges, it is evident that they are not well-distributed, nor efficient, especially in key cases.

No more hearings for the confirmation of indictments?

The amendments to the Criminal Procedure Code, currently under consideration in the Parliament, envisage that there will no longer be hearings for the confirmation of indictments, so as to prevent unnecessary delays in the proceedings.

According to the amended provisions, it is the obligation of the court to deliver the indictment to the accused and their defence counsel, who may provide written responses.

"The court shall render a decision on the confirmation of the indictment provided that the legally prescribed conditions are met. The accused and their defence counsel retain the right to appeal the decision on the confirmation of the indictment. Once the decision on confirmation is final, the indictment becomes legally binding."

EU also warns of the lack of judgments

The so-called non-paper by the European Commission from June this year highlights that there is a need to improve the public perception of impunity for high-level corruption and organized crime, and that it is necessary to implement a more deterring, consistent and efficient sanctioning policy for the most serious criminal offences.

They emphasize that the track record of investigations and criminal prosecutions in high-profile cases have improved, but they are not accompanied by effective trials, and that there are almost no outcomes or convictions in these cases.

The 2022 report on Montenegro adds that data on the duration of proceedings are still not available, and that statistical information on the performance of the judicial system is not systematically analysed or used for management and policy-making purposes.

BOKSITI CASE – ANOTHER SUSPICIOUS TRANSACTION BY JOVANIĆ AND BANKRUPTCY TRUSTEE:



MILOVIĆ BUYS THE MINING COMPANY'S PROPERTY FOR A PITTANCE ONLY TO SELL IT TO LIDL FOR MILLIONS

 Biljana MATIJAŠEVIĆ

In just six months, the Nikšić businessman earned over a million euros from the sale of the administration building and land of the former mining giant, which was almost handed over to him as a gift by the bankruptcy trustee. Workers filed a criminal complaint, but there is no money to pay the outstanding salaries

The Nikšić-based company Roaming Montenegro, which purchased the administration building and land of bauxite mining company Boksiti from bankruptcy for 872,000 euros, sold that property to the German retail chain Lidl for around two million euros just a few months later, CIN-CG has learned.

Roaming Montenegro, owned by businessman Dalibor Milović, bought the Boksiti administration building covering an area of 1,652 square metres and the yard and building plots totalling about 5.9 thousand square metres at the end of 2021. Along with its plots nearby (around 2.7 thousand square metres), Milović sold the Boksiti property to Lidl in July 2022 for a total of 2.4 million euros,

or at a price of 278.42 euros per square metre, according to the sales contract seen by CIN-CG.

This would mean that, excluding Milović's plots, the Nikšić-based businessman received around two million euros for the Boksiti property, nearly two and a half times more than what he had paid. In other words, he earned over a million in just six months with this transaction.

The contract also states that the total price was reduced for costs related to meeting the requirements for the handover of the property.

Roaming Montenegro is registered as a company engaged in non-specialized wholesale trade, but it has expanded its business to include construction projects. In 2019, the company won a contract for the reconstruction of the Municipality building in Nikšić. A year earlier, it was awarded a contract for the construction of a building for employees of the Podgorica Waterworks on Stanko Radonjić Boulevard.

The company gained public attention in 2018 when around 1.6 million euros were fraudulently withdrawn from its business account by an organized group based on falsified documentation.

Milović signed a contract worth nearly 1.8 million euros with representatives of the former government in October last year for the renovation of five healthcare facilities in Montenegro.

At the time of the sale of the administrative building, Blažo Jovanić was at the helm of the Commercial Court. Jovanić is currently on trial on charges brought by the Special State Prosecutor's Office for criminal association and malpractice in bankruptcy proceedings.

The Commercial Court initiated bankruptcy proceedings against the Nikšić-based Boksiti at the end of 2013,

at the request of the CKB bank, due to a debt totalling 1.59 million euros. Prior to that, the bauxite mining company was managed by the Central European Aluminium Company (CEAC), owned by Russian oligarch Oleg Deripaska. Part of the Bauxite Mines' assets from bankruptcy was acquired in 2015 by Uniprom, owned by Veselin Pejović, following his takeover of the Podgorica Aluminium Plant (KAP).

Boksiti assets sold below market value

The remaining assets of Boksiti, including the building and land, were sold at an auction in December 2021 to a company owned by businessman Milović upon the tenth attempt, as there had been no interested buyers in previous advertisements.

In the first advertisement in May 2019, the price of this property was listed at 1.55 million euros. In accordance with the Law on Bankruptcy, the bankruptcy trustee has the discretion to conduct each subsequent public sale with a reduction in the minimum sale price. The bankruptcy trustee of Boksiti at the time was Mladen Marković, while the bankruptcy judge was Blažo Jovanić.

