

THE CONFLICT OF INTEREST – HOW IT LOOKS IN PRACTICE?

ANALYSIS OF INVESTIGATIVE JOURNALISTS

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TOWN OF ČAKOVEC AND ENGAGEMENT OF PEOPLE IN AND AROUND IT

NEPOTISM OR LEGITIMACY OF QUESTIONABLE MORALITY?

Čakovec is a small town where many people know each other, and even if that is not the case, then “something” is known about everyone, or it is easily and quickly found out. The public life of Čakovec is linked to a great degree to the town authorities, its administration and people it consists of. The first and foremost is definitely the mayor, in his second term already, Branko Šalamon, member of the Social Democratic Party (SDP).

Those who know him from the business and party life say that Branko Šalamon has “character problems” and that he is generally speaking a positive person, but that in his mayor’s mandate he has done quite a bit for his own benefit. For a number of years now he has been reproached for the fact that he made it possible for his son Siniša to rent very attractive premises for social purposes of the Youth Club in the heart of the town, to rent a recreational resort with the restaurant Totomore in Totovac, and that he saved his brother in law Andrej Gregorac from unemployment. In one word, he is reproached for nepotism and immoral moves with a legitimate foothold. It is precisely the latter that is subject to dilemmas that have marked Šalamon’s social activities as mayor, but also as president of the Town Council who has been executing his duties since 2001 when he became mayor of Čakovec.

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Just how Siniša Šalamon entered as leaseholder into the business with the Totomore resort and the Youth Club, I asked Branko Šalamon and received an explanation that at first sight seems like a strange web of circumstances in which the young entrepreneur, precisely the mayor's son, was placed into a context that "has nothing to do with the real truth".

-Totomore is not connected with the Town in any way because it is a privately owned facility. I do not know under which circumstances the tender was carried out. Besides, the son was a crony of Radovan Flajšer, to whom the facility was rented, which means that Siniša was actually the one renting the facility.

The question on whether the Town as an institution was exploiting the Totomore facility for public gatherings was answered by the mayor in the affirmative.

-Yes. Both officially and privately, when I duly settled the bill. Radovan and Siniša no longer work there because their business didn't pay off, but when speaking of the use of the restaurant as a venue for public gatherings and bringing guests of the Town of Čakovec, then I must remind you that we take guests to many other restaurants as well, says Šalamon.

In addition to business-wise and privately, Branko Šalamon as mayor and member of SDP could have influence on holding the party gatherings precisely in Totomore.

ON CLUB AND INSURANCE

The Youth Club represents premises for social purposes, located in the basement of the central town cultural institution - the Culture Center, founded and owned also by the Town of Čakovec. The traditional youth gathering place was four years ago managed by Siniša Šalamon as leaseholder. More precisely, it was managed by his crony Radovan Flajšer. The way in which this lease was realized is equally interesting. The discussion of the town authorities on the subject was led in the direction that was favorable for the mayor's son.

-The Town of Čakovec was interested in having the Youth Club managed by a town company and Stanorad contacted us. Then, within the town authorities there was a discussion on why this should be done by Stanorad, it should rather be left to the market. My son and his colleague Radovan Flajšer applied for the tender, offered the best conditions and were entrusted with the lease – says mayor Branko

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Šalamon, whose son Siniša was at that time working precisely in Stanorad. To the journalist's question regarding that fact, Branko Šalamon offers a brief answer:

-My son Siniša was employed there at the time so there was a lot of talk about it, but he worked there for only six months.

Although this does not diminish the fact to which the question refers, a confirmation of suspected nepotism was the contracting of a lease with Flajšer and Šalamon's son. After only a year and a half of working, the cronies gave up on that business as well. It is clear they did not manage to find the success formula in the hospitality industry.

-They had invested great resources into the Youth Club to refurbish it and they are still paying off their debts. Even my house was mortgaged for that loan, says the mayor.

Siniša Šalamon is employed at an insurance company. When asked if the Town of Čakovec has any contractual relations with that establishment, Branko Šalamon replies:

-Yes, the Town does have some insurance policies there, too.

