



Offshore wind blowing over Serbian Prime Minister

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Ana Brnabić, the Serbian Prime Minister of Croatian origin, could be involved in a deeply disturbing affair involving tax avoidance, hidden ownership, and a dangerous mixture of public and private interests. This follows the viewing of documents from the Malta Files project by the European Investigative Collaborations (EIC), in which Nacional is now a member.

These documents, published exclusively by Nacional, show that the Serbian Prime Minister was familiar with some of the complex offshore operations of a network of energy development companies, including Continental Wind Serbia, where she was the director before entering the state administration. She was familiar with the creation of a Serbian part of an offshore corporate structure for the wind power project.

This company is part of a complex corporate structure, designed for tax optimization, that would receive up to 523 million Euro from the Serbian state electricity distributor for twelve years, thanks to the Regulations on State Incentives approved when she was a minister in the Serbian government. Ana Brnabić denied for Nacional, that she was involved or had any connection with the legislation regarding renewable energy sources. However, before joining the state administration, Ana Brnabić has been lobbying to adoption of a new regulation on renewable energy in Serbia.

Since becoming prime minister, all the legal and regulatory obstacles to the largest private investment in Serbia, developed by the network of these mysterious offshore companies, including one in which she was the director, disappeared. Apparently, this large private investment will not reduce the cost of electricity for Serbia's local population. In this multi-million project involving some well-known and powerful world investors, it is likely that the Serbian state budget will not have significant tax revenues.

All this is silently observed by the most powerful Serbian politician the President Aleksandar Vučić, even though he has been harsh critic of these investors.

Documents obtained by the EIC show that Ana Brnabić and her subordinates in Continental Wind Serbia assisted in the incorporation of another Serbian subsidiary of the parent company from Malta, which received a 200,000 Euro interest free and unsecured loan, which seems to violate the Serbian regulation about the minimum interest rate on loans between affiliated companies.

After Brnabić was nominated for Vučić's successor at the top of the Serbian government in 2017, the major investment of the renewable energy developer Continental Wind in Serbia – the wind farm project Čibuk – was granted permission to start construction, supported with up to 190 million Euro of loans from the International Finance Corporation (IFC) and the European Bank for Reconstruction and

Pajtić later confirmed that the transcript of this phone conversation was authentic, while Udovički initially did not confirm or deny the veracity of the published account. In the next year – 2016 – she told police investigators that she has never met Petrović or talked to him. Petrović denied that he demanded any bribes. However the story further solidified Serbia's status as a hotbed of corruption at the highest level, which is one of the country's handicaps on its path to becoming an EU member state.

In the same month as the phone conversation, September 2015, Aleksandar Vučić visited Washington D.C for a high-level visit. But he met with protest. At that time, five U.S congressmen signed a letter, which they passed to then-U.S Vice-President Joe Biden, detailing corrupt practices in Serbia. This letter showed how a small group, including Vučić's brother Andrej and Nikola Petrović, had consolidated their influence "in all major businesses in Serbia."

In response, Vučić accused business "tycoons" of organizing this protest in U.S., claiming they were behind cases of blackmail in Serbia. Local tabloid newspapers who supported Vučić named Mark W Crandall, owner of Continental Wind Partners (CWP) as one of them. Vučić himself fueled this speculation.

"Some want to build wind farms in Serbia where there was no proper regulation, with the idea of selling electricity at three times the market price," Vučić said. "One American company and a relative of one of our ministers was involved. They wished to win this deal at any cost."

Crandall denies any involvement in this protest letter.

This is when the new Prime Minister came in.

4 October 2015. The director of Continental Wind's local subsidiary in Serbia was Ana Brnabić. She had just turned 40 years old, and was a graduate of the University of Hull, UK, with a history of consulting on USAID projects in Serbia. One of her key jobs at this time was the development of the wind farm in Dolovo.

