



BIDZINA'S LAW

The State Capture of Georgia

A White Paper on Bidzina Ivanishvili's
attack on rule of law and the case of
George Bachiasvili

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EXECUTIVE SUMMARY

Georgia is a country that finds itself at a critical juncture. For many years, the country has been regarded as a relative oasis of democracy in a very challenging region of the world situated between East and West. Georgia was celebrated as an international darling of Euro-Atlantic ambitions; a country that had brightly emerged from the collapse of the Soviet Union to overcome a brutal civil war and establish itself as a dynamic upstart democracy. But those hopes are now all but extinguished. Georgia's once-promising future is being tarnished by democratic backsliding, a captured judiciary, and increasing hostility toward Western values by its ruling Georgian Dream administration.

Don't blame their citizens. In poll after poll, Georgians express an overwhelmingly strong commitment to a European orientation, support for democracy, and distaste for Russian-style limitations on freedoms. The blame uniquely lies with one individual, Bidzina Ivanishvili, the country's former prime minister, most wealthy person and absolute owner and operator of the ruling Georgian Dream coalition.

As Ivanishvili has consolidated his power over the course of the last two decades. This paper sets forth how he has achieved "state capture" of government institutions, most notably, the judiciary. Usurping the power of these captured institutions for personal gain, he has denied judicial independence in the country, creating an unprecedented threat to democracy and human rights as he pursues cases against

political and business opponents, critics, rivals, and against anyone with whom he wants to settle a score.

This white paper tells the story of one of those victims, a venture capitalist named George Bachiashvili, who formerly worked for Ivanishvili before attracting the wrath of his privately "owned" prosecutors. In July of 2023, Bachiashvili was falsely charged with crimes in Georgia relating to a fully repaid bank loan from eight years prior. The charges are based on no other evidence than Ivanishvili's own ungrounded allegations and his decision to commandeer the judicial system to obtain what he wants.

The attack on Bachiashvili is critically important for the West. The case must be seen as a framework for understanding how Ivanishvili is leading the country: away from the path of Euro-Atlantic integration and toward a much darker future that will more closely resemble the authoritarian vagaries of Vladimir Putin's Russia, where the State apparatus is routinely used to settle personal scores and silence political opposition.

It must be understood that the Bachiashvili case is a historically unique case. It has been well documented that during Ivanishvili's reign he has instrumentalized the Georgian judiciary to satisfy his personal whims, but he has taken care to do so from the shadows, maintaining some deniability. However, for the first time, in the Bachiashvili case, Ivanishvili has emerged from the dark and is the direct complainant

behind these false criminal charges. If Ivanishvili intends to proceed with this farce, he will need to appear in court and explain himself and be cross-examined under oath – a position he has assiduously avoided in the past, and an opportunity our team welcomes.

This report places the Bachiashvili case into the larger context of Georgia's struggles to deal with its "independent" judiciary while under the yoke of one all-powerful oligarch. We examine Ivanishvili's history and origins of wealth, his political ascendancy, and how he came to achieve his state capture of Georgia. This report interrogates the blatant abuses of law in numerous other cases of Ivanishvili's targeting of political opponents, details the roles of his many servants (some of whom are already sanctioned in the United States and European Union for their misconduct) and the negative impact on human rights in Georgia. The paper summarizes critical international responses to the threat posed by this all powerful individual. We explore the shortcomings of efforts to contain and ringfence Ivanishvili's influence and identify the steps Georgia must take to save its democracy and free the judiciary from oligarchic control.

The fact is that Ivanishvili finds himself pitted against the aspirations of his own countrymen, and has become increasingly suspicious, isolated, and distrustful of Georgia's many crucial allies in favor of Russia. As demonstrated by the Bachiashvili case, Ivanishvili's behavior is becoming more erratic, more unhinged, and more dangerous. He feels he can act with impunity and without consequence, as demonstrated by his willingness to champion the deeply unpopular and self-destructive "foreign agents" legislation, which most recently led to mass street protests and violent repression by the security services. With the exception of Russia, all of Georgia's partners and allies have sharply condemned the foreign agents law.

The non-governmental organizations and civil society groups operating in Georgia are responsible for bringing forward almost all the critical reforms which are responsible for the country's success – and now, for Bidzina Ivanishvili to attack these groups, with his news outlets disparaging the younger generation as "radicals," represents an unprecedented escalation.

During Ivanishvili's speech to re-introduce the Putin-inspired law, he provided a delirious view of the widely sanctioned judicial system which he has fully captured and are in his employ. He brags that "the Georgian court is ahead of the courts of many EU member states in terms of justice and effectiveness," while denying the numerous documented failures.¹ He fails of course to mention that three of his senior judges and his former general prosecutor have all been sanctioned by the United States.

It is clear that Ivanishvili's desire to re-introduce a clearly unpopular law which threatens the nation's European aspirations is part of an overall resistance against Western values: rule of law, freedom of expression and an independent judiciary.. It is no small irony that at this time, the Georgian Dream Party has introduced legislation governing offshore entities allowing himself and other oligarchs close to Putin the ability to bring funds and assets into Georgia on a tax free basis and with minimal disclosure and transparency. The law goes so far as to remove all taxation on such assets including the import taxes, income tax and property taxes till up to 2030. This is equal to creating a personal tax heaven for the enormous stash of assets including Real estate, art and other assets that Ivanishvili and his pro-Russian allies own. Ivanishvili has created an infrastructure of impunity, a safe haven for corruption, and his conduct in the Bachiashvili case is a strong illustration of how that power can be, and will be, abused.

The time to act is now. Following Russia's invasion of Ukraine in 2022, all bets are off, and regional tensions are multiplying. Georgia's geopolitical importance cannot be understated. The European Parliament has directly cited the problem by name in a December 2022 resolution, demanding that Georgia needs "to eliminate the excessive influence of vested interests in economic, political and public life (...) notably of the oligarch and former Prime Minister Bidzina Ivanishvili," and calls for deep structural and regulatory reforms.² The Venice Commission of the European Union has similarly called for the removal of this poison from the body politic and denounced the government's half-measures as insufficient.³

But now we need more than words. Georgians are exhausted and fed up with Ivanishvili.

Even the crowds bused in from the regions for his April 29 rally did not clap for his speech; instead, artificial applause was piped in through the loud speakers. One man should never control an entire country, and a captured judiciary should not function as the private political weapon of a single oligarch. This trial must be watched closely, these reforms must be enacted, and there must be consequences for a failure to address the rule of law crisis. Bachiashvili represents the bright future for Georgia, and if he can be snuffed out by political whims, the future of Georgia is indeed dark. Bachiashvili isn't the first victim of false prosecution by Ivanishvili, and he likely will not be the last – but he is willing to fight back.

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- 1 "Bidzina Ivanishvili Backs Anti-Western Policies, Threatens Repressions," *Civil.ge*, April 29, 2024. <https://civil.ge/archives/602348>
 - 2 European Parliament resolution of 14 December 2022 on the implementation of the EU Association Agreement with Georgia (2021/2236(INI)). <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022IP0442>
 - 3 "Georgia's de-oligarchisation bill "ineffective", Venice Commission says," BNE Intellinews, June 13, 2023. <https://www.intellinews.com/georgia-s-de-oligarchisation-bill-ineffective-venice-commission-says-281504/>

PART I:

THE PRESSURE CAMPAIGN AGAINST GEORGE BACHIASHVILI

Born in Moscow in 1985, George Bachiashvili and his family relocated to their native Georgia shortly after the fall of the Soviet Union. Bachiashvili attended school in Tbilisi amidst the chaos of the Georgian civil war, before travelling to the United States in the 11th grade as part of a student exchange program. At only 15 years old, Bachiashvili became the youngest graduate in the history of Leander High School in Austin, Texas.

In 2005, Bachiashvili earned his Bachelor of Business Administration (BBA) from Caucasus University while simultaneously working at the Bank of Georgia. Through a colleague at the bank, Bachiashvili was introduced to the Abu Dhabi Group, a private investment fund based in the UAE that hired him to head their business development at the company's office in Georgia. Bachiashvili worked for Abu Dhabi Group for several years, during which time he assisted in the purchase and restructuring of both Kor Bank and Standard Bank in Georgia and oversaw the acquisition of a major hotel project in 2007.

In 2010, Bachiashvili completed his Master in Business Administration (MBA) at the prestigious Institut European d'Administration des

Affaires (INSEAD) in Fontainebleau, France, and accepted a position at the Moscow office of the international consultancy firm Booz & Company. Bachiashvili had only been with Booz for a few months when he was called for an interview for a position in the real estate department of the Unicor Management Company, which managed a vast portfolio of assets and capital belonging to Ivanishvili. Bringing his previous finance experience and INSEAD training, Bachiashvili began building complex financial models for projects and taking on additional responsibilities, displaying an unrivaled capacity for technical work and management. Within a year of working at Unicor, he was promoted to the position of Deputy CFO of the Group.

Bachiashvili met Ivanishvili for the first time in November 2012, when Ivanishvili had just become Prime Minister of Georgia. Ivanishvili previously sought Bachiashvili's expertise and assistance in managing the divestment of his Russian assets in the run-up to the elections. Ivanishvili quickly recognized the young Bachiashvili's financial acumen, appointing Bachiashvili as a Deputy CEO of The Partnership Fund (Georgia's Sovereign Wealth Fund) and began to seek his counsel on his private

financial matters. Ivanishvili eventually began to include Bachiasvili in meetings and consultations on economic policy in his official capacity as Prime Minister.

The brilliant young financial analyst soon became a liaison between Ivanishvili and his personal bankers, accompanied Ivanishvili to economic meetings and was on hand to provide advice during talks with foreign investors.

Bachiasvili recognized that there was a deficit in equity capital on the books in Georgia and suggested to Ivanishvili the idea of creating an organization that would attract more foreign investment. That organization came to be called the Georgian Co-investment Fund (GCF); a Cayman Islands / Luxembourg-based private equity fund financed exclusively by Ivanishvili with Bachiasvili as its CEO. In 2013, Bachiasvili, Ucha Mamatsashvili (Ivanishvili's nephew) and a Georgian entrepreneur founded GCF Partners LLC (GCF Partners), a Georgian-based entity whose purpose was to manage the assets of its sole client, GCF.

