

A law firm has alleged that Albania's speaker of parliament, the former prime minister Ilir Meta, received bribes from Debt International Advisory, DIA, a debt-collection company currently in dispute with Albania's state-owned power utility, OSHEE, in the Vienna Arbitral Center.

The details emerged after DIA filed its suit against OSHEE in 2013, then named CEZ Shperndarje and then owned by the Czech power giant CEZ. It is seeking 130 million euro for breach of contract.

A motion to dismiss the case, filed with the Vienna arbitral centre by OSHEE's lawyers Clifford Chance, a copy of which BIRN has obtained, alleges Meta was one of the beneficiaries of a fraudulent payment of €4.5 million by CEZ Shperndarje to DIA in 2010 and 2011.

DIA owner Kastriot Ismailaj is already under arrest in Albania for money laundering and aggravated fraud. He is accused of orchestrating a multi-million debt scam in cooperation with the former head of the board of CEZ Shperndarje, Josef Hajsek.

The alleged scam occurred after the CEZ group bought a controlling stake in OSSH [later renamed] in 2009.

CEZ had an agreement with DIA to collect consumer debt, which apparently never happened. Instead, the money DIA charged CEZ was allegedly used for bribes intended to influence Albanian politicians and the Energy Regulatory Agency, ERE.

The brief filed by Clifford Chance says DIA received 1.48 million euro in 2010 from CEZ Shperndarje for a fake debt identification report.

The money was paid for Ismailaj to bribe the ERE to reduce the price at which the state-owned power producer KESH sold electricity to CEZ Shperndarje.

The subsequent ERE decision is said to have cost KESH tens of millions of euro. At the time, KESH was heavily subsidized from the state budget.

Meta did not reply to a request from BIRN to react to the allegations. Prime Minister Edi Rama also declined to comment on whether the government had any knowledge of the allegations facing Meta.

History of corruption allegations:

According to the motion filed by Clifford Chance, in 2010 and 2011 DIA received 4.5 million euro for a debt identification agreement as well as advances for operational costs for the fraudulent debt collection scheme from CEZ Shperndarje.

"Beneath the transferees [beneficiaries] of the money DIA gained from Respondent [CEZ Shperndarje] were... leading Albanian politicians, including at least one past Prime Minister who has been charged with corruption," Clifford Chance writes.

Meta was Prime Minister from 1999 to 2002 and is the only former premier to have been charged with corruption in Albania in the last two decades.

He was charged with corruption in February 2011 while serving as Deputy Prime Minister and Foreign Minister after a video was broadcast in which he appeared to be discussing bribes worth hundreds of thousands of euro.

Albania's Supreme Court dismissed the case in January 2012, however.

Testimony given for the arbitrage case by Josef Hejsek, a copy of which was obtained BIRN, says that when CEZ bought the power utility in 2010 and sought a business partner to facilitate dealings with local officials, Meta through the Albanian ambassador in Prague referred them to Ismailaj as someone who enjoyed the support of the government.

A former economy minister, Dritan Prifti, made a similar accusation against Meta in 2011. Prifti told Albania's Top Channel TV that Meta traveled to the Czech Republic to negotiate the contract for Ismailaj, described as "a person with a [criminal] record".

The idea was that there was 200 million euro of debt and, if he collected it, "he [Ismailaj] gets half", he added.

Clifford Chance told the court in its motion that the investigation into Ismailaj's scam was still ongoing, "and may emerge as one of the biggest corruption-fraud cases in Albania".

The law firm also claimed that despite Ismailaj's arrest, "he has still many friends inside Albania's government.'

Massive losses inflicted on Kesh:

According to Clifford Chance, before the relationship between Ismailaj and CEZ Shperndarje went awry, the businessman influenced a corrupt decision of the Energy Regulatory Agency.

The law firm's motion underlines that after CEZ Shperndarje in late November and early December 2010 paid 1.48 million euro to DIA for the fake debt identification report, in three tranches of 495,000 euro, ERE cut the sale price of KESH to CEZ Shperndarje.

"The amount slightly below EUR 500,000 was chosen to remain below the level of authority requiring Respondent's Supervisory Council Approval," Clifford Chance writes.

"The Debtor Identification Report, a document without any value to Respondent, was delivered in March 2011, four months after EURO 1.485 million was paid," it adds.

A few days after CEZ Shperndarje allegedly paid Ismailaj, the regulator ERE ordered the sale price of electricity from KESH to CEZ to be cut from 2.03 lek to 1.48 lek, a factor of 27 per cent.

"The damage caused to state-owned and subsidized KESH by this arbitrary price decrease was estimated to be higher than 30 million euro," Clifford Chance writes.

The law firm notes that the summer and autumn of 2011, Ismailaj quarreled with his accomplices over the division of the funds fraudulently acquired by CEZ Shperndarje. DIA's agreement with the power utility was terminated in November 2011. Following the collapse of the deal, in June 2012, ERE raised KESH's electricity sale price to CEZ Shperndarje by 48 per cent.
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