She held a press conference in the Government of Serbia. Here she stated there was no illegal activity in her company, no problem of communication between the wind firm and the Serbian state and no corruption took place during these procedures. The eavesdropping and bribery allegations scandal effectively ended.

She then publicly resigned as director of the company.

At that time Brnabić's name circulated in the Serbian press as a main candidate for head of the 'Delivery Unit', an informal body in Prime Minister cabinet office responsible for the coordination of different Serbian ministries. This 'unit' has been reported to have been set up on the advice of former British Prime Minister Tony Blair.

But Brnabić didn't take this role. Despite her public resignation she remained as director of Continental Wind Serbia for the next ten months, until 19 August 2016. Then her career in Government took off quickly.

In August 2016 Brnabić replaced Kori Udovički as Minister of Public Administration and Local Self-Government, and in June 2017, when Vučić became President of Serbia, Brnabić was surprisingly elected by the Serbian Parliament as Prime Minister, making international headlines as the first openly gay head of Government in east Europe.

Now her priorities are to combat the grey economy, reduce bureaucracy and tackle corruption in a country where the top oligarchs hide their fortunes in offshore companies. Brnabić also announced that her government will pass through parliament a law on making citizens reveal their origin of wealth. After nine months, this law has still not seen fruition.

Emails about operations of Malta company sent to Brnabić

the international parent of this renewables company.

On 11 September 2014, the executive manager of Continental Wind Partners and business partner of Crandall, Italian citizen Fabrizio Cagnasso, who has a residence in the tax haven of Monaco, wrote an email to a Maltese law and accounting firm, Credence. Cagnasso owns Monaco-based company Deprojen, the 100 per cent owner of Continental Wind Serbia. Deprojen also owned Warm Waters Ltd, a company registered in Malta on 16 September 2014.

“We are a bit in rush to incorporate the Serbian special purpose vehicle (SPV) owned by Warm Waters Ltd,” he wrote to officials of Maltese firm and asked for legal documents needed to incorporate a new daughter company in Serbia, which will be owned by a Maltese parent company. Alongside three different requested documents, he listed two persons and their private information. One of them was Ana Brnabić.

Less than a month since his first email, on 10 October 2014, Warm Waters’s Serbian subsidiary River Power Solutions was founded in the Serbian capital of Belgrade with 100 Serbian Dinars (about one Euro) of share capital.

It is not clear from the above-mentioned email what role was taken by Ana Brnabić in River Power Solutions, nor is there any apparent role for her in both the Serbian and Maltese companies.

However, a week earlier, on 3 October 2014, Ana Brnabić, in her role as a director of Continental Wind Serbia, signed an amendment Nr. 2 to a lease agreement with a local landlord in Serbia, which included the company River Power Solutions. Beside the new Maltese-owned company, a few other energy-related firms were listed in this document, which all shared the same address at Djure Jaksica 6/5, Belgrade. These included Vetroelektrane Balkana, Vetroelektrane Balkana Zapad, and the Serbian Association for Wind Energy SEWEA.

The SEWEA is a non-profit lobbying organization that promoted wind energy, which was also represented by Ana Brnabić before she began her political ascendance. Both the ‘Vetroelektrane Balkana’ companies had owners listed in another tax haven in the EU – Cyprus.

Brnabić responded to Nacional that “these companies are affiliates and I as the Continental Wind Serbia director, in agreement with the management of the company and in accordance with all applicable laws of the Republic of Serbia, allowed River Power Solutions to register in the CWS offices, for which they paid compensation. It was only important for me as the CWS Director to do business in accordance with the laws and legislation of the Republic of Serbia.”

Other employees of Continental Wind Serbia appear in email communications with Malta. On 18 September 2014 legal assistant Željko Djurić, who had special power of attorney for River Power Solutions, responded to Fabrizio Cagnasso. He sent Cagnasso copies of the personal ID of himself and Marina Petrović, financial manager at Continental Wind Serbia, who was appointed as a director of the new Serbian company River Power Solutions. Cagnasso forwarded his email to Maltese firm Credence. In his email, Željko Djurić also sent a copy to then-director of Continental Wind Serbia Ana Brnabić.