In addition to his ownership of GCF Partners and his unofficial role as Ivanishvili's financial advisor, Bachiasvili was also a GP and CEO of GCF Partners. In 2019, Bachiasvili voluntarily stepped down as CEO of GCF Partners to devote more time to managing his venture capital firm, Mission Gate Inc., which he had founded in 2014. He continued to serve as Head of the Advisory Committee of GCF until 2023.

BACHIASHVILI DISCOVERS THE CREDIT SUISSE FRAUD, AS IVANISHVILI'S PARANOIA DEEPENS

While Bachiasvili was developing his own portfolio and inching closer to self-reliance, he nonetheless continued to prove himself loyal and useful to Ivanishvili. Indeed, Bachiasvili's discovery of an unprecedented scandal in

2015, and his assistance in resolving it, made him temporarily indispensable to Ivanishvili, a fact which may explain the convenient timing, years later, of the criminal charges against him.

Ivanishvili utilized many banking institutions to manage his enormous fortune. In 2005, he established a trust with the Geneva branch of Credit Suisse. One year later, a Credit Suisse employee named Patrice Lescaudron was appointed by the bank to operate the trust's vast portfolio. For nearly a decade, nothing out of the ordinary was detected. Lescaudron appeared to be keeping meticulous records showing that the trust funds were being managed responsibly, and twice per year Lescaudron would travel to Georgia with one or two senior Credit Suisse executives to present Ivanishvili's financial managers with detailed reports of the investment portfolio.

In 2015, Bachiasvili received a call from two senior executives at Credit Suisse. While Bachiasvili's full time responsibility was management of GCF, his other separate role was to act as Ivanishvili's official point of contact for Credit Suisse. The executives informed Bachiasvili that Lescaudron had been hospitalized and that there was an issue in the trust account relating to a particular investment which necessitated an urgent margin call. Bachiasvili realized immediately that the investment in question could not possibly have triggered a margin call in a portfolio of that size. He demanded to see a copy of the trust's records.

A cursory examination of the trust account revealed the value of the portfolio to be \$440 million and not the \$1.2 billion stated in Lescaudron's reports. At the same time, the records revealed that the equity stake in one particular investment amounted to approximately 50% of the trust's assets. It was this imbalance that ultimately triggered the margin call and exposed Lescaudron's ongoing fraud, sending

false statements and theft of the trust's funds.⁴

Once Bachiasvili understood the full scale of the fraud that had been perpetrated against the trust, he swiftly notified Ivanishvili. Shortly thereafter, Ivanishvili tasked Bachiasvili with hiring and leading attorneys. George selected legal firms in London, Singapore, and Bermuda and oversaw all aspects of the litigation commenced against Credit Suisse in those jurisdictions.

For the next 8 years, Bachiasvili worked closely with Ivanishvili's attorneys in five jurisdictions including Switzerland, Singapore and Bermuda, supplying all the key documentary evidence and providing critical witness testimony at two most important trials. Meanwhile, Bachiasvili's relationship with Ivanishvili began to show signs of strain.

In May 2022, Zaza Shatirishvili, a philosopher widely acknowledged to be a close confidant of Ivanishvili and occasional unofficial spokesperson, began spreading an unfounded conspiracy theory that the United States was determined to pull Georgia into the Russia-Ukraine war, and the Credit Suisse fraud was somehow an elaborate "blackmail" campaign designed to attack Ivanishvili and force him back into politics to do Washington's bidding and open a second front for the military conflict with Moscow.⁵ The same conspiracy theory was repeated by other lawmakers for Georgian Dream in the following days.⁶

On various occasions in his personal interactions with Ivanishvili, Bachiasvili attempted to dissuade him of such delusions of persecution, pointing out that the fraud had a history that predated Ivanishvili's entry into politics. Moreover, Bachiasvili held the position that there was no evidence that the United States had any involvement in the Credit Suisse fraud, as the legal case was slowly but rightly progressing towards victory. This commonsense advice, however, was not well received and

prompted other members of the oligarch's inner circle to disparage Bachiasvili as disloyal and, potentially, an agent of the West. At the time, Bachiasvili was traveling to the United States frequently, which only fed the fire of these false conspiracy theories. Ivanishvili's paranoia only intensified with the onset of Russia's large-scale invasion of Ukraine in February 2022 – which Bachiasvili had denounced publicly on social media, prompting further antagonistic rebukes from Ivanishvili. This support of Ukraine, at a time when Ivanishvili's political party was fiercely resisting pressure to join the Western sanctions regime against Russia's aggression, may well have been the final "evidence" Ivanishvili needed to conclude Bachiasvili's pro-Western inclination coupled with his financial success as a venture investor posed a political threat to his regime.

In September 2022, as the Bermuda proceedings drew near, Ivanishvili expanded his suspicions of the Western conspiracy against him to include Bachiasvili. He began sporadically accusing Bachiasvili of being a spy for the American government and conspiring with Western powers to carry out the Credit Suisse fraud against him, an accusation which Bachiasvili would vehemently deny. Curiously, despite these occasional worrying statements, Ivanishvili nonetheless maintained his working relationship with Bachiasvili and made no effort to prevent him from managing the ongoing Credit Suisse litigations.

Perhaps the strongest evidence that Bachiasvili was not in some conspiracy with the United States to disconnect Ivanishvili from his wealth was his outstanding success managing the Credit Suisse legal case, in which he was a key witness and strategist. In May 2023, a Singapore court ordered Credit Suisse to pay Ivanishvili \$926 million, and In June 2023, the Bermuda Court of Appeals affirmed an award of \$600 million to Ivanishvili's family. However,

these victories did not dissuade Ivanishvili that Bachiashvili had indeed become a political threat. As described later herein, less than a month after these court rulings abroad, Georgian prosecutors would file false charges against Bachiashvili at the instruction of Ivanishvili.

Ivanishvili's paranoia was not limited only to Bachiashvili. Around the same time, a number of key legal counsel involved in the successful Credit Suisse cases, both international and Georgian, were summarily terminated with personal prejudice. Ivanishvili's circle of advisors grew smaller and smaller, while anti-Western rhetoric observed through his occasionally deployed spokespersons became sharper and more pointed.

IVANISHVILI'S "UNHINGED" BEHAVIOR

The Credit Suisse affair marked the beginning of Ivanishvili's rapidly unraveling relations with the West, having believed, falsely, that the sprawling fraud allegedly masterminded by Patrice Lescaudron was part and parcel of an insidious foreign plot to weaken him. Several of the first signals that Ivanishvili was willing to depart from Western norms involved increasing lawless and authoritarian abuses against his opponents, such as the Gvaramia case detailed herein, which invited international condemnation, as well as the high-profile arrest and incarceration of former President Mikheil Saakashvili, who returned to Georgia from exile in October 2021 and was immediately imprisoned.

According to one report by the US-based Foreign Policy Research Institute⁷:

The Georgian government released a series of surveillance tapes showing Saakashvili eating porridge in a doctor's

office, packing up his belongings in the prison cell, and being taken to the prison hospital against his will. One of the tapes shows Saakashvili refusing to leave the transfer van and shouting at the staff, being carried into the building by hand, dragged down a hallway, and thrown on the floor of his room, shirtless. To date, no government official has agreed that Saakashvili's human rights have been violated despite video proof of his poor treatment.

Reacting to this shocking video, former Georgian Ambassador to the US Batu Kutelia commented: "The actions of the Georgian government regarding Mikheil Saakashvili replicate the behavior of Vladimir Putin's regime. With their lust for political retribution, the GD government is acting as a Russian ally, trying to symbolize the failure of liberal democracy in the so-called 'Russian near abroad.'"⁸

Ivanishvili's slide away from his former pro-Western stance was sharply accelerated by the Russian invasion of Ukraine in February 2022. The outbreak of this conflict placed enormous pressure on his preferred position of seeking to avoid provocations toward Moscow while appearing to carry forward the EU accession steps so strongly favored by the public. Since February 2022, the Georgian Dream government has refused to join any sanctions, it has prevented volunteer fighters from joining the conflict, and in several cases, refused entry to certain Russian opposition exiles.⁹

The most remarkable change in attitude has been in negative, anti-Western rhetoric voiced by several of Ivanishvili's handpicked government officials who act as his surrogates. Irakli Kobakhidze, the Chairman of Georgian Dream and current Prime Minister, has often been the tip of the spear in terms of attacking the West. In one media analysis of his

comments between February 23 and July 27, 2022, Kobakhidze made 57 critical comments about the West compared to only 9 comments regarding Russian aggression.¹⁰

As the war in Ukraine ground on, Ivanishvili became extremely hostile toward US Ambassador Kelly Degnan, with several of his known spokespersons accusing her of attempting to “blackmail” the former prime minister into joining Russian sanctions. The escalating incident prompted a rebuke from US State Department, and a bizarre series of accusations. According to one report published by OC Media:

On 8 July, Degnan said she ‘couldn’t even finish reading’ an appeal addressed to her by Mikheil Kavelashvili, one of three MPs who recently ‘left’ the ruling party.

In the letter, Kavelashvili criticized Degnan for failing to distance herself from or condemn the opposition United National Movement party (UNM) and various government critics, including watchdog groups, the Georgian Public Defender, and President Volodymyr Zelensky and other Ukrainian leaders for their alleged wish to involve Georgia in a war with Russia.

Degnan described the letter as ‘full of lies and conspiracy theories’ that ‘sounded really unhinged’ to her.¹¹

THE FOREIGN AGENTS LAW

Russia’s invasion of Ukraine was a gamechanger for Ivanishvili and the Georgian Dream coalition. Following the high-profile confrontation with US Ambassador Degnan, the party attempted to pass a version of an existing Russian law, which would essentially classify all non-governmental organizations which received any foreign funding as “foreign agents.”