SALVATION IN STANORAD

Andrej Gregorec was appointed manager of the town company Stanorad in 1998. At the time Branko Šalamon was filling the post of the president of the Čakovec Town Council and the fact that they had family ties through their wives who were sisters did not prevent from "going through the tender together" – the former as a candidate, the latter as a person presiding over the highest town authority.

Stanorad is a company managing several residential buildings and is in fact the successor of the former SIZ ("Self-Managing Community of Interest") for housing activities. To the question directed to Branko Šalamon on the appointment of his own brother in law as manager of a town company, the mayor answers:

-The town had to take control over the facilities previously managed by SIZ and in several places, even to employers, we offered for the organization of that business to be taken over in an economic manner. No one wanted to do that. On the market we did not find a solution better than establishing Stanorad and we announced

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a vacancy for the position of the manager. Gregorec did not have any opposing candidates. After all, he had a job, and the company he was working in did not want him to leave. He applied even though I didn't suggest it to him because he had a job. From the perspective of Stanorad manager Andrej Gregorec, the story is a bit different.

-Branko Šalamon did not suggest I should apply for the position. On the contrary, he said Stanorad had no money, it was doing badly and I shouldn't apply. I was leaving a private company and I was practically unemployed, and this opportunity in Stanorad was presenting itself so I applied for the position of manager because it was the only possibility for me to get a job. As a civil engineer I was the only candidate with adequate qualifications, says Gregorec who is currently the manager in his third term which expires in 2010.

The Town of Čakovec cedes business in construction and supervision in construction to no other than Stanorad, of which it is also the founder. The self-evident information would perhaps not be so striking if it were not an institution and a company managed by brothers-in-law. Mayor Branko Šolomon has an unequivocal view on that.

-Stanorad had to register additional activities for the company to be financed and exist in the market at all. We registered the hospitality business activity (from the time of the tender for the Youth Club lease, author's note), finishing works and supervision in construction. Yes, the Town placed supervision through Stanorad on the market because in some situations it had better offers- says Branko Šalamon. In that context manager Gregorec refers to the legal foundation according to which works valued at up to HRK 70,000 can be contracted with the Town without a public tender.

-We do things that are not too expensive, more precisely that are valued at up to HRK 70,000 and by direct agreement. Of course, we also apply to town tenders. Sometimes we get it, sometimes we don't. When there is a discussion in the Town Council on Stanorad's business and financial reports, there are always battles fought precisely because the mayor is my brother-in-law. We are constantly under all possible magnifying glasses, and I don't think it is necessary because we are dealing with small amounts of money, says Gregorec, whose wife manages a company registered for a range of business activities, including construction.

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To the question whether they have managed to resist the temptation in the gap between private and public work, Gregorec replies:

-No, we do not use that in this work. After all, it would be noticed immediately. If you are asking me about nepotism, I have to say that it is much harder for me to work than for someone who is not related to the mayor. Through work I contact many people and it even seems to me that some other people have more advantages in being engaged by the town structures than me or Stanorad. We are not so interesting, because there is no great money circulating around us.

NEPOTISM, FAVORITISM OR SOMETHING ELSE?

Čakovec mayor Branko Šalamon readily replies to all who accuse him of nepotism and protection of personal interests based on his function as the number one person in the town. The prevailing impression is that he is trying to relativize the situation and turn it to the benefit of those who make decisions.

- Let those who censure me try to put themselves in the shoes of the one ruling the local community and having to make decisions. The pressure is great. Not in the way that I "have to do" something, but rather that I am forced to constantly control if I have personal interest in a matter. Even in those situations in which I am not in conflict of interest, people impose on me the obligation of having to control something. I ask you, who would you employ if you had before you two people of the same qualities, and you knew one but not the other? We in SDP do it so that we don't take our own people. Among the employees of the Town administration those declaring themselves as SDP members are least present.

ASSOCIATIONS WITH THE SURNAME

In the Town of Čakovec Office, on September 1 of this year commenced the traineeship of Vedran Biševac, a senior at the Faculty of Transport and Traffic Engineering in Zagreb. The news of hiring another trainee within the town structure, this time in the Administrative Department of Municipal Economy, would not have raised particular interest had it not been the son the Town Council president Veselin Biševac. Did the satisfaction of the criteria from the tender for the employment of trainees have anything to do with the family name, we asked the head of the family. We added the

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remark that the tender was displayed at the Employment Service notice board, which considerably reduced the number of possible candidates and supervision of sorts by the public.