There were some additional email exchanges between Belgrade, Monaco and Malta regarding the incorporation of River Power Solutions. According to The Malta Files, Ana Brnabić received a copy of another mail from Djurić on 29 September 2014. He asked Cagnasso for additional documentation from a Malta parent company regarding its legal representatives in this email.

The third email Brnabić received as a copy is dated 8 June 2015. This email was about a significant matter regarding this Serbian company, which was owned by the Maltese parent company. The previous director resigned from her post and one of Brnabić’s subordinates asked Cagnasso for new signed and notarized documents for the appointment of a new director. According to The Malta Files documents, Brnabić never responded to emails, and she only received copies of emails in CC.

Interest free and unsecured loans from Malta to Serbia

In March 2015, River Power Solutions received major press coverage when the Serbian media reported that heat pumps could warm the

Star Renewable Energy company from Glasgow, UK, which had a close collaboration with River Power Solutions. Additionally, the media revealed that the local Serbian company had prepared a project for renewable-energy for the Serbian capital's public energy company, Beogradske elektrane.

"The project we are working on is to build district heating in Serbia, using heat pumps to extract heat from the Sava river in Belgrade," Crandall said at another conference in Sofia, Bulgaria, in October 2015. Crandall added that the investment was expected to be 100 million Euro.

This project later didn't succeed, but annual accounts of the Maltese parent company Warm Waters (which was renamed River Power Solutions Limited later) show that financing for the company's operations used a bypass through Malta.

According to the annual report for the year 2015, the Maltese parent company, without any employee, gave 198,000 Euro in an interest free and unsecured loan to its only subsidiary in Belgrade. This loan was to be repaid by 1 April 2018, and was partially repaid on 25 February 2016 to the sum of 140,000 Euro. However, the Serbian Ministry of Finance officially approved the Regulation on interest rates in accordance with an "at arm's length" principle for any loans between related parties. It defines that the minimum interest rate for long-term loans between related companies in Euro in 2015 and 2016 should be 5.07 per cent annually.

The Serbian daughter company therefore received at least 10,000 Euro in possible gains in the form of unpaid interests on this loan in 2015, the payment of which were required by regulators. But by the end of 2016, loans from Malta to Belgrade reached 298,000 Euro. These loans were interest free, unsecured and repayable by 1 April 2018. So there were some additional gains for the Serbian subsidiary of the Maltese company. The annual accounts of the Serbian daughter company were not accessible in the Serbian business registry by the time this article went to press.

Serbian Prime Minister answered "I believe that everything was done in accordance with procedures and that all obligations towards the state of Serbia were paid on time." She stressed that Serbia has very strict laws related to foreign exchange transactions and each such loan is being registered within National Bank of Serbia. Crandall's lawyer explained that 200,000 Euro financing was spent on technical feasibility and engineering studies and that the finance structures have been put in place with the advice of Serbian and Malta tax advisers and are audited annually in accordance with international accounting and auditing rules.

As Maltese company had losses in 2015 and 2016 it paid no corporate tax in Malta.

Investments in the Serbian company River Power Solutions were therefore funneled to Serbia from Luxembourg and Monaco through the Maltese middleman company controlled by Cagnasso and Crandall, who are also among the main owners of Brnabić's former company Continental Wind Partners, incorporated in another tax haven, in Delaware, U.S.A.

"The biggest private investment in Serbia"

A much larger flow of money will probably pass through Vetroelektrane Balkana, which is building the Čibuk 1 wind farm in Dolovo, in the Serbian province of Vojvodina. This will consist of 57 wind turbines over 37 square kilometers with a capacity of 158 Mega-Watts, and targets the powering of more than 110,000 homes. Construction started in July 2017 and is planned to be finished in 2019. Both the International Finance Corporation (IFC), a private investment arm of the World Bank, and the European Bank for Development and Reconstruction (EBRD) co-financed this investment, which is worth 300 million Euro. The IFC allocated up to 130 million Euro and the EBRD up to 60 million Euro in loans. Both IFC and EBRD shall conduct due diligence of other party before approving any loans.