The sponsors of the bill claim that the draft law is similar to United State’s Foreign Agent Registration Act (“FARA”) , which was originally enacted in 1938 to contain influence of Nazi Germany in US politics. However, the Georgian draft law is much more similar to Russia’s foreign agent legislation – directly targeting foreign aid from the United States and European Union, despite them being allies who have provided billions of dollars in aid over the past thirty years. The draft Law on Transparency of Foreign Influence would require all organizations which receive more than twenty percent of their funding from abroad to register as “agents of foreign influence,” providing the ruling party with expanded powers to arbitrarily eliminate critical media, curtail independent civil society organizations acting with any level of inconvenience, and even repress entrepreneurs and businesses engaging in international commerce. The draft law would have given the government the unilateral ability to prosecute and eliminate what Ivanishvili views as his opposition. If Georgia were to apply the law similarly to Vladimir Putin’s Russia, which is expected, the law would be used to create a climate of suspicion around people and organizations that the authorities want to portray as subversive, carrying a connotation of “spying” and treachery against national interests.

The law was first introduced by Georgian Dream lawmakers in March of 2023, but was withdrawn within days following massive protests.¹² The draft bill was widely condemned by the international community as well. At the time, Hugh Williamson, an officer with the NGO Human Rights Watch, issued a statement commenting: “The ‘foreign agent’ bills seek to marginalize and discredit independent, foreign-funded groups and media that serve the wider public interest in Georgia. They clearly aim to restrict critical groups and crucial media, violate Georgia’s international obligations, and

would have a serious chilling effect on groups and individuals working to protect human rights, democracy, and the rule of law.”¹³

Following the March 2023 failure to implement the law, the Georgian Dream Party reintroduced the draft bill again in late April of 2024, this time with Ivanishvili personally descending from his mountaintop villa to put his own signature on the legislation. In a chilling speech delivered in Tbilisi before a crowd of people bused in from the surrounding regions, Ivanishvili demonstrated a remarkable departure from his previous positions:

“The important decisions in this world are taken by the global party of war. It is this global force that first forced the confrontation of Georgia with Russia and then put Ukraine in even worse peril. NGOs and radical opposition are acting on their behalf. The laws that we are proposing are there to expose those dark linkages.

NGOs are pseudo-elites nurtured by a foreign country and have several key characteristics. They have no homeland; they do not love their country or their people because they do not really consider them to be their own. On the contrary, such people are embarrassed by their country and its people.

Some ask why we took back the law on foreign agents last year. This was because a large proportion of society was misled, and we also had to ensure stability. But now, people are no longer fooled and support our Georgian law on transparency. We are also ready to surmount the difficulties without sacrificing stability.”¹⁴

The massive street protests that followed the reintroduction of the foreign agents law resulted in a violent crackdown, with tear gas, rubber bullets, and beatings.¹⁵ Reacting to the violent

repression of the protests, Josep Borrell, High Representative of the European Union for Foreign Affairs and Security Policy, issued a statement: “I strongly condemn the violence against protesters in Georgia who were peacefully demonstrating against the law on foreign influence. Georgia is an EU candidate country, I call on its authorities to ensure the right to peaceful assembly. Use of force to suppress it is unacceptable.”¹⁶

The vocal youth of Georgia, like Bachiashvili, have condemned the draft bill and the continuing attempts by Ivanishvili to repress fundamental freedoms, pushing Georgia away from European Union ascension. Following the re-introduction of the foreign agents bill, Bachiashvili strongly condemned the move in a post on social media:

“Since 90’s, it was with the support and efforts of the West that the rise of our country began. It was through their programs that many of our young people were educated and upon their support our institutions and reforms were built. Ivanishvili’s regime stands upon remains of this very institutions and fights against the future of our country!”¹⁷

That makes people like Bachiashvili, in Ivanishvili’s mind, members of the “party of war”, and therefore, political opponents who must be eliminated. This led to, in George Bachiashvili’s case, a sham political prosecution based on fabricated offenses.

MISSION GATE AND THE CARTU BANK LOAN

In 2013, Bachiashvili met with the founders of a technology startup, Bitfury, which was engaged in the design and manufacture of microchips and construction of data centers dedicated to blockchain technologies. Specifically, Bitfury

was looking to develop the most advanced cryptocurrency processing units that implement immersion-cooling capabilities to reduce costs and increase mining margins. At this time in Georgia, very few people had heard of cryptocurrency and there was very little to no activity in this space, so Bachiasvili sensed a business opportunity leading him to research the technology and conduct thorough due diligence.

Bitfury was seeking investment to expand its mining capability, however, the board of GCF deemed cryptocurrency too risky for its portfolio of investments. Instead, GCF committed to a \$20 million loan to Bitfury, which was paid back with 25% interest approximately seven months later. Bitfury used the credit line to build a state-of-the-art 40-megawatt mining data center in Georgia's capital of Tbilisi, which submerges the computers in a non-conductive liquid to keep them chilled as they make billions of calculations per second. GCF would again extend a loan of another \$10 million at 20% interest to Bitfury.

Following the successful loans by GCF, he brought several investment opportunities before Ivanishvili on several occasions to gauge his interest in investing in cryptocurrency and was rejected. In numerous meetings, Ivanishvili expressed a clear disinterest in any investment, or ownership of cryptocurrency mining or coins, which he deemed too risky and not aligned with his investment interests. However, throughout this time Bachiasvili himself had been investing his personal capital in cryptocurrencies as he found the technology very promising. He eventually decided to invest in cryptocurrency mining as well.

In 2014, Bachiasvili launched his venture capital firm, Mission Gate, which was dedicated to investing in cryptocurrencies, crypto and technology startups around the world. In June 2015, Bachiasvili negotiated an investment deal between Mission Gate with Bitfury

amounting to \$6.3 million of investment. As, Bachiasvili had only \$1.3 million of his personal capital available, he gathered some offers for independent lines of credit for the remaining amount. Because of conflict of interests he did not seek any financing from GCF or its related entities, however he felt he could go to Ivanishvili given the history between them, to see if he could secure a loan with Cartu Bank (owned by Ivanishvili's son).

Ivanishvili was skeptical of the request for the \$5 million loan, given his concerns about the high level of risk associated with cryptocurrency. Bachiasvili reiterated that he was putting his life savings up for the opportunity, and strongly believed it would be a successful investment. Ivanishvili instructed Bachiasvili to apply for the credit facility from Cartu Bank and provide all the requisite documentation to evidence the deal and contingencies for the review of Cartu's credit committee. Some weeks later after further review, Ivanishvili instructed Bachiasvili to meet with Nato Khaindrava, Chairperson of the Supervisory Board of Cartu Bank. After further negotiation of the loan, and with the blessing of Ivanishvili, Khaindrava and Cartu Bank extended Mission Gate the loan facility.

In July 2015, the bank agreed to these conditions, and Mission Gate signed the loan agreement. All Mission Gate's financial commitments for the loan were remitted to the bank by the end of 2017. Along with the credit settlement and profit payment, Bachiasvili provided the full withdrawal logs from the blockchain, detailing the record of the amounts owed.

Since the full repayment of this loan in 2017, Bachiasvili had heard of no complaint, no dispute, and no issue with the transaction until six years later when he was summoned before the prosecutors for questioning in 2023 and discovered Ivanishvili had decided to target him with these false claims.

SEEKING TO “PUNISH” BACHIASHVILI, IVANISHVILI ORDERS PROSECUTORS TO ISSUE FALSE CHARGES

On Thursday, July 6, 2023, the Prosecutor’s Office of Georgia filed criminal charges against Bachiashvili alleging “misappropriation” and “legalization of illegal income” related to the 2015 cryptocurrency mining investment. The charges, which came after weeks of questioning and open cooperation by Mr. Bachiashvili, were later revealed to stem from a complaint submitted by Ivanishvili.

The basis for the case is however entirely fictional, and the charges politically motivated – in no other normal, rule of law system would criminal charges arise from such an absence of evidence without the extraordinary political influence of their source, in this case, Bidzina Ivanishvili. As we stated in an earlier press release, it was highly questionable for the prosecutors to bring forward charges without any basis. In our law firm’s initial statement, we took the position that:

“It is our clear understanding that the origin of these charges is not rooted in any factual findings or serious investigation, but instead the charges appear to be the result of a weaponized prosecution.”

Amsterdam continued: “George Bachiashvili is an incredibly accomplished entrepreneur of impeccable reputation who is now being targeted for his political beliefs, with the state apparatus being abused as an instrument of theft. These charges are an embarrassment to the country, and we intend to vindicate our client through all available measures both domestically, with our co-counsel in Georgia, and internationally.”¹⁸

As detailed above, Bachiashvili’s business with Cartu Bank was fully concluded without

incident. The loan was fully repaid to the bank in accordance with the loan agreement, fulfilling all contractual obligations. Bachiashvili has never at any point entered any form of partnership with Ivanishvili. And yet, many years later, and with a total absence of evidence, Ivanishvili is attempting to claim a fully repaid loan represented an “investment.”

In April 2022, a year and three months before the charges were filed, and couple of weeks after Bachiashvili’s fierce public condemnation of the war in Ukraine, he received a strange, threatening phone call from Ivanishvili. “You better behave, or you’ll find out how I sorted out those criminals in Russia,” (English translation from Georgian) Ivanishvili told Bachiashvili, claiming that he was not sufficiently grateful for all that he had done for him.

The rapid unraveling of Ivanishvili’s restraint has made it clear that he has fully succumbed to the Moscow narrative – a binary worldview of us vs. them. He took Bachiashvili’s support of Ukraine and overall history of proximity and affinity toward the West, in combination with his financial success and deep knowledge and familiarity with his financial affairs, and came to the decision that it was necessary to take down this putative political opponent through whatever pretext was available to him.

THE CONTRADICTIONS AND ABUSE OF LAW IN THE BACHIASHVILI CHARGES

In any normal rule-of-law country, the Bachiashvili case would not be possible.