-Vedran was the only candidate who applied for the tender, and his application was conditioned by a family discussion. When one day before the tender was closed we saw that none of the candidates applied, we jointly made the decision for our son to apply. It is common practice for tenders for trainees to be published only in the Employment Service, with no intention of reducing the number of potential applications. Such practice in the Town of Čakovec was stipulated by the Rules of Procedure even before I came on as the president of the Town Council – says Veselin Biševac.

The regional media concluded it was a classic form of nepotism, and the doubt extended even to the competencies of the young college senior.

-The hypotheses that my son is not qualified are not correct. This position required secondary school qualifications, which he possessed. Had more candidates with the same qualifications applied, which I was counting on because at that time there were applications in the Employment Service by young people who had just graduated from secondary school, and if among them it was precisely my son who had been appointed as trainee, then the question of nepotism could have been raised. In this case, it is unfounded. Should it say somewhere that my son can get no employment anywhere for someone to be satisfied – concludes Biševac.

There is no doubt that everybody's children, even the children of Town Council president, upon completion of their schooling have to get a job somewhere. However, are the town structures the only right address – that is definitely the question imposing itself in the discussion on the ethics of the actions of decision-makers. Finding oneself a meal ticket in town, county or state institutions is almost the dream of any average Croat because it is practically the only one guaranteeing a job throughout the entire working life, up until retirement, provided there are no serious character or work deviations.

Consequently, one cannot help but wonder whether the management of towns, municipalities, counties or even the state will become Croatian number one family business?

Aleksandra Ličanin

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OPERATIONAL LEASING – BENEFIT OR DECEPTION?

A QUESTIONABLE MODEL OF CONSTRUCTION FOR THREE IMPORTANT PUBLIC FACILITIES WORTH HRK 200 MILLION

STATE AUDIT OFFICE WARNED OF THE INFRACTIONS, REGARDING IT TO BE A PUBLIC-PRIVATE PARTNERSHIP. OPERATIONAL LEASING IS CHEAPER, BUT AFTER THE END OF THE CONCESSION PERIOD, THE FACILITIES WILL NOT BE OWNED BY THE CITY, BUT WILL HAVE TO BE BOUGHT INSTEAD

The construction of the major town and school sports hall in the Budaševo-Topolovac-Gušće Elementary School and of the kindergarten at Zeleni Brijeg became a necessity for Sisak. Looking for the most affordable model of construction, the Sisak town administration first opted for the public-private partnership model which is successfully implemented in some cities, and a partner was already selected (Partner centar and Muring). However, after a time, this decision was changed and the thus far little known model of operational leasing was selected, town officials claiming it to be much more affordable.

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Unlike the classical financial leasing, the debt is not calculated in the long-term for the entire sum of the lease but is instead treated as off-balance sheet, and the lease payment is a monthly expense. In addition, the important difference is that the facility remains the property of the investor following the expiration of the lease contract, and the lessee can buy it at a public tender based on the pre-emptive buying principle after the new estimate of value, in case there is not a more lucrative offer. Financial experts say that in this way, loan expenses can be concealed, i.e. a loan can be granted without public tender.

Three new tenders for lease services and project financing of the facilities were launched, including construction of buildings and their leasing. All three tenders received two bids, which later turned out to be the bids of the same legal entities. Bids by Epsilon Građenje d.o.o. from Zagreb were selected, and this company was founded by Alpe Adria poslovodstvo, i.e. Hypo Leasing, the bank whose client the Town of Sisak has been since last year. According to the data from the court register, the company which is now the investor was founded by a deed of incorporation dated November 9, 2007, only ten days prior to the publication of the public tender announcement. Clearly, this is a so-called SPV – Special Purpose Vehicle. Furthermore, the subscribed capital of the company was a mere HRK 20,000, which was hardly a guarantee for a project worth some HRK 200 million.