According to the IFC project summary, the project is wholly owned by Vetroelektrane Balkana and the electricity will be sold to the Serbian guaranteed supplier of electricity Elektroprivreda Srbije (EPS), under a 12-year Power Purchase Agreement.

Before the decision by the creditors IFC and EBRD, in June 2017, the Serbian government amended the regulation on the incentive measures for the production of electric energy from renewable sources which was adopted a year earlier. IFC drafted four key decrees on renewable

energy market which were adopted by the Serbian government and IFC advisors contributed also to drafting a pioneering Power Purchase Agreement for Čibuk wind farm.

Due to new regulation, the 158 Mega-Watt Dolovo wind farm should be entitled to up to 130.8 million Euro from EPS every three years – or up to 523.3 million Euro over a 12-year period, if its wind turbines will operate effectively for at least a third of every year. If the wind farm exceeds the defined 33 per cent effective rate during this period, EPS will purchase additional generated electricity at 35 per cent of the price of above mentioned calculation, made by Nacional.

For years Continental Wind had lobbied for renewable energy incentives and more favorable legislation and regulations, but in the last two years, the firm had seen its former director of the Serbian subsidiary, Ana Brnabic, as a minister for Public Administration, and now Prime Minister, at the same time as new laws and regulations were approved in the company's favour. This was a big moment.

On 16 October 2017, the public launch of the 300 million Euro Continental Wind project was attended by the Serbian president Aleksandar Vučić. His attitude towards the project was more positive than two years previously, when he made vicious comments about foreign investors in Serbian renewable energy. The Serbian minister of mining and energy Aleksandar Antić announced during the event that this is “the biggest private investment in Serbia”.

The official owner of Vetroelektrane Balkana is another Serbian company Tesla Wind. Both are registered at the same address of Djure Jaksica 6/5, Belgrade, and Tesla Wind is 60 per cent owned by the United Arab Emirates (UAE) state-controlled Abu Dhabi Future Energy Company Pjsc (Masdar). The UAE is known for its favourable tax regime. According to the Serbian newspaper Danas, it was the UAE who paid former British Prime Minister Tony Blair's company Tony Blair Associates for the ex-UK premier to counsel Serbia, including on the setting up of the government's ‘Delivery Unit’.

The remaining 40 per cent of Tesla Wind has been owned by another offshore subsidiary of Continental Wind Partners, named Cibuk Wind Holding Limited in Cyprus.

In December 2017 and January 2018 Continental Wind sold its 40 per cent shares to Finnish renewable energy investor Taaleri Group and German subsidiary of state export bank DEG. Value of this sale remains confidential.

Ex-Glencore oil trader turned into wind electricity investor

The key figure behind Continental Wind's Delaware company is an experienced investor with a history of partnerships in major multinational corporations. According to Bloomberg, Mark W Crandall, 59, co-founded Morgan Stanley's energy division in 1984, and later was head of the oil trading business of commodity producer and trader Glencore. Later he co-founded Trafigura, now one of the largest physical commodity traders in the world. Both Glencore and Trafigura, with headquarters in Switzerland, were intensively investigated for wrongdoings by the British press, which have often faced injunctions against reporting on these companies in the British courts.

Crandall's official profile at yet another Balkans company which works on renewable energy, GGE from Slovenia, shows that he began investing in renewable energy projects in 2005 and formed Continental Wind Partners in 2007, investing his own money in Polish and Romanian wind development, and later recruiting outside capital to officially form Continental Wind Partners LLC in 2007. He started his business career in American Airlines, then chaired by his father Robert “Bob” Crandall, who pioneered innovations in the global travel industry.