Levan Makharashvili acts as Bachiashvili’s Georgian defense counsel. He previously served as Head of the Legal Department, Office of the Chief Prosecutor of Georgia, from 2009-2011, and is one of the country’s most experienced criminal law experts. Makharashvili comments on the abnormality of this case:

“Never in my years working for the prosecution service or in private practice I have ever seen criminal charges brought on the basis of so little evidence. It is highly unusual and represents a major red flag.”

The Prosecutors have issued charges against Bachiasvili under Article 182 (Appropriation or embezzlement) and Article 194 (Legalization of illegal income) under the Criminal Code of Georgia, which “establishes grounds for criminal liability, determines which acts are criminal and prescribes relevant punishment or other types of penal sanctions.”¹⁹

Firstly, upon review of Ivanishvili’s witness testimony, any prosecutor operating faithfully under the Criminal Code of the Republic of Georgia would be obligated to dismiss the matter from investigation immediately and refer the claimant to seek remedy under one of Georgia’s existing civil law statutes to file a complaint. If Ivanishvili’s allegations had merit, the case would be a contract claim that should in fact be brought by Cartu Bank. The case is very plainly a civil matter, which has no business in criminal law. At the core of the dispute, there is a powerful oligarch who, eight years after his bank issued a loan, declares – without evidence – that there exists a contract for an investment, and that against all of the documents in case, the Bank loan was purportedly a personal investment of Ivanishvili.

Secondly, the prosecutors are obligated to drop the case based on the clear exculpatory evidence contained within the prosecution’s charge documents. The copy of the loan agreement between Cartu Bank and Bachiasvili contradict the allegations of the complaint, as the document explicitly details the terms of the transaction, interest rate, and repayment terms – which prove that there was no investment by Ivanishvili. It further leads one to speculate about the absurd logic of this case. If Ivanishvili enjoys this level of control over prosecutors, it

would mean he could retroactively become a self-declared “investor” in any and every loan originated by Cartu Bank in its history. Moreover, the case overlooks the necessary premise that according to this logic, Cartu Bank, which is an regulated bank, is Ivanishvili’s personal piggy bank where Ivanishvili uses depositors funds to gamble for his benefit.

Lastly, without any form of compelling evidence, the charges relating to the legalization of illicit income are fabricated and incomprehensible. Money laundering requires the purported funds to be the proceeds of crime. No predicate criminal offense has been alleged and therefore the charges should be dismissed with haste.

According to Article 5.2 and 5.3 of Chapter II of Georgia’s Criminal Procedure Code, “No one shall be obliged to assert his/her innocence. The burden to prove the charges shall lie with the prosecutor,” and “a suspicion arising during the assessment of evidence that cannot be confirmed in the manner prescribed by law shall be resolved in favor of the accused (convicted person).”²⁰ The prosecutors cannot in good faith proceed to bring charges before a court when they lack “consistent, clear and convincing evidence” that they believe proves their case “beyond a reasonable doubt.” The fact that there is exculpatory evidence within the prosecution’s submissions would make this case dead on arrival in any normal court. But this is Ivanishvili’s Georgia, so this is where we find ourselves.

In reality, this is not a criminal case, nor are there plausible grounds for a civil claim. The Bachiasvili case represents a manipulation of the Georgian legal system to wrongly punish and victimize a target for personal, political motives. In essence, the prosecution’s theme is that a crime has been committed because Ivanishvili said so, and unlike other cases where Ivanishvili used third parties to do his bidding, in

this case that is what is happening literally. This campaign of persecution is far more important and larger than just the two individuals involved, as it involves unprecedented abuses of rule of law, profound levels of corruption, and the state capture of critical government institutions by a man who has shown a willingness to exercise revenge and harm the country's national interests in the process.

The attack is part and parcel of a rapidly deteriorating political environment. In Ivanishvili's speech of April 29th, 2024, he promised vengeance against his opponents, saying that his re-elected government would be able to deliver a "strict political and legal condemnation to the collective UNM [meaning NGOs and political opponents]; it will get the due

punishment it deserves. They will pay for all the crimes against the Georgian people."²¹

Noted Caucasus expert Thomas de Waal responded to the speech with a dire warning. "An extremely dangerous speech that will chill anyone who cares about Georgia to the bone. There will be plenty of commentary but no summary can convey the full-on conspiracy-minded paranoia. Bidzina Ivanishvili seems to believe this stuff," De Waal commented on social media.²²

Before Bachiashvili, there have been other victims of Ivanishvili's prosecutors and, following his recent speech, it is clear there will be many more in the future. But before we detail these other cases, first it is necessary to understand how Ivanishvili accumulated his power and why he considers himself above the law.

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PART II:

RISE OF BIDZINA'S FIEFDOM

To understand how a man like Bidzina Ivanishvili has come to enjoy such sweeping powers over the entire government of Georgia, one must go back to his beginnings and understand the cunning it required to build and keep a fortune during the often violent and lawless turbulence of early 1990s Russia.

Like many oligarchs, the early history around Ivanishvili's vast wealth accumulation is often incomplete, no doubt intentionally so, given his extreme reclusiveness and preference for privacy. Born in 1956 in rural Georgia, Ivanishvili moved to Moscow after graduating from Tbilisi State University. In graduate school, he met his future business partner, Vitaly Malkin, and together they took advantage of perestroika and accumulated some capital dabbling in the import/export of consumer electronics from Asia. Quickly the two partners moved into finance, launching Rossiysky Kredit (R.K.) bank, one of Russia's earliest commercial lenders. A massive success, the bank would shortly become the country's fourth-largest bank by assets before the 1998 ruble crisis.²³ One of the primary keys to the bank's success was a license to trade foreign currency, which was rare at the time and allowed for a high level of political access.

When Russia's privatizations began, Ivanishvili "avoided the dangers of doing business with

the bandit class and the state security apparatus" and snapped up less popular assets, allegedly using depositor funds – to buy up iron ore mines and processing plants.²⁴ In 2005, Ivanishvili sold his stakes in these enterprises for USD 2.5 billion.²⁵

IVANISHVILI FOLLOWS THE RUSSIAN RULEBOOK

Little information is available to confirm or contradict Ivanishvili's vague portrayal of the early 1990s. He avoided publicity to an extreme degree before launching into politics, famously granting one single interview to the Russian business newspaper Vedomosti in 2005, which is often relied upon by researchers to account for his activities during this period. Ivanishvili was eventually invited into the group known as the *Semibankirschina*, the group of seven bankers, and became directly involved in politics along with the group's leader, oligarch Boris Berezovsky.²⁶ Ivanishvili and Malkin supported General Alexander Lebed's candidacy in 1996 to help the unpopular President Boris Yeltsin win re-election. Lebed was able to drain votes away from the Communist Party candidate, Gennady Zyuganov, and pave the way for Yeltsin's re-election and the protection of their empires.²⁷

In 2012, Berezovsky gave an interview in which he acknowledged the critical political role played by Ivanishvili in the background. “Even though Ivanishvili was not among the outstanding representatives of that group, he was on the front line. In this regard, Ivanishvili’s contribution was great indeed,” Berezovsky said. “Lebed trusted Ivanishvili and Malkin very much and took heed of their opinions, which became one of the important factors for his decision [to support Yeltsin in the presidential run-off election in 1996].”²⁸

From 1996 to 2000, the *Semibankirschina* expanded its political power and control of the Russian economy, with several oligarchs even assuming formal official cabinet roles. However, when Yeltsin appointed Vladimir Putin as his successor, a well-documented “taming of the oligarchs” took place, resulting in a sharp reversal of fortunes for most of the seven bankers. By 2003, Mikhail Khodorkovsky had been thrown in jail on false charges, Berezovsky and Vladimir Gusinsky had fled into exile, and two others had been driven out of business. Ivanishvili remains one among just a handful of the *Semibankirschina* who continued into the Putin era with their fortunes intact, a testament to the fact that he was well known as a person who plays by Russia’s rules.

Berezovsky explains: “I know that Ivanishvili has no problems in Russia. For me, that is always an accurate criterion that the businessman plays according to the rules set by the Russian government. (...) There are no businessmen in Russia who do not have problems with the government and, at the same time, are not supporters and carriers of its politics.”²⁹

ENTRY INTO POLITICS

Ivanishvili left Russia in 2002 and lived briefly in France before returning to Georgia in 2003, just in time for the “Rose Revolution,” which swept President Mikhail Saakashvili to power. Ivanishvili claims he supported Saakashvili’s administration

and was one of its biggest financial donors.

Following Russia’s routing of the Georgian military in the 2008 invasion and the de facto annexation of one-third of the country’s territory, President Saakashvili’s earlier popularity cratered. There were widespread reports of irregularities and accusations of election rigging in 2008 and 2010. A significant protest movement took place in Georgia for months in 2009, calling for Saakashvili’s resignation over corruption allegations. Despite having supported the president right up until the point of the war with Russia, these events contributed to Ivanishvili’s decision to stop financing the Saakashvili project.

On October 7, 2011, Ivanishvili released his “written statement” announcing his intention to lead the Georgian Dream coalition. In the statement, he accused Saakashvili of consolidating “a total monopoly” on political power.³⁰ The statement listed nine goals, including creating “an independent judiciary” and making it “permanent,” sorting out relations with Russia, and deepening “friendship and integration with the United States and European Union.”³¹

He writes, “During my whole life I was rejecting any probability of going into politics. I believed that I could have done more as an ordinary citizen free of any additional obligations, but [the] present political atmosphere showed me clearly the need of changing my opinion about this issue. After long deliberations and analysis, I came to a conclusion, that I had no choice other [than going into politics]. I ascertained that it would not be possible to correctly manage political processes and yield desirable results only through providing financial assistance to opposition.”³²

GOVERNING FROM THE SHADOWS

President Saakashvili conceded defeat to the Georgian Dream coalition on October 2, 2012, marking Georgia’s first civil transfer of power

in a democratic election in post-Soviet history. As promised, once he had consolidated political control, Ivanishvili's tenure holding formal official power was very brief. He promptly named his successor, Interior Minister Irakli Garibashvili, and then installed a politically inexperienced academic, Giorgi Margvelashvili, as president. Ivanishvili resigned on November 20, 2013, after just a year in office. However, his resignation was never confused with retirement from politics.