It was noticed that the sums of the most favorable bids were significantly higher than the previously projected funds, planned during the public procurement procedure, i.e. December 28 of the previous year. Even though the Public Procurement Act (Art. 64) stipulates the cancellation of the tender in such circumstances, this was not the case. For the sports hall alone, the proposed price of construction and lease was HRK 156 million over a 15-year contract, with the monthly lease payment of some HRK 880,000. The price of the kindergarten is to be HRK 21 million with a monthly lease of HRK 118,000, and of the school hall in Budaševo HRK 19 million with HRK 106,000 of monthly lease.

As Tomislav Topić of Epsilon Građenje said on the occasion of the signing of the contract, this is a new financing model, thus far not used on the market. He voiced his belief that others will follow the Sisak example. Even though this is a huge investment, the Sisak mayor Dinko Pintarić said that the Town of Sisak with a budget of some HRK 270 million had the strength to handle such an expense.

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In addition to the objections mentioned here and numerous others stated in the report by the experts of the State Audit Office, which ordered the procurement to be conducted in line with the provisions of the Public Procurement Act, the State Audit Office feels these projects are a contractual form of public-private partnership, and that the Town was obliged to submit the tender documentation and draft contract to the Public-Private Partnership Department of the Trade and Investment Promotion Agency for perusal and their opinion. The report states that prior to the signing of the contract, the consent of the Ministry of Finance or some other relevant state administration body was necessary.

- There is no legal basis for regarding this model as a public-private partnership. I still guarantee that this model of construction is the most favorable for the Town of Sisak and that the investment is several tens of millions kuna cheaper than the public-private partnership model – Dinko Pintarić commented on the finding of the State Audit Office. The construction of three public facilities has already begun, but it would appear that the case is not closed. The critics of the model say this is a case of corruption, which they substantiate by the fact that Sisak town officials were the guests of Hypo Bank at the recent European football championship in Austria.

Zdravko Strižić

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LEKENIK MUNICIPALITY PRESS RELEASE IN CONTRADICTION WITH ITSELF

DUBIOUS DECISIONS OF THE MUNICIPAL AUTHORITIES SUPPORT FRAUD AGAINST THE STATE

LEKENIK – When on April 7 of this year the Lekenik Municipality invited tenders for the lease of agricultural land owned by the state, young Dario Domitrović (26) of Lekenik, having decided to earn his living in agriculture, felt this was his chance. Of the three available lots, at Poljana Lekenička, Dužica and Peščenica respectively, he estimated the class 6 lot of 11.5 hectares at the Peščenica cadastral municipality would be perfect for his needs.

He intended to plant corn, which would be a solid start for his agricultural project. He submitted his application and his tender in time, but the tender of his neighbor Franjo Dorotić was found to be superior, offering HRK 2,980.36, HRK 80 more than Domitrović had offered. Dario would have come to terms with such a decision, were it not for the fact that Dorotić was not only a long-time lessee of the lot, but was also neither a farmer nor was he cultivating the lot in question.

- For years the municipal administration has been accommodating him and leasing

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the completely overgrown lot to him. This is obviously a case of the use of government subsidies based on the area of leased land, which is illegal. It is lamentable that the municipal administration is aware of that, but the connections are so strong that this illegality cannot be stopped. Obviously, the municipal leaders are somehow indebted to Dorotić – Dario says bitterly.

The rumor around Lekenik is that some municipal officials spend their holidays in Dorotić's apartments at the seaside.

-This is a small community and we all know each other and everyone knows everything. Unfortunately, no one wants to step on the toes of the municipality bigwigs – a local said after asking to remain anonymous.

Dario Domitrović was left with no choice but to request an inspection of the lot in question, and to file a complaint with the Municipal Council, which had invited the tenders. As could have been expected, the inspection found that the Agricultural Land Act was breached. The findings of the agricultural inspection stated that the long time lessee Dorotić had not been cultivating the land, thus contravening Articles 10 and 11 of the Act.

Article 10 stipulates that "lessees of agricultural land are obliged to cultivate it without lowering its value in line with agrotechnical measures". Furthermore, Article 11 states that "agrotechnical measures are: erosion prevention, prevention of weed infestation, cleaning drain canals, obligation of cultivating certain species in a specific area etc.". In his complaint, Dario Domitrović furthermore stated that the lessee in question had not been paying the lease, had not been cultivating the land and had allowed weed infestation, which are all direct infractions of the law.