In the initial advertisement, the Boksiti land was offered at 77.4 euros per square meter, and the commercial building at a slightly higher price of 662 euros per square metre. After nine unsuccessful attempts, the assets were sold below market value.

According to data from Monstat, the average price per square metre of land in the central region, where Nikšić is located, stood at 42 euros in 2021, coinciding with the time when the property was sold to Milović for 870 thousand euros. This suggests that the Boksiti land was valued at approximately 250 thousand euros on

the market. Meanwhile, the administrative building held a minimum value of one million euros, considering that the average price per square metre of an apartment in that period was around 620 euros (Monstat), and even higher within the city centre.

Milović managed to profit well from the Boksiti property sold to Lidl and achieved what the bankruptcy administration of the company could not. He managed to secure the market price for both the administration building and the Boksiti land, resulting in an outstanding profit.

The Hungarian creditor Vagonimpex also submitted an offer on the tenth advertisement. However, the bankruptcy trustee deemed it invalid, explaining that it lacked evidence of a deposit payment, proof of the legal entity's registration with a certified translation into Montenegrin and a legally certified power of attorney for submitting the offer. Vagonimpex had

against the bankrupt debtor in the amount of 800,281.54 euros cannot be accepted as valid evidence of deposit payment because such offsetting of claims in the sale process of the assets of the bankrupt debtor is not permitted and is not prescribed by the Bankruptcy Law," wrote Marković in the explanation.

"The statements within the offer suggesting that the evidence of deposit payment equates to a claim of 800,281.54 euros against the bankrupt debtor cannot be deemed valid. This is because offsetting claims during the asset sale process of the bankrupt debtor is not permitted nor prescribed by the Law on Bankruptcy", he added.

From the third to the first priority group and back

Former employees have been demanding payment for outstanding claims (wages and other allowances) totalling 2.1 million euros since the introduction of bankruptcy. This includes 15 earned monthly salaries before bankruptcy for about 240 employees, or the difference between the minimum monthly salary of 190 euros they were paid at the time and their full salary.

They were included in the first priority group in March 2021, when Jovanić was at the helm of the Commercial Court. Nonetheless, they did not receive any money because they were returned to the

third priority group in another court proceeding.

The Commercial Court, under the leadership of its new president, Mladen



Dalibor Milović (lijevo) sa predstavnicima bivše Vlade
photo: Gov.me

proposed 800,000 euros.

"The statements in the offer that the evidence of deposit payment actually represents a claim that the bidder has

Grdinić, who assumed office in April of the previous year, provided clarification on this matter when speaking to CIN-CG.

“The funds deposited by Roaming Montenegro, pursuant to the agreement on the purchase of the business building, were used to settle the claim of the bankruptcy creditor Vagonimpex KFT from Budapest, as stipulated by the final judgment of the Commercial Court of Montenegro dated 20 July 2018”, stated in the response.

As explained, after Roaming Montenegro deposited the money, bankruptcy trustee Mladen Marković made a decision on 21 January 21 2022 to deposit the money into the account of the Commercial Court, pending a decision of the Constitutional Court on his appeal from 2019 against the judgment in favour of the Hungarian company.

In response to the bankruptcy administrator’s decision, Vagonimpex lodged an objection, which was subsequently dismissed. Following this, the Hungarian company appealed to the Court of Appeals. On 13 April 2022, the Court of Appeals annulled the ruling of the Commercial Court and remanded the case for reconsideration.

“In the subsequent proceedings, the Commercial Court on 21 January 21 2022 upheld Vagonimpex’s objection and ordered the bankruptcy trustee to fully settle the claim of this creditor. Accordingly, the bankruptcy trustee made a decision on 20 April 2022 to settle the claim of the bankruptcy creditor Vagonimpex”, the court explained.

Subsequently, on 15 June 2023, the Commercial Court issued a decision to correct the final list of recognized and disputed claims by reclassifying the claims of all bankruptcy creditors, including workers whose claims were based on unpaid net wages, from the

previously assigned third payment priority back to the first payment priority. However, by the time this decision was made, the funds had already been disbursed to the Hungarian company.

“So, at the time of disbursing the funds obtained from the sale of the administrative building, the employees, as bankruptcy creditors, were in the third payment priority”.

A representative of the former workers, Rašo Čivović, filed a criminal complaint with the Special State Prosecutor’s Office regarding the sale of the administrative building.

“We are waiting for a call and a meeting with the new prosecutor Nataša Bošković, who has taken over the case”, Čivović told CIN-CG.