Ivanishvili had already placed Margvelashvili in other prominent roles, selecting him as Deputy Prime Minister and Education Minister. That said, he was still virtually unknown, as shown by a public opinion survey commissioned by the National Democratic Institute, which showed his popularity at just 29%.³³ In Garibashvili and Margvelashvili, Ivanishvili had secured two of his closest allies in the most powerful positions in the country. He publicly admitted that Garibashvili "periodically solicits his opinion and advice."³⁴ To Ivanishvili's frustration, Margvelashvili implied that he (Ivanishvili) dictates government policy from behind the scenes, calling it "insulting" and "groundless."³⁵ More recently, Margvelashvili has characterized Ivanishvili as a "Russian oligarch" in response to his controversial April 2024 speech.³⁶

In the latter half of the decade, it had become increasingly clear that Ivanishvili's overwhelming influence over the Georgian government was interfering with the duties, ambitions, and independent policymaking of elected officials. This was particularly noted in a 2019 report issued by Freedom House, which emphasized that Prime Minister Kvirikashvili was pressured to resign because his economic policies displeased Ivanishvili. The authors wrote, "The ability of elected officials to determine and implement government policy is impaired by the informal role of Ivanishvili, who holds no public office but exerts significant

influence over executive and legislative decision-making," and continued, "Ivanishvili's policy influence is also visible in connection with his financial and business interests."³⁷

IVANISHVILI CONSOLIDATES POWER

For several years, the semblance of democratic plurality continued. The Georgian Dream coalition consisted of such wildly different political parties and ideologies that would seem impossible to maintain cohesion after the shared goal of expelling Saakashvili from power had been accomplished. Indeed, by November 2014, Defense Minister Irakli Alasania, a popular politician viewed positively in the West, was fired in response to disagreements over strengthening Euro-Atlantic ties, followed by a raft of high-level resignations from the cabinet. At this point, Ivanishvili called it a crisis within the coalition and "not a crisis within the government."³⁸ The withdrawal of Alasania's Free Democrats party from the Georgian Dream could have been fatal to Georgian Dream's parliamentary majority. However, party leaders were able to co-opt numerous former UNM deputies and smaller parties, expanding their grip to 115 seats in the 2016 elections.³⁹

The defection of Alasania from the coalition appeared to have struck Ivanishvili in a personal way, provoking him to take revenge against an erstwhile protege. For the first time, Ivanishvili appeared willing to exert his outsized influence directly on the judiciary to secure the punishment of a political challenger. Looking back, we should have seen the attack on Alasania as a "trial balloon" for Ivanishvili's state capture – a test of what he could get away with.

Before Alasania's resignation, prosecutors had arrested and charged four members of the Ministry of Defense as part of an "anti-corruption probe," accusing them of mispending 4 million lari (USD \$1.8 million) on a fiber optic

procurement project.⁴⁰ Speaking with reporters at the time, Alasania said, “I want to unambiguously state that this is obviously politically motivated. (...) I want to clearly state that this is an attack on Georgia’s Euro-Atlantic choice. (...) This is an attack on the structure, which ... is distinguished by its successful reforms and is distinguished on the path of achieving this foreign policy goal.”⁴¹

This was the beginning of a troubling pattern in which Ivanishvili had commanded enough control of various state institutions, that he no longer had to rely on actual evidence to go after political opponents or individuals who he believed had views contrary to his own. Often using the guise of “anti-corruption”, he was able to specifically target individuals that had a “pro-western” lean and was able to apply enough pressure to have them removed from office and sometimes maliciously prosecuted, either through false accusations or public pressure.

Interestingly, his interventions in legal matters were sometimes open to the public for all to see. In a television interview, Ivanishvili directly criticized then-Prosecutor General Giorgi Badashvili (without naming him), complaining that he should have waited to spring the arrests and charges of the four defense officials until Alasania had returned to the country, presumably to catch him by surprise and cut off his ability to talk about it with international media.⁴²

In other words, Ivanishvili’s prosecutors performed their hit job and were given a bad review on the air from their boss.

No evidence was ever produced in that procurement case, and the investigation fizzled out without comment once Alasania had been successfully diminished from influence in the country’s politics.

Ivanishvili’s control over the judiciary will be further explored in the following section.

IVANISHVILI’S “IMPAIRMENT” OF GOVERNANCE

Since the 2014 incident, Ivanishvili continued to control the government from the shadows in an unobvious manner. Key posts are routinely filled with inexperienced, unambitious figures who posed little threat to act outside their instructions. By 2015, Transparency International counted at least 38 government officials who previously worked in Ivanishvili’s companies, commenting that such a clear pattern “further reinforces the commonly held belief that the former Prime Minister still has influence on the government.”⁴³

There has been a revolving door of hand-picked prime ministers, from Irakli Garibashvili (2013-2015) to Giorgi Kvirikashvili, Mamuka Bakhtadze, Giorgi Gakharia, and back once again to Garibashvili, who was then removed on corruption allegations.⁴⁴

Each of these leaders appears to succeed or fail in relation to whether Ivanishvili – instead of Georgian voters – approves of their conduct. Kvirikashvili infamously was forced to resign after getting into a dispute with Ivanishvili over economic policy.⁴⁵ After an unexceptional term in office carrying out Ivanishvili’s wishes, Gakharia suddenly resigned from office in 2021 in protest of the government’s decision to jail opposition leader Nika Melia.⁴⁶

Ivanishvili did not take kindly to Gakharia interfering in one of his political prosecutions. “One of the leaders of the ruling party and the person in public office with the greatest power at a completely incomprehensible time, for a completely unheard of reason - he resigned because he did not want to respect the rule of law and enforce the law,” Ivanishvili said in an interview attacking Gakharia for his interference in Ivanishvili’s personal prosecution.⁴⁷

The two presidents who have been elected since Saakashvili’s downfall, his close friend Giorgi Margvelashvili and then Salome

Zourabichvili, have shown a level of independence and have sometimes clashed with Ivanishvili and the GD-led parliament.⁴⁸

In the latter half of the decade, it became increasingly clear that Bidzina Ivanishvili's overwhelming influence over the Georgian government was interfering with elected officials' duties, ambitions, and independent policymaking. The aforementioned 2019 report issued by Freedom House particularly criticized the situation surrounding Kvirikashvili's resignation. The authors wrote, "The ability of elected officials to determine and implement government policy is impaired by the informal role of Ivanishvili, who holds no public office but exerts significant influence over executive and legislative decision-making," and continued, "Ivanishvili's policy influence is also visible in connection with his financial and business interests."⁴⁹

IVANISHVILI'S RETURN(S) TO POWER

There have been moments of challenge and turbulence in Georgian politics that have appeared to unsettle Ivanishvili's grip on the country. Despite always having micro-managed the ruling party from the shadows, in April 2018, he was forced to formally "return" to politics, taking over the chairmanship of the Georgian Dream party, allowing him more direct control over the selection of his preferred candidates. At the time, Ivanishvili claimed that his decision to return to politics aimed to solve intra-party disputes. However, others painted it as a response to the growing public outrage over one of his mega vanity projects, Panorama Tbilisi.⁵⁰ In pursuing that project, Ivanishvili's sweeping abuses of power and demonstrations of state capture provoked significant public backlash, eventually forcing him to backtrack and withdraw from the project. The public had long been aware of Ivanishvili treating Georgia as his own personal fiefdom, using the courts

to sideline competitors and consistently benefit his economic interests, but Panorama was seen as a step too far.

By 2021, Ivanishvili said he was once again permanently retiring from politics, a claim that his critics have scorned.⁵¹ They didn't have to wait very long to be proven correct.

In 2024, the Georgian Dream party, looking to secure another win in the October elections, decided to reshuffle their administration once again – replacing Prime Minister Garibashvili with Georgian Dream chairman Irakli Kobakhidze.⁵² At the same time, Ivanishvili, in order to re-consolidate his grip over the country, announced he is taking up the position of Georgian Dream "Honorary Chairman." Akin to a position of "Father of the Nation", this new position allows Ivanishvili the right to choose the party's nominee for Prime Minister in the next election, stating he would be the party's "main advisor."⁵³ In the same speech he finally conceded that over the past three years he "was in communication with two- or three-party leaders."⁵⁴

Regarding his third official "comeback" into politics, Ivanishvili stated "When there is no one opposing us from the outside, there emerges a temptation of concocting discord within the team...corruption risks rise and need to be insured against."⁵⁵ One of Ivanishvili's former advisors, Gia Khukhashvili, has said this return could be to give himself a certain level of "immunity from possible European Union sanctions."⁵⁶ Georgia and its people have long aspired to join the European Union after finally achieving "candidate status" in December of 2023.⁵⁷ One of the European Union's recommendations for their adoption included a process called "de-oligarchization", which is widely viewed as specifically targeting Ivanishvili and his "informal role" in the country's governance.

Now, such prospects seem more distant than ever. In the aftermath of Ivanishvili's April

29, 2024 speech in which he defined the United States and European Union as enemies of Georgia, combined with Georgian Dream's entry into law of the offshore tax haven bill,⁵⁸ it is clear that the political resurrection of Ivanishvili is based on the concept of double impunity. Firstly, he is seeking to insulate himself from Western from sanctions. Secondly, he appears to be providing a tax-haven for sanctioned Russians as well as

himself to move their wealth and assets with no tax implications into Georgia.

Ivanishvili's most recent re-entry into politics, his rhetoric and draft laws against the west, and his new political prosecutions against individuals like Bachiashvili are all part of an overall political pivot Ivanishvili is taking away from the west towards Russia, driven by Ivanishvili's growing paranoia.