Unfortunately, the Lekenik Municipal Council did not feel the abovementioned arguments were sufficient to accept the complaint and modify their decision. Here is the statement by the municipal prefect Marijan Crnkoci.

"When considering the tenders submitted, the Agriculture Committee established that the best tenderer was the lessee of the land in question during the last two years, and that during that period he did not cultivate the land, which is substantiated by the finding of the Agricultural Inspection. The Committee found no legal basis that would influence selecting his tender as the best solely because he had not cultivated the land during the previous lease. The amendments to the Act stipulate that the lessor (Lekenik Municipality) can terminate the valid lease contract if during the lease

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period it has been established that the lessee does not conform to the Economic Program enclosed with the tender or, for instance, is not cultivating the land or does not pay the lease, which is one of the provisions of the lease contract which is to be signed following the issuing of a positive opinion of the procedure by the county state attorney's office. The Agriculture Committee has vowed to oversee the fulfillment of contract obligations by the lessee, and in case it has been found otherwise, will initiate a contract termination procedure prior to the expiration of the lease period. In line with the Agricultural Land Act and the minutes of the Agriculture Committee, the Lekenik Municipal Council has made the Decision on the selection of the best tender for the lease of agricultural land owned by the Republic of Croatia in the Lekenik Municipality. It is obvious that the Lekenik Municipality has conducted the entire procedure in line with the law, and of the two applicants selected the one that has gained priority rights. The applicant not selected has filed a complaint the Municipality considers unfounded, but the complaint in question has nevertheless been forwarded to the competent institution which will give its opinion following the complaints procedure", concludes the statement. It is surprising that in their own statement, the members of the Municipal Council accept the finding of the Agricultural Inspection which found the law had been breached, but at the same time claim there is no legal basis for accepting the complaint and implementing the decision.

Zdravko Strižić

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PICIGIN¹ AGAINST CORRUPTION IN SPLIT

Overshadowed by the main preoccupation of all newsrooms in the Croatian capital, the antics of the Zagreb mayor Bandić, the City of Split, with its long list of local bigwigs, officials of questionable competence, various parasites on the city budget and the perks it offers, remains virtually invisible to the public. Over a decade and a half of unproven crime in the Split residential construction business, indivisible from city governments of all colors that had been in power at different points, has been left to the indifference of competent institutions and the media. The inefficient judiciary is the cause of the general indifference to the years of crime in Hajduk FC, and everything else in and around the FC is far more important to the media who must fill their pages with daily lamentations of club officials in order to surround them with advertisements. Instead of things more useful to the city life, the local media were more eager to report on the clashes regarding the Riva promenade reconstruction and the Picigin World Cup at Bačvice beach. The discussions on the choice of chairs and tables, lamp-posts and concrete slabs instead of stone at the Riva have quieted down, and the question of how much has been spent through this project and on what exactly remains unanswered.

In the meantime, the City and the state began the construction of the megalomaniac, unnecessary in the long run, €140 million sports-business complex in Lora, for the 2009 World Handball Championship. It is destined to accumulate losses, because only cities much bigger and richer than Split can afford such a mammoth center. By the way, the Gripe Sports Center, built for the 1979 Mediterranean Games is mostly eerily empty, but is obviously not representative enough.

However, what is representative enough must be the decrepit wards of the Split hospital, patients' beds in hallways and patients waiting in the emergency rooms for hours. The media shadow of things occupying the Croatian media universe, such as sports and other "jet-set" sensations fabricated by the media, obscures the lack

¹ A ball game very popular in Split, typically played in shallow water. (*translator's note*)

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of schools and kindergartens, the Youth Center that is taking 30 years to complete, no communal infrastructure throughout the city, the terrible state of roads in Split and no parking lots. What also remains obscured are the rigged contracts and procurement in all public sectors of Dalmatia's largest city, constant redesigns of the general zoning plan, hiring and giving away money to cronies, friends, family and party buddies. The situation is no different in the rest of the Split-Dalmatia County, overcrowded with municipalities and municipal officials, low-ranking yet privileged commissars of ruling parties.