Since at least 2014 Crandall has his residency in Belgrade, Serbia, but he remains a US citizen and is obliged to pay personal income taxes to US Treasury. In a Continental Wind email to Credence from December 2015, Crandall is also mentioned as a politically exposed person (PEP) by the OECD rules since May 2014, when the sister of Mark's wife was appointed a minister in the Serbian government. “This is clearly relevant for the Dolovo project in Serbia and CWP LLC instituted procedures to ensure that this would not impact the Dolovo project,” a Continental Wind lawyer added in this email.

The Malta Files documents reveal that Continental Wind Partners, which is publicly presented in the Serbian press and by the IFC as an “American” company, is almost exclusively operating offshore companies without employees.

In U.S.A., for example, they have only a mailbox. At its registered address 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, there are an additional 385 active companies and no working telephone number of Continental Wind is listed on its official website.

According to CWP’s Operating Agreement from 2009, “the purposes of the Company are primarily to acquire, hold, manage and dispose of, directly or indirectly, interests, entities and projects relating to wind energy project development from start up to acquisition of building permits and other project documents” in Eastern Europe and Australia.

Today Continental Wind Partners operations are managed from Bulgaria, but they have successfully developed and sold few wind farms in Eastern Europe and Australia.

Crandall’s lawyer explained for Nacional that Maltese or Cyprus holding company allows the investors to begin the development of several projects in different countries under one holding company. The holding company structure allows the investors to shift their investment to those projects that are viable. If there were no holding company, that would not be possible. All the holding company structures are tax-transparent, i.e. the profit flows to the ultimate investor and is taxed in the resident jurisdiction of the ultimate investor. He added, that CWP LLC is a Delaware limited liability company that has elected to be tax-transparent, i.e. the US government levies no tax at the CWP LLC level; CWP LLC’s net profits are paid to its members and taxed there as individual income.

Alex Cobham, chief executive of Tax Justice Network, UK based international advocacy group in the area of international tax avoidance and evasion, said this is a deeply worrying story of financial secrecy, hidden ownership and the dangerous mingling of public and private interests. It confirms the importance of key transparency policies, in order to protect the public from the risks of corruption and tax abuse.

“First, it is crucial that we have public registers of the ultimate beneficial ownership of companies and of trusts and foundations. Such a measure, now required in the EU through the revised Anti Money Laundering Directive, is the new international standard. Relatedly, governments should only allow companies to do business in their countries if they publish their true ownership and their accounts. At the same time, politicians and senior civil servants must be required to declare publicly their assets to guard against conflicts of interest.

“Secondly, this case makes clear that all public contracts must be in the public domain. There can be no good reason to prevent the public seeing how their own money is being spent by their elected representatives – and that logic extends equally to subsidies and tax incentives. The importance of incentives for the global switch to renewable energy makes this an industry of particular concern, likely to attract unscrupulous operators with no interest in sustainable development,” Cobham said.

“Finally, this story highlights the shocking failures of the World Bank’s IFC, and of the EBRD. These are institutions that claim to invest for the public good, but consistently refuse to ensure financial transparency or appropriate tax behaviour of their projects – and so once again find themselves associated with risks of corruption and tax abuse. Their policy choice to accept financial secrecy regardless of the public harm is shameful,” he added.

Nobody owns the wins...

Since former wind energy lobbyist and Continental Wind local director Ana Brnabić’s ascendancy to political power, all the legal and regulatory obstacles for the biggest private investment in Serbia have been settled. But after the multi-million IFC, EBRD and UAE investment in the largest wind farm in Serbia will be concluded, poor Serbian households could be paying more expensive bills for electricity, because of the guaranteed high prices of electricity from wind farms as a state incentive measures.

Nobody owns the wind, but the beneficiaries of wind farms, who are able to construct the sites at the best locations, usually with the significant help of local authorities, can expect regular and high incomes from wind for years or decades. Or they can expect high profit from a sale of turbines at precious locations, what happened in the Serbian case. That is why renewable energy business has become similar to

the oil and mining industries, with lots of lobbying, state incentives and offshore businesses. The Ex-Glencore and ex-Trafigura former oil and strategic resources trader Mark W. Crandall should know this quite well.