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PART III:

IVANISHVILI'S CAPTURE OF THE JUDICIARY

The Georgian Dream regime's weaponization of the justice system cannot be fully understood without examining the capture of the Georgian Prosecution Service, serving as a centerpiece of its weaponized legal apparatus. This capture lies in overt direct control and the sinister influence of Ivanishvili. Strong evidence suggests that Ivanishvili exerts control over the prosecution service either directly or through his proxies, the former Prosecutor General Otar Partskhaladze and his successor, the current Prosecutor General Irakli Shotadze.

The Georgian Dream dismisses allegations of Partskhaladze's control based on him not occupying any formal position of authority.⁵⁹ This assertion is substantially misleading insofar as Partskhaladze's alleged control is informal and insidious.

Partskhaladze's brief stint as Prosecutor General in 2013 ended abruptly after just one month in the office.⁶⁰ Publicly disclosed information about his past, including a criminal record in Germany and alleged diploma forgery, led to his resignation.⁶¹ His successor, Irakli Shotadze, Partskhaladze's close

friend and ally, inherited the compromised system and has done little to dismantle its politicized infrastructure. His continued complaisance to Partskhaladze's influence perpetuates the capture of the institution he formally heads.

Personalist regimes often develop a reactive loyalty when it comes to law enforcement personnel, regardless of public disapproval. Shotadze's persistence in office despite public outcry illustrates this trend. Following his controversial resignation in 2018, Shotadze returned to the role of Prosecutor General in 2020. Georgian Dream officials have staunchly defended his record, refuting accusations of misconduct and framing his earlier resignation as a mistake.⁶² Under Prosecutor General Shotadze's watch, Otar Partskhaladze has not been convicted of any criminal charges despite facing multiple accusations of assault, extortion, and racketeering.⁶³ In 2017, Partskhaladze was charged with assaulting Auditor General Lasha Tordia. However, he was acquitted by the Tbilisi City Court in 2021. Tordia obtained political asylum in the U.S. in 2022 based on the facts of this case.

IVANISHVILI'S ALLEGED EXTORTION OF OMEGA GROUP

In a televised interview on September 30, 2018, Zaza Okuashvili, owner of the Omega Group business conglomerate, leveled multiple accusations against Bidzina Ivanishvili and Otar Partskhaladze.⁶⁴ Okuashvili alleged that Partskhaladze, acting as Ivanishvili's enforcer, used aggressive tactics to pressure Omega Group to extort money and seize control of a television station owned by Okuashvili.⁶⁵

Accusations involved Levan Kipiani, then government minister, who mediated between Omega Group and Ivanishvili. Okuashvili claimed Partskhaladze imprisoned Kipiani for a night in a basement, subjecting him to violent threats and even the threat of rape.⁶⁶ However, Kipiani, visibly shaken during later interviews, ultimately recanted these accusations.⁶⁷ He admitted to collaborating with Okuashvili to fabricate the story and falsely implicate Partskhaladze and Ivanishvili.⁶⁸ Kipiani did, however, confirm that Partskhaladze physically assaulted him, apparently angered by Kipiani's use of foul language. Ivanishvili also publicly confirmed this account of Kipiani's beating, justifying Partskhaladze's actions by saying: "You know what the reaction of the Georgian man is when he is being sworn at."⁶⁹ Ivanishvili added that Partskhaladze later "regretted" his actions.⁷⁰

PARTSKHALADZE'S ENDURING INFLUENCE OVER THE JUDICIARY

Transparency International Georgia's recent report highlights Partskhaladze's enduring impunity as a prime example of state capture.⁷¹ The same anti-corruption watchdog has traced Partskhaladze's rapid enrichment following his resignation from the office, including shadowy business deals involving Georgian state

enterprises, Ivanishvili's Georgian business projects, and Russian Oligarchic economic interests.⁷² Partskhaladze is believed to belong to Ivanishvili's inner circle and has close ties to the Ivanishvili family.⁷³

Partskhaladze's continued informal leverage over the Georgian Prosecution Service speaks volumes about the regime's commitment to maintaining control over the justice system. Political capture of the prosecution service is further attested by the "persistent impunity for abuses by law enforcement."⁷⁴ A recent ECtHR judgment⁷⁵ found the violation of the procedural limb of the right to life, on account of lack of proper investigation in the case of Temirlan Machalikashvili, a boy shot dead by special forces during a counter-terrorism operation.

The European Commission's recent enlargement report on Georgia⁷⁶ also raised concerns regarding the compromised institutional independence of the Georgian Prosecution Service. The Georgian Dream Party unilaterally amended the election procedures for the Prosecutor General's position, changing the required qualified parliamentary majority to a simple majority. The Commission's report recommends the reversal of this amendment and the reintroduction of the qualified majority rule to address the problems of institutional independence.⁷⁷

In September of 2023, the United States government sanctioned Partskhaladze for assisting the Kremlin in exerting "malign influence" on Georgia.⁷⁸ The State Department went on to say that Russia's Federal Security Service (FSB) helped Partskhaladze obtain his Russian citizenship and then "used him to influence Georgian society and politics for the benefit of Russia."⁷⁹

The conduct of Georgian authorities in response to Partskhaladze's sanctions corroborates the former Prosecutor General's

deep ties with the Georgian Dream and his importance to the regime.⁸⁰ All state authorities, effectively under Georgian Dream control, acted in unison to shield Partskhaladze from the material, legal, and reputational adverse effects of the U.S. sanctions.⁸¹

Presumably, Ivanishvili was not pleased by the introduction of U.S. sanctions against one of his most effective operators. The Georgian Dream party reacted immediately and decided to “warn” the Georgian National Bank against freezing Partskhaladze’s assets, stating that doing so would violate the Georgian constitution.⁸² The next day, the Georgian National Bank released a statement adjusting its rules. Rather than complying with the U.S. sanctions, the new memorandum stated that only an indictment by a Georgian court can lead to the freezing of a Georgian national’s assets.⁸³ At the same time, the President of Georgia delayed⁸⁴ stripping Partskhaladze of his Georgian citizenship⁸⁵ as required by the constitution and citizenship legislation due to his becoming a foreign national. As a result, Partskhaladze could divest all his Georgian assets to his son.

In conclusion, it is clear that Partskhaladze, as well as his successor, have the protection and “cover” from the ruling party, and as long as they remain in power, there will be no investigation or consequences, no matter the allegations or even evidence of corrupt practices or rising levels of international pressure. The capture of the Prosecution Service represents a crucial pillar of the Georgia Dream regime’s politicized justice system. The European Court of Human Rights judgments and reports of rights watchdogs and international actors clearly show a compromised institution incapable of fully upholding the rule of law.

REFUSING TO REFORM

Regarding the European Union recommendations, it is unequivocal that judicial reforms are the least pursued and lowest prioritized policy initiative by the Georgian Dream party.⁸⁶ Prime Minister Irakli Kobakhidze has openly mocked the European Parliament, commenting in 2022 that a recent resolution demanding the release of political prisoners “has the price of a straw.”⁸⁷ There has been no concerted effort to appease the international institutions or respond to the international outcry regarding these creative political charges they have used as weapons against political opponents. These charges have no merit and have been widely condemned by all objective observers, including international bodies. When the United States sanctioned four prominent judges, the “judicial clan,” on April 5th, Levan Murusidze spoke with a local T.V. network, saying, “life goes on,” and he “will get over it somehow.”⁸⁸

Public pressure locally from civil society organizations like Transparency International or Human Rights Watch has not been able to move the needle when it comes to judicial reforms, and the “judicial clan” involved in such corrupt practices continues to hold the most powerful seats in Georgia’s judicial system, all but guaranteeing a lack of fairness for any political opponent or media critic to expect a fair trial in the country.

Lawfare of this kind has no place in a “democracy.” It is especially dangerous when one individual can use his influence and wield the level of control we see from Ivanishvili and the Georgian Dream party. The following section will explore how these attacks on judicial independence and weaponization of prosecutors are damaging the country, and how key allies in Europe and the United States have responded.

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PART IV:

REACTIONS TO GEORGIA'S BACKSLIDING ON RULE OF LAW

Although Georgia is a multiparty political system that holds regular, free elections, its democratic ambitions are undermined by weakly institutionalized political pluralism, characterized by extreme polarization,⁸⁹ and charismatic leaders that have historically dominated its political sphere.⁹⁰ As demonstrated above, Georgia's institutions have been captured by the country's most wealthy man. The separation of powers and the rule of law are insufficiently institutionalized and frequently instrumentalized. Moreover, while Georgia has ratified the European Convention on Human Rights, its commitment to the protection of human rights remains systematically deficient.

The Georgian legal system is today completely captured. The principal failings of the judiciary relate to the structure of the judiciary itself, the corruption of certain powerful judges in the judiciary, the opaque nature of how judges are appointed in Georgia, and the lack of transparency in decision-making regarding legislative processes, including investigative bodies intended to weed out high-level corruption. In recent years, controversial laws have been pushed through the legislative process without proper review or debate,

controversial judges have been appointed to highly sought-after positions without competition or an adequate selection process, and there has been a troubling increase in political prosecutions, including attacks on the media, and opposition parties, as well as a complete lack of responsiveness to any judicial reform suggestions and concerns raised by civil society organizations.

ABANDONING RULE OF LAW

On 30 October 2020, Transparency International Georgia concluded a report entitled "The State of the Judicial System 2016-2020," stating that "the authorities have abandoned the idea of the creation of an independent judiciary."⁹¹ The report acknowledges, but is nonetheless critical of, judicial reforms implemented by the Georgian Dream party since 2016, noting that: "in certain cases, the reform only served to strengthen the interests of a narrow group"⁹², and that "[c]urrently, the administration of the judiciary is entirely in the hands of a narrow group of influential judges"⁹³.