EXPENSIVE LAWYERS AT THE EXPENSE OF CITIZENS

Just one of the many recent examples of the shocking way the money of Split citizens is being spent, eluding the media, is the outsourcing of lawyers representing the City of Split in legal suits. In the last three years, over HRK 900,000 has been paid to lawyers Zoran Perić from Split and Jadranka Meštrović Kologranić from Zagreb, and meanwhile, there is a legal department for the protection of city property with some 60 employees (five of which are legal experts who have passed the bar exam), languishing in the City.

The person formally responsible for selecting the two lawyers is former mayor of Split Zvonimir Puljić, today a HDZ (Croatian Democratic Union) member of parliament. Puljić sees no issue with enabling his acquaintance to earn about HRK 700,000.

Namely, Zoran Perić, attorney-at-law was hired to represent the City in the dispute with the Dal-Koning company regarding the residential construction of the Subsidized Housing Program (Program poticane stanogradnje - POS). During 2006, Perić charged the city HRK 461,806 for several lawsuits against the construction company. A year later, the suit earned him HRK 142,000, and during 2008 an additional HRK 88,800.

"I won the City HRK 11.3 million in the Dal-Koning suit. I was selected based on my work in the last 20 years. It is very easy to find out who is capable of what in this city. The decision that I represent the City was not in any way influenced by party connections or affiliations. Simply, I was never hanging on the neck of anyone from politics, nor vice-versa", the attorney Perić vividly explained.

Veljan Radojković, opposition city councilman from SDP (Social Democratic Party), has on several occasions unsuccessfully requested that the ruling coalition of HDZ

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and Velo Misto List explain why they are outsourcing legal services, if the City of Split has its own professionals.

"It is a crushing defeat to hire an independent lawyer for such an amount, when the City has an excellent legal service capable of handling the cases the City is involved in. I do not understand whose favorite Zoran Perić is, nor could I learn why it was exactly him who was hired. His fees could have paid the entire legal service of the City for an entire year. The situation is similar when it comes to representation in the cases of the Split-Dalmatia County, represented by the Vinko Radovani law office. This job was secured by former HDZ county prefect and fellow native of the island of Hvar, Kruno Peronja. These external lawyers are given huge lump-sum contracts and they make good money even when there are no cases to be handled, says Veljan Radojković.

He believes the issue is not the competence of Perić, but the use for having a City legal service. Slavica Radić, city government member in charge of city resource management, said that the lawyers in question were hired in order to reduce the travel and per diem expenses of the City of Split officials related to the sums involved in the cases and lawyers' fees. As for Zoran Perić in the Dal-Koning cases, she stressed that he was hired because of the complexity of the case and in order to avoid media and public pressure on the lawyers of the City of Split in that particular case.

There are no written rules for the selection of external lawyers. It is left to the discretion of the mayor, so that soon they might be selected by the entrepreneur Željko Kerum, leading in all polls as the next mayor of Split.

Jadranka Meštrović Kologranić was hired in July 2005 to represent the City of Split in cases in Zagreb and Varaždin, and according to the data from the Split city government, she charged HRK 218,000 in fees for that. The Zagreb lawyer is also authorized to handle contracts of managers of Split public utility companies owned by the City, and to give her legal opinion on the possible terminations of contracts and announcements for positions. The question again is, what is the point of having lawyers in the City of Split?!

She litigated mostly over business premises (not always successfully) against a series of companies, including «Naprijed», «Josip Kraš» and «Autotehna». It is entirely

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unclear why a lawyer and public notary from Zagreb was selected to represent the City in the suit with the Department of Culture employee Dalibor Lovrić for “serious breach of official duty”.

Jadranka Meštrović Kologranić traveled from Zagreb to seek sanctions against the Expert Advisor for film and exhibitions before the Civil Service Court. He was charged with sending an insulting letter to a fashion designer from Split who was persistently and outside deadlines requesting a venue for his exhibition from the City. In addition, Lovrić was to be fired or at least transferred for saying to his superior Tamara Visković that she had “perky nipples”, and daring to call city councilwoman from the Velo Misto List, a fashion designer by profession, Neda Makjanić-Kunić, a “seamstress”. Meštrović Kologranić lost the case, and Lovrić retained his position. We were unable to obtain the data on travel expenses to Split for this trial, even though we requested them. Incidentally, as the Zagreb lawyer was pursuing justice for the City of Split, her office employed as trainee the son of Slavica Radić, the abovementioned Split city government member in charge of city resources.