END OF MAIN STORY

BOX 1

Luxembourg shell company with owners in BVI, Monaco and Singapore

Documents reveal that the main owner of CWP, Mark W Crandall, usually operates in tax havens. In 2015 he owned 61.75 per cent of Luxembourg company Postscriptum Ventures S.a.r.l. through Postscriptum Ventures Ltd, incorporated in the British Virgin islands.

This Luxembourg company took over the Malta-based 'River Power Solutions' which owned a Serbian daughter company in November 2015. Additionally, by the end of 2016, Luxembourg company Postscriptum Ventures owned shares in Silverline Recycling in the USA, GGE (Netherlands), International Power Supply (Bulgaria), APRL Resolution Trust and Continental Wind Partners LLC in Delaware (US).

In September 2015, the main shell company in Delaware was at minimum 25 per cent controlled by Crandall.

But let us return to Luxembourg based Postscriptum Ventures, which was founded in July 2015 and does not have one single employee. That year the company had 3.7 million Euro assets and finished the year with 182,000 Euro in losses. But in 2016 the assets rose significantly to 12 million Euro and profit reached 2.6 million Euro. Nevertheless, the taxes paid in Luxembourg on these profits were 6,420 Euro or 0.24 per cent, according to its annual accounts.

Besides Crandall, behind BVI Postscriptum Ventures Ltd shell company, his partners in Luxembourg in October 2015 were Fabrizio Cagnasso behind Windream (Monaco) with 14.25 per cent, and Bulgarian businessman Dimitar Enchev with 9.5 per cent. Enchev's shares were hidden behind Valeo Group in the BVI. The same size of share (9.5 per cent) were owned by the former economic advisor to the Bulgarian president and former Deputy Minister of Economy of Bulgaria, Evgeny Angelov.

Angelov's shares were owned by a BVI company, Ammano Limited, and he has also served as chairman of the board of the Bulgarian National Electricity Company in the past.

But Continental Wind has not managed to develop any major projects in Bulgaria. The company claims that "due to a series of restrictive legislative changes and unfavorable economic conditions for wind energy" it terminated its sole 200 MW wind farm development in Mirovci in 2014.

Also investment in Croatian 120 MW wind farm at Udbina failed. Continental Wind intended to build largest wind farm in Croatia with 60 turbines in 2011, but it withdraw two years later.

In neighboring Romania, Continental Wind had more success. The company developed the 600 MW wind farm Fantanele-Cogealac in Dobrogea, southeast Romania. In 2008, the 'Americans' sold the project to the Czech Republic's energy company ČEZ, which invested 1.1 billion Euro in the development of what it calls "the biggest coastal wind farm in Europe".

Australian wind farms and CWP's 16 million Euro in Malta Trust

The remaining five per cent of shares of Luxembourg based Postscriptum Ventures were held by Alex Hewitt behind Future Blue International in Singapore, yet another tax haven. Australian-British citizen Hewitt is one of the directors of Continental Wind, and is responsible for its wind farms investments in Australia, where it has a portfolio of 12 projects.

It was the Australian wind farms which contributed high profits to the Continental Wind Partners beneficiaries in 2016, and which passed

Holding, which owns the dozen wind farms. In 2016 Asia Pacific Renewables Limited sold the second largest wind farm in New South Wales under construction named Sapphire for 19.5 million Euro. After paying “bonus costs” worth two million Euro, these revenues contributed significantly to the 17.1 million Euro profits in this Maltese company that year. As revenues from this sale were exempt income, the company paid zero taxes in Malta.

Crandall’s lawyer explained “bonus costs” were paid to many participants who developed this project and agreed to work for no or reduced pay, in return for a bonus on completion.