Former Boksiti workers expected to collect their overdue wages and other benefits from the sale of the administrative building, which was the only remaining property of the company that had filed for bankruptcy ten years ago.

Čivović believes that everything regarding the sale of the administrative building was “staged” to “pay out the Hungarians”.

The Hungarian company sued Boksiti, seeking compensation for lost profits of 891,000 euros with interest due to the unilateral termination of the ore purchase agreement. The ore purchase agreement was signed several months before the introduction of bankruptcy in Boksiti in 2013 and terminated after bankruptcy was introduced.

Vagonimpex was registered in Hungary in 2006 as a company for the sale of various goods. It has one employee, director Andras Raczko, as stated in Hungarian registries.

Čivović says that the Commercial Court should have paid the workers in 2021 when it issued decisions to return them to the first payment queue. According to him, the problem is that

the decisions do not bear the seal confirming their finality (*res judicata* clause), which, he claims, proves that everything was a game to ensure that the money went to “certain Hungarians”.

Blažo Jovanić, the former president of the Commercial Court, was released from custody earlier this year by a decision of the Court of Appeals, allow-



Rašo Čivović
photo: Boris Pejović

ing him to defend himself at liberty. He had been held in custody since May 2022.

On 29 December last year, the court approved the proposal put forth by his lawyer, Predrag Đolević, and upheld the decision of the High Court in Podgorica to accept bail

totaling 768,000 euros in real estate provided by his family.

Jovanić is charged, among other things, with creating a criminal organization in 2015 that operated in Montenegro until April 2022. The organization included other accused individuals and legal entities, as well as several other unknown individuals whose goal was “to commit criminal acts of abuse of office for illicit gain, with the operation of the criminal organization planned for an unlimited period of time and based on the application of certain rules of internal control and discipline of its members”.

Jovanić and the other defendants are being tried before the High Court in Podgorica based on this indictment. The trial began in June 2023.

As the president of the Commercial Court, Jovanić simultaneously served as the bankruptcy judge for the largest

companies in Montenegro – Podgorica Aluminium Plant, Boksiti Nikšić, Radoje Dakić, Vektra Boka, Brodogradilište Bijela, Onogošt, Bjelasica Rada and others.

The Special State Prosecutor’s Office suspects Jovanić of illegally inflating the costs of bankruptcy proceedings using his position as the president of the Commercial Court, as well as his judicial role, with the assistance of certain bankruptcy trustees.

“Illicit financial gain was obtained by directing certain funds, at Jovanić’s order, from the account of the Commercial Court to the account of the bankruptcy debtor, ostensibly for the purpose of conducting the bankruptcy proceedings. Subsequently, this money was transferred to the accounts of members of this criminal group before the conclusion of the bankruptcy proceedings,” reads the decision to remand a part of this group into custody.

Lidl: We always comply with applicable laws

Lidl headquarters in Germany declined to comment on the situation with former employees of Boksiti, stating that they always adhere to applicable laws in all business activities. They did not respond to inquiries regarding the opening of stores in Montenegro either.

“Montenegro is a retail market where Lidl’s concept of offering high-quality goods at the best prices resonates well with consumers. Therefore, Lidl is investing in potential store locations and warehouses in Montenegro. We kindly ask for your understanding, as at this moment we cannot comment on the extent of our activities, potential locations or possible opening dates,” Lidl told CIN-CG.

Lidl, they added, values transparent and reliable communication and will duly inform employees and stakehold-

ers about the next steps.

The contract signed between Roaming Montenegro and Lidl states that the seller has committed not to construct, operate or manage any grocery stores, supermarkets, self-service stores or similar retail establishments with a sales area exceeding 500 m² on its properties in Nikšić located within a radius of 1 km from the specified property, within three years from the conclusion of the contract. Furthermore, the seller will not permit third parties to construct, operate or manage such establishments on the mentioned properties.

“In case of breach of this obligation, the seller undertakes to pay the buyer a contractual penalty of 100,000 euros for each individual violation, without excluding the buyer’s right to claim damages, including lost profits”, states the contract obtained by CIN-CG under the Law on Free Access to Information through the MANS platform.

Where did Deripaska’s 17 million euros end up?

Rašo Čivović has been trying for years to determine the whereabouts of the alleged 17 million euros from Deripaska that were reportedly loaned to Boksiti a decade ago and which the Russian oligarch is now seeking in legal proceedings.

Čivović told CIN-CG that if this money had entered Rudnici boksita, the company would not have gone bankrupt because there would have been funds to repay the debt to CKB.

He requested this information from the new governor of the Central Bank of Montenegro (CBCG), Irena Radović, at the end of the year. However, the CBCG declined his request, stating that this information is confidential business information.