Jadranka Meštrović Kologranić represented the City of Split in another unusual assignment. On behalf of the City she was terminating the managerial contract with former manager of the Split Sanitation and one-time Split mayor from the LS (Liberal Party) Miroslav Buličić, presently the Croatian consul in Banja Luka. The new HDZ and Velo Misto List administration, succeeding Buličić in 2005, did not appreciate him transferring to a well-paid position as Sanitation manager after his term as mayor, so they wanted to remove him with as little severance pay as possible. Of course, Buličić being a jurist by profession, known from before for excellently balancing on the verge of illegality, protected himself with a managerial contract like a “polar bear” who was to be contested by a “legal eagle” from Zagreb and reduce the indemnity of 18 monthly pays, some HRK 250,000. Luckily, pending his taking up a diplomatic post, Buličić accepted to be transferred to another post in the same company, so that case was dropped without major legal expenses.

Ljubica Vrdoljak, operational director of Sanitation and independent city councilwoman (previously of Hrvatski blok – Croatian Block) was directly involved in the whole case.

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“The competence and method of work of this lawyer are very questionable. She asked me to falsify records and thus reduce the pay Buličić was receiving as manager of Sanitation, so that his severance pay would be lower. I was astounded. This clearly testifies to what the lawyers the City hires are like and to the degree of their incompetence”, said Ljubica Vrdoljak.

This independent councilwoman warns that the series of scandals connected to the current city administration, not only to the political figures, but also non-political managers of city services, is being left unsanctioned.

- “The mayor was given, for the first time in the history of the post, an unnecessary second secretary. This invented post was given to Željana Kalaš, who just happens to be the sister of the HDZ branch president in Split. Interestingly, her capabilities are such that she was already fired from the Split-Dalmatia County. The current administration, out of highly questionable motives, has decided to take over all financial obligations of Hajduk FC. No one else would do it and they do not mind that Hajduk is buying and selling players illegally. Hajduk needs help, but it must be done transparently. In addition, the Riva reconstruction was not transparent either. The tender was adapted for Konstruktor company and no other construction company could enter a serious bid. A year since the works were completed, we are still unable to get the expense specifications requested at City Council sessions. The construction of the Lora Sports Complex began, among other things, so that the valuable property of the neighboring Brodosplit shipyard could be acquired, in addition to what were once military facilities. For the needs of the sports complex, a relatively new zinking hall was demolished in the shipyard. That is only the introduction to the acquisition of the shipyard, with privatization and restructuring impending, which will result in numerous job losses”, warned Vrdoljak.

LUXURY CAR FLEET OF IMOTSKI AREA

It seems impossible to ventilate the services and the municipalities of the Split-Dalmatia County of unnecessary political officials crammed there over the years, huge administration and enormous costs. The fact that national media and the public have become indifferent is crushing. The Dalmatian hinterland is economically devastated, and only Dugopolje prospers, cunningly having taken over the economic

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zone from Split. HDZ leadership in Trogir hops from one scandal to another, even using their field operatives to try and bribe the destitute islanders of Drvenik Veli to vote for their candidates at the elections. They were unsuccessful, being defeated by a local independent retiree.

The town fathers of Omiš, led by mayor Ivan Škaričić, inspire fear with their enormous appetite and squandering of the town money. For all sorts of lunches, gatherings, representation and gifts in 2007 they spent HRK 1.2 million from the budget of Omiš, a town of some 15,000 inhabitants. In terms of the amounts eaten and drunk, Omiš leaders are Dalmatian champions, with high prospects of defending the title this year.

The Imotski area has been ruled by local “kingpins” for years, installed in official positions of mainly unnecessary local self-government units, whose pranks are only sometimes reported by the media, because there is no legal provision to end their extravagance.