Crandall also has two trusts, one in Guernsey and another in Malta. Usually, a trust can be used to determine how a person’s money should be managed and distributed while that person is alive, or after their death. A trust structure can also help in aggressively managing tax liabilities or even eliminate tax liabilities. It can also protect assets from creditors, and it can dictate the terms of an inheritance for beneficiaries. Or more precisely: trust is an agreement between two parties for the benefit of a third parties. The person who places the assets in trust for management, the trustee who manages the trust for the person who put the money in the trust, and the beneficiary.

The first one – The Crandall Family Trust – was established in 2006 under Guernsey law and is the 100 per cent ultimate beneficial owner of Postscriptum Ventures Ltd, incorporated in the British Virgin Islands, through which Crandall mostly controls his wind farm empire. Documents seen by Nacional prove that this Trust is the real beneficiary and were signed by representatives of another two British Virgin Islands companies, Cosign Services Limited and Spread Services Limited, which serve as nominees shareholders of Postscriptum Ventures Ltd. Mark W. Crandall is both grantor and the beneficiary of this Trust. In 2014 his wife Lidija Udovički was added to the list of beneficiaries of The Crandall Family Trust.

Crandall’s lawyer explained this trust has been set up so that Crandall would pay inheritance taxes to US and not United Kingdom and that both BVI and Luxembourg companies owned by this trust are ‘transparent’ for US Treasury, where he pays taxes.

But another Maltese APRL Resolution Trust, managed by Credence Corporate and Advisory firm as the trustee, was created on 31 December 2015. According to a deed Declaration of Trust, the initial trust property consists of transferred assets in the form of 2,980 shares of company Asia Pacific Renewables Limited and 16.5 million Euro of shareholders loans which were transferred from the Delaware company Continental Wind Partners LLC to the newly-founded Maltese trust and all its beneficiaries. According to the deed, beneficiaries of this trust are the same as shareholders in the Delaware company. Australian wind farms are main assets of this trust.

L Burke Files, an international finance investigator based in Arizona, USA, who has analysed some documents, explained that the purpose of this trust, a short term trust less then 3 years for US tax purposes, is to liquidate assets for the beneficiaries and manage tax liability. “An irrevocable trust creates a structure to hold and manage assets that is exempt from legal proceeds of either the grantor, grantee or the beneficiaries. Under most circumstances, the assets are out of the reach of any creditors,” he said and added that the ultimate control of the assets of the trust could be very remote from the actual trust. And this is a feature to obscure or confuse both ultimate beneficial ownership and control.

The trust is a very well crafted trust which appears to be tax neutral, meaning the profits or distributions will flow directly to each of the beneficiaries without tax consequences. This leaves each of the beneficiaries to deal with their own tax consequences in each of their home countries. “At best – if honest – this is a tax deferral and may recast the distributions into an asset category with a much lower tax rate. In time they will have to pay real tax where there is a real gain – when the payouts from the wind farms to the trust are paid to the beneficiaries. At worst this could be used for a very effective tax screen,” Files explained.

Files also questioned quality of IFC and EBRD due diligence process before approving loans to Serbia wind project. “It appears from the surface that if the IFC and EBRD were commercial banks their enterprises would be fined and senior officers would be fired. But as the employees of the sloth ridden bloated bureaucracy they have no skin in the game nothing will be done,” he added.

Crandall’s lawyer explained the purpose of the formation of the Trust was to separate the Australian assets from Dolovo. APRL Resolution Trust will not profit from the sale of Dolovo. Additionally, each ultimate beneficial owner of this trust has been declaring taxes in his or her

END OF BOX 1

BOX 2

Brnabić: "I was not involved in creating the ownership structure outside of Serbia and I have no idea what it was"

On set of detailed questions Serbian Prime Minister Ana Brnabić stressed that since entering government in 2016, she resigned from Continental Wind Serbia, SEWEA and all other functions. "I have reported to the Anti-Corruption Agency that I was the CWS Director and that I do not want to have any influence on any decisions that generally concern the policy of renewable sources in Serbia. As the Minister of Public Administration and Local Self-Government, I absolutely was not involved or had no contact points with the legislation concerning renewable energy sources," she wrote. "I was not personally involved in drafting and accepting regulation on state incentives as I was not in the Government at the time but representing an investor," she added.