Georgia uses a judicial framework that is opaque in nature, whereby, through bodies such

as the High Court of Justice, a small group of individuals can leverage a high degree of control over the judiciary. In 2018, a constitutional amendment was passed that gave the High Council of Justice sole responsibility for the nomination of judges to the Supreme Court.⁹⁴ Without selection criteria and a clearly defined nomination procedure, it is an opaque process where those in power can secure nominations with little oversight. These secretive appointments are held without competition or publicity regarding recent vacancies. There are numerous instances where a seat has been vacated and filled with what can only appear to be a hand-picked replacement in a rushed process.

In December 2019, parliament appointed 14 new judges to the Supreme Court drawing harsh criticism from observers from the Council of Europe. Titus Corlătean and Claude Kern, co-rapporteurs of the Parliamentary Assembly of the Council of Europe, noted that the appointments took place “without proper reasoning and reportedly including persons who have not demonstrated during the selection process that they have the legal knowledge and independence required for such an important position.”⁹⁵

The processes themselves give the appearance of corruption in the selection process. Specifically, the reappointment of controversial Justice Mikheil Chinchaladze as the chairperson of the Tbilisi Court of Appeals for a second term, despite domestic and international criticism, raised significant concerns about the judiciary’s responsiveness to public concerns and the potential for undue influence.⁹⁶ The selection process also includes a substantial role for powerful prosecutors, which suggests an overlap between political interests and the furtherance of one’s political career, as well as judicial interests and favorable opinions of specific people or groups.

On 30 December 2021, a controversial and hastily adopted law proposed by the Georgian

Dream party was approved in an expedited process,⁹⁷ which dissolved the State Inspectors Service despite appeals by the State Inspector and public defenders.⁹⁸ In late December 2021, international bodies, including the Council of Europe Commissioner for Human Rights, issued a statement calling on the Georgian Parliament to reject draft legislation undermining the independent functioning of the State Inspectors Service.⁹⁹ She noted that the legislation being passed was expedited “without proper consultation with the relevant stakeholders.”¹⁰⁰ The U.S. embassy in Tbilisi said on 3 January that the Georgian Dream party had undermined government accountability with the move.¹⁰¹ The United Nations Country team also issued a statement pointing to the “expedited manner and lack of inclusive and transparent discussions about the abolition of one of the most credible, independent, and authoritative institutions in Georgia.”¹⁰²

THE CLAN OF JUDGES

Abusing the rule of law in pursuing personal power is incomplete without a subservient judiciary. Georgia’s judiciary exemplifies captured judicial institutions, which serve the regime in exchange for the security of their official positions and attendant benefits. This relationship of clientelism does not preclude and often overlaps with corruption and similar practices (nepotism, favoritism, quid pro quo, etc.).¹⁰³

It is widely understood and recognized internationally and domestically that the Georgian judiciary is controlled by a shadowy group of justices largely referred to as “the clan” or “the clan of judges.” This is said to be made up of about 30 justices sitting in high-level positions in courts across the country but is mainly run and operated by four individuals, including Mikheil Chinchaladze, Levan Murusidze, Irakli Shengelia, and Valerian Tsertsvadze.¹⁰⁴

This group is all sitting justices; some are current High Council of Justice members, and some are former members.¹⁰⁵ Chinchaladze was recently appointed to the Tbilisi Court of Appeals.¹⁰⁶

On 5 April 2023, the U.S. Department of State sanctioned this group of individuals under visa restriction authorities due to their involvement in “significant corruption.”¹⁰⁷ The United States’ Ambassador to Georgia, Kelly Degnan, stated that the State Department issued the sanctions “based on credible and corroborated evidence that these individuals abused their public positions by engaging in significant corrupt activity.”¹⁰⁸

According to the US Department of State press release, “[t]hese individuals abused their positions as court Chairmen and members of Georgia’s High Council of Justice, undermining the rule of law and the public’s faith in Georgia’s judicial system.”¹⁰⁹ Among the designated persons were three serving (court president, member of High Council of Justice-HCJ) and one retired (Tsertsvadze, former President of the Court of Appeals and HCJ secretary) judicial bureaucrats.¹¹⁰

Members of the Georgian Dream party wasted no time in hitting back against the US State Department. Party Chairman Irakli Kobakhidze accused US Secretary of State Anthony Blinken of having corrupt motivations and claimed his statements concerning the sanctions had allegedly “tarnished” his name.¹¹¹ On 6 April 2023, Georgian Foreign Minister Iliia Darchiashvili published an open letter threatening that if the US State Department failed to withdraw its decision, it would be “perceived by the Georgian state and the Georgian people as pressure on the independent courts of a sovereign state and crude interference with their work.”¹¹²

A sprawling investigative report published in August 2022 by Studio Monitor, the Georgian

partner of the Organized Crime and Corruption and Reporting Project (OCCRP), detailed how the Clan of Judges personally benefitted from, and sought to conceal, the proceeds of corruption.¹¹³ According to the report, clan member Murusidze failed to disclose assets belonging to his romantic partner in his declarations, including multiple apartments, expensive jewelry, and designer clothes acquired in recent years.¹¹⁴ The investigation noted that the level of spending far exceeded the amount the couples’ declared salaries could afford.¹¹⁵ Similarly, Chinchaladze, another clan member, owned significant real estate holdings that were seemingly registered to his aunt that he failed to report.¹¹⁶

Both Murusidze and Chinchaladze are associated with the High Council of Justice, the oversight body of the country’s judicial system, which gets to select judicial appointments in the country. There is also a belief that both have a close behind-the-scenes relationship with Ivanishvili, tying them to the country’s ruling party, the Georgian Dream. Former High Council of Justice members have identified Chinchaladze as the clan’s “irreplaceable” top leader.¹¹⁷ Kahka Tsikarishvili, the former assistant to the head of Georgia’s Supreme Court, is now a member of a group of independent lawyers calling for judicial reforms, “for the most part, it exists in the form of instructions given to judges on what kind of decisions they’re expected to deliver.”¹¹⁸

The sanctioned judges form the core of the “judicial clansmen.”¹¹⁹ Their informal power over individual judges is based on consolidated formal powers through the control of the High Council of Justice. During the Georgian Dream regime’s rule, the High Council of Justice became one of the most potent judicial councils among its European counterparts as it amassed and consolidated powers of judicial appointments, dismissal, and accountability

through a series of legislative and constitutional reforms.

Through the manipulation of appointment rules and procedures of non-judicial High Council of Justice members, the Georgian Dream regime makes sure that non-judicial members act as regime representatives,¹²⁰ making them both leverage against judicial clan members who need non-judicial votes to adopt essential decisions and their loyal accomplices insofar as they serve the ends of the Georgian Dream regime.

In 2019, the Georgian Dream regime and judicial clan members in control of the High Council of Justice packed the Supreme Court, cementing their grip on judiciary power. The appointment of Supreme Court judges drew considerable public and political controversy and disregarded the Venice Commission's recommendations in 2019¹²¹ to raise the age and experience requirements for Supreme Court judges. In its Second Report on the Nomination and Appointment of Supreme Court Judges in Georgia, the Office for Democratic Institutions and Human Rights (ODIHR) criticized the Legal Committee's recommendation to appoint 14 out of the 19 nominees, noting that the appointments took place during an opposition boycott, and therefore the Legal Committee's recommendation was "based on votes cast almost exclusively by ruling party members and absent any substantive discussion or reasoning on the candidates' merits".¹²² According to the ODIHR, these glaring irregularities "undermined a transparent, merit-based selection process, failed to adequately inform parliament, and increased the risk that partisan preferences would guide the plenary vote."¹²³

A "HARROWING" EXAMPLE OF A HYBRID LEGAL REGIME

While judicial capture has been an enduring problem for Georgia, only developments of the

last decade are emphasized herein. The current regime rests on the seemingly boundless power and near total control of the billionaire oligarch Ivanishvili, who, as described in previous sections, founded the ruling Georgian Dream party and came to political power by electorally unseating the United National Movement of the former president, Mikheil Saakashvili (now serving his prison sentence in a hospital).¹²⁴ Since 2012, Georgian Dream has won all consecutive elections and consolidated Ivanishvili's grip on power, who is widely acknowledged to control much of the administration from the shadows.¹²⁵

According to the Nations in Transit 2020 report by Freedom House, Georgia provides a "harrowing example" of "hybrid regimes and autocracies that routinely mete out politicized justice."¹²⁶ Amnesty International's most recent report similarly states that in Georgia, "growing government influence over the judiciary, the use of selective justice and the politically motivated prosecution of political opponents and critical media remained ongoing concerns."¹²⁷

Beneath the facade of democratic aspirations, Georgia's hybrid regime has created two vastly different and competing systems: a prerogative state controlled by Ivanishvili in which judicial institutions are weaponized for personal gain; and a normative state nominally functioning for the benefit of the public at large.

Through calculated manipulation of criminal justice mechanisms and the instrumentalization of crucial institutions like the prosecution service and judiciary, the hybrid regime wields the instrument of law not for fairness and accountability but for targeted repression against its opponents and disfavored citizens.

While the Georgian Dream administration has succeeded in cloaking its machinations to a certain degree, there is abundant evidence showing that Georgia's justice institutions are captive, often serving the whims of personalist

power rather than the principles of justice and the rule of law.

CONDITIONS FOR DE-OLIGARCHIZATION

Georgia's quest to join the European Union presents a unique opportunity for the state to confront corruption and promote democratic governance through a process of de-oligarchization. On 17 June 2022, the European Commission published its first opinion on Georgia's application for candidacy,¹²⁸ in which it recommended granting candidate status contingent on Georgia addressing 12 specific issues. Perhaps the most controversial of these issues was the requirement to "implement the commitment to "de-oligarchization"¹²⁹ by eliminating the excessive influence of vested interests in economic, political, and public life."¹³⁰

Significantly, the European Union chose to use the term de-oligarchization in their opinion. Both within the Georgian political opposition, and the international community at large, this phrase is understood to be a reference to Ivanishvili¹³¹, and with good reason. Only one week before the European Commission published its opinion, the European Parliament passed a harshly worded resolution "expressing its concern over the destructive role played by the sole oligarch, Bidzina Ivanishvili..."¹³² Naturally, the Georgian Dream party denied that the European Commission's recommendation was directed at Ivanishvili, and immediately set about taking superficial steps towards addressing the issue.

On 1 December 2022, the Chairman of the Parliament of Georgia submitted a draft law on de-oligarchization¹³³ to the Venice Commission for review.¹³⁴ In its March 2023 opinion, the Commission identified two possible approaches to de-oligarchization: the "systemic approach"¹³⁵

and the "personal approach."¹³⁶ The systemic approach utilizes structural measures, adopting a set of interconnected legislative, administrative, economic, and other measures to prevent the disruptive effects of oligarchy on democracy. This includes reforms in legislation, media regulation, anti-monopoly laws, political party regulations, taxation laws, and anti-corruption legislation. The personal approach is much more targeted and involves what would appear to be a registry wherein oligarchs are labeled publicly, and their information is included in a public register. Theoretically, the registration would consist of restrictions on expenditures involving political activities, privatization of public property, and a requirement to report interactions with public officials.

The Venice Commission concluded that the draft Georgian law was closer in form to the personal approach, and advised against enacting it, noting that the personal approach may not be a practical or democratic response to oligarchic influence. According to the opinion:

"The 'personal approach' taken in the draft law, which defines and stigmatizes persons on the basis of unclear criteria, carries a high risk that will lead to human rights violations without achieving the aims pursued. The risk of arbitrary application of the Law is even higher in the light of public statements, indicating that once adopted, it will be applied to the opposition."¹³⁷

Undeterred by criticism, Georgian Dream legislators submitted a revised version¹³⁸ of the draft de-oligarchization law to the Venice Commission on 13 April 2023.¹³⁹ The results were not surprising. Although it acknowledged that some improvements had been made, the Venice Commission was "not convinced that the changes to the revised draft law [could]

remedy the unavoidable frictions with Council of Europe standards on human rights, democracy and the rule of law¹⁴⁰. The opinion advised, once again, against adopting the revised law and remarked that “de-oligarchization legislation of this kind risks becoming a dangerous tool in the hands of those in power to harass political opponents.”¹⁴¹

The Venice Commission’s strict approach to de-oligarchization has ultimately been an effective driver of reform. Although Georgian Dream legislators pushed the revised draft law through a second reading in June 2023, they were ultimately unsuccessful in adopting it.¹⁴²

In September 2023, Georgia endorsed an action plan for implementing the de-oligarchization recommendations of the European and Venice Commissions through a systemic approach, “including by reinforcing the rules on competition policy, media diversity and the financing of political parties.”¹⁴³ This is a step in the right direction, but further international pressure will be needed to maintain positive momentum.

In its November 2023 Enlargement Report, the European Commission took a positive, but sober, view of Georgia’s progress on de-oligarchization. The report encouraged Georgia to continue improving its action plan in order to ensure that “all key areas are adequately addressed.”¹⁴⁴ In particular, the Commission noted that:

“Further action is needed to further complete the de-oligarchization action plan and start its implementation, to establish a track record of investigations, prosecution, adjudication and final convictions of corruption cases, notably at high-level and, in particular, to address the challenge of large-scale vested interests and their influence in both the political, judicial and economic spheres¹⁴⁵”.

The European Union’s focus on de-oligarchizing signifies a concerted effort to confront corruption and promote democratic governance. A genuine effort by the state to implement the recommended systemic reforms will inevitably require a true separation of powers and an overhaul of corrupted judicial systems. Absent the continuing influence of Georgia’s sole oligarch, Ivanishvili, the development of robust democracy is eminently achievable.

VENICE COMMISSION AND EU ASPIRATIONS

On 14 December 2023, Georgia was granted candidate status by the European Council¹⁴⁶, on the understanding that the 9 steps set out in the European Commission’s November 2023 Enlargement Report¹⁴⁷ are implemented. The 9 steps focus on areas where the government has shown insufficient advancement since the European Commission’s June 2022 Report.¹⁴⁸ They also appear to correspond to skepticism within segments of the European community that suspects that the Georgian Dream party used the guise of compromise to appease specific recommendations while not changing anything about the structural problems that exist to root out the corruption in the country.¹⁴⁹ Indeed, 6 out of the 9 recommendations concern various issues of corruption and political polarization, including election reform, implementation of parliamentary oversight, de-oligarchization, and institutional independence of state security, law enforcement and investigative agencies.

Step number 6 on the European Commission’s list is particularly relevant to matters of corruption. It requires Georgia to “complete and implement a holistic and effective judicial reform, including a comprehensive reform of the High Council of Justice and the Prosecutor’s Office, fully implementing Venice Commission recommendations and following a transparent and inclusive process.”¹⁵⁰

The Venice Commission evaluated Georgia's progress on judiciary reform in October 2023 (prior to the release of the European Commission's enlargement decision) in relation to the amendments made to Georgia's Organic law on Common Courts in June 2023 as well as to proposed amendments submitted for consideration in September 2023.¹⁵¹ The October opinion concluded that the amendments failed entirely to address 2 of its 5 previous recommendations, namely, the "comprehensive reform of the High Council of Justice"¹⁵² and the circumscribing of the wide powers of the High Council of Justice when transferring and seconding judges.¹⁵³ Emphasizing the importance of these recommendations, the Venice Commission further noted that a comprehensive reform of the High Council of Justice would effectively address "the persistent allegations of lack of integrity of the [High Council of Justice]; reconsidering its powers, functions, decision-making procedures, and the manner of election of members."¹⁵⁴

The European Commission's 2023 Enlargement Report builds on the Venice Commission's findings. It recommends that Georgia establish "a system of extraordinary integrity checks, with the involvement of international experts with a decisive role in the process for candidates, and persons currently appointed to all leading positions in the judiciary, the High Council of Justice, the Supreme Court, and court presidents".¹⁵⁵ In addition, it advises the establishment of "a system of effective permanent and periodic asset declarations with the involvement of international experts in an oversight and advisory function."¹⁵⁶

Most recently, the European Commission reiterated the fact that these judicial reforms

are part of the "fundamentals" for accession.¹⁵⁷ According to a statement issued on March 22, 2024, by the Spokesperson of the European External Action Service (EEAS):

To address the existing systemic challenges in the judicial system, Georgia needs to establish a system of extraordinary integrity checks, with the involvement of international experts with a decisive role in the process, for candidates and persons currently appointed to all leading positions in the judiciary, in particular the High Council of Justice, the Supreme Court and court presidents.

In this context, the European Union is concerned about recent comments by Georgian public officials, which were directed against individual judges, who expressed their views regarding a potential system of integrity checks for the judiciary. It is important to ensure the independence of the judiciary.¹⁵⁸

The Commission's recommendations precisely diagnose the malaise of Georgia's judiciary by prescribing the most effective measures to cure it. Judicial clientelism, corruption, and compromised internal independence require the end of the rule of judicial clansmen and ultimately the careful deconstruction of Ivanishvili's malevolent influence. The mechanism of extraordinary integrity checks with decisive international participation, combined with institutional reform of the High Council of Justice provide the most adequate and practical tools to achieve this objective. The ultimate success of Georgia's bid for EU member status will likely hinge on them.

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CONCLUSION

This document provides a comprehensive analysis of state capture and politicized justice in Georgia, addressing the egregious flaws of the Bachiashvili case as a litmus test for the functioning of the rule of law in the country.

By delving into the specific mechanics of an abusive paradigm constructed by Ivanishvili to benefit his personal and political interests, the case sheds light on how the Georgian regime leverages a facade of legality to shield itself from accusations of authoritarian rule.

Central to this examination is the exploration of the complicit role played by Ivanishvili's enablers in both the executive and judicial branches, including the prosecution service, and how they have facilitated politicized justice against a range of victims. Drawing from documented cases and mechanisms employed to manipulate legal frameworks, it is unquestionably clear that Ivanishvili's victims are being deprived of their human rights, their right to a fair trial and right to defense, and the presumption of innocence which must exist in any country calling itself a democracy.

The outcome of the Bachiashvili case is deeply important for Western interests and the future of Georgia's geopolitical trajectory. If Ivanishvili believes he can continue abusing the

captured judiciary without penalty, the country will continue slipping away into the Russian orbit, despite the overwhelming public support to continue on the Euro-Atlantic path.

Considering this, it is imperative to enact urgent reforms to safeguard the principles of impartiality, transparency, and accountability within Georgia's justice system.

We are calling for the appointment of a special rapporteur to serve as an independent observer of key hearings in these proceedings, provided with the opportunity to study and verify Georgia's compliance with its legal commitments under international law.

Additionally, we are calling on all of Georgia's Euro-Atlantic allies to demand the Georgian Dream government demonstrate the successful implementation of numerous, long-promised and never-delivered reforms:

- Implement new sanctions and strengthen existing sanctions against members of Georgia's judiciary who engage in human rights violations and blatantly politically motivated cases.
- Implement measures to insulate judges from political influence and external pressures, ensuring their impartiality and autonomy in adjudicating cases.

- Establish robust mechanisms for monitoring and evaluating prosecutorial conduct to prevent abuse of power and partisan agendas.
- Enforce strict adherence to procedural safeguards, including the right to a fair trial, access to legal representation, and timely notification of charges, to protect individuals from arbitrary detention and judicial harassment.
- Institute transparent procedures for investigating allegations of judicial misconduct or political interference, holding accountable those responsible for undermining the integrity of the justice system.
- Encourage active participation of civil society organizations and human rights defenders in monitoring and advocating for reforms aimed at restoring the independence and integrity of Georgia's justice system.

Now is not the time to give up hope on the incredible promise of the Georgian people. The corrupted leaders of the ruling party indebted to Ivanishvili have on numerous occasions shown that they will abandon their most controversial policy proposals when confronted with public pressure. Incentivizing them to pass actual, meaningful reforms to secure judicial independence and neutralize Ivanishvili's influence will be the most difficult objective to achieve, but it is also the most important to secure a safe and prosperous future for the country.