She is also satisfied with Čibuk wind farm development and wrote "all taxes were paid to the Republic of Serbia and we always tried to be a socially responsible company, as best confirmed by numerous donations and contracts with the local self-government that part of the company's profit is paid directly to the budget of the municipalities."

On question about Continental Wind Partners offshore structure Brnabić answered: "I was not involved in creating the ownership structure outside of Serbia and I have no idea what it is." She didn't answer on question what is her personal and political stance towards companies which are registered in offshore jurisdictions to hide ownership and assist tax avoidance and tax evasion.

The Serbian president Aleksandar Vučić contacted through his cabinet office didn't respond to our questions.

Dimitar Enchev, Bulgarian managing partner of Luxembourg based Postscriptum Ventures confirmed that, among others, Valeo Group, British Virgin islands company, is owner of this Luxembourg company, but he didn't confirm or deny if he is owner of Valeo Group. "The other information you seem to have about our shareholding structure and our investors is incorrect," he added. He confirmed Postscriptum Ventures received a proceeds after the sale of Sapphire wind farm, but this was fully reinvested in its portfolio investments. "PSVS has not made any distributions since its inception so the only relevant taxes so far have been in Luxembourg. PSVS is subject to Luxembourg taxes, and its owners are also subject to tax in their own jurisdictions upon distribution."

"When I eventually receive a distribution from PSVS I will be subject to and pay tax in Bulgaria, at the Bulgarian personal income tax rate of 10%," Enchev explained.

Angelov did not respond to our questions. For Djurić and Petrović CWP's lawyer answered. Both are no longer employed at the group and during their employment they reported to the management of the various companies instructing them and performed the duties assigned to them.

On questions about due diligence before approving loans for Čibuk wind farm and if Continental Wind Partners companies in Cyprus, Malta, British Virgin islands, Luxembourg, Guernsey, Monaco, Delaware (US) and Singapore, where they don't have any wind farms, are legitimate and not designed for tax evasion, tax abuse or other illegitimate purpose, the IFC spokesman Frederick Jones gave the following answer:

"IFC, a member of the World Bank Group, and EBRD committed a €215 million lending package for development of Cibuk 1, the largest wind power plant in the Western Balkans, in October 2017. The project will help Serbia boost its renewable energy production and improve its energy mix (Serbia, with 70 per cent of the electricity generation stemming from older coal-fired plants, is among the largest greenhouse gas emitters per capita in Europe). As with all projects funded by IFC, IFC undertook a thorough due diligence of the project, including the legitimate use of intermediary jurisdictions, to ensure that it meets all IFC investments criteria. Cibuk 1 wind farm's sponsors are: Abu Dhabi Future Company Masdar, from the United Arab Emirates; Taaleri Tesla KY, from Finland; and DEG, Deutsche Investitions- und Entwicklungsgesellschaft mbH, from Germany. Continental Wind group was one of the original developers but has since sold its stake and is no longer an investor in the project."

EBRD didn't responded to similar questions.

END OF BOX 2

Komentiraj

Blaž Zgaga

Blaž Zgaga novi je suradnik tjednika Nacional. On je poznati slovenski istraživački novinar, ujedno i jedan od ključnih autora i protagonista u aferi Football Leaks. Zgaga je hrvatskoj javnosti otprije poznat kao jedan od koautora hit trilogije, knjige "U ime države" koja se bavi istraživanjem šverca oružja na Balkanu tijekom oružanih sukoba 90-ih, i koja je a prevedena je i na hrvatski jezik. "Reporteri bez granica" imenovali su ga kao jednog od "100 informacijskih heroja" tijekom 2014.