Imotski and the surrounding area have atrophied economically since the advent of Croatian independence, all the major companies have been devastated and the population is continuously emigrating from the area. All savings banks in which the “Gastarbeiter” from the 1960s and ‘70s invested their hard-earned money are now defunct. Production has slumped and casinos are the only ones to make good profit and continue to open. The current mayor of Imotski, Ante Đuzel (HSP – Croatian Party of Rights) was criminally charged with causing damage in the amount of HRK 37,000 from forged per diem and hotel expenses in the luxury Zagreb Westin hotel in the past years. Besides Đuzel, the prefects of surrounding municipalities are also enthusiasts of luxury, and those municipalities would have been extinct long ago, were it not for the fact that they provide important votes to major Croatian parties (HDZ, mainly).

In the former Imotski municipality, there were only about forty employees and officials. Today, with the population halved, their number has doubled, placed in the Town of Imotski and eight newly formed municipalities. All units got their prefects, secretaries and other employees, some also jurists and economists. Heads of the Proložac, Runovići, Zmijavci, Podbablje, Zagvozđ, Lokvičići, Lovreć and Cista Provo municipalities, and the Town of Imotski dispose with HRK 85 million of budget funds

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in 2008. They did not exactly bend over backwards to build the necessary roads and infrastructure, but rather made sure they gave themselves substantial salaries, hired their relatives and party colleagues and buy official vehicles. Only in the past two years they spent about HRK 2 million on their car fleets. VW Passats were provided for the prefects of Zmijavci and Runović and an Audi was bought for the prefect of Proložac, unlike the prefect of Zagvozd, who is happy with a Škoda. However, the previous Town of Imotski administration led by mayor Ante Lončar has no equal. In 2004, for official use they bought a Mercedes S320 worth HRK 601,000. Other interesting details include HRK 250,000 a year for telephone bills of the Imotski administration, and surrounding municipalities squandering some half a million kuna on their fêtes. Representation and official travel of municipal officials amount to around a million a year. The expenditures for some 80 employees and officials of the Imotski area exceed HRK 18 million, so around HRK 100,000 per year for occasional legal fees is not so bad. And so on and so forth.

So, if we are not among the lucky or deft ones to bask in the shade of some municipal or town administration of Central Dalmatia, if we do not eat till we burst and ride around in limos bought with taxpayers' money, all we can do is watch the Zagreb mayoral antics or some scenes of picigin that obscure the view to who is sitting over our heads.

Mak Jovanović

5

LOCAL AUTHORITIES IN CETINGRAD ENTRENCHED WITH CORRUPTION AND OTHER IRREGULARITIES

THE CRADLE OF CROATIAN PARLIAMENTARISM IN THE WEB OF CONFLICTS OF INTEREST

CETINGRAD – When on New Year’s Day of the year of our Lord 1527 Croatian noblemen gathered in the town of Cetin, and in the Great Assembly elected Ferdinand Habsburg as Croatian king, they were convinced it was the only and true path to healing the wounds from the battle of Mohaç as soon as possible, and to attempting, albeit within a great empire, to preserve the foundations of the Croatian state and national identity.

Although in the contemporary context such historical enslavement could be considered a road to European integration, the Municipality of Cetingrad as the cradle of Croatian parliamentarism has proven in several recent cases to be a blatant ground for behavior unsuitable for Europe – conflict of interest, disrespect of the law, and legally and morally dubious decisions of the local authorities. Cetingrad is situated in the east of the Karlovac County, along the border with Bosnia and Herzegovina and, as an area of special state concern, is still recovering from the war destruction it suffered in the Homeland War. When the reconstruction

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of houses, local roads and other infrastructure commenced, better times were announced for its inhabitants. However, the “train” of the construction boom was also boarded by individuals who, with the blessing of the politics, used it for their own benefit. Not much has changed in the recent years.

What exactly is the issue? The work of the Municipal Council of Cetingrad is carried out far from the eyes of the public and the press, which as a rule is not even invited to its sessions, unless it is a solemn occasion like the celebration of an anniversary or Municipality Day. This practice is no news, and it has been cherished since the establishment of Cetingrad as a Municipality.

Thus the public did not notice that in 2001 the secretary of the Municipal Council, Milan Gašparin, took over the position of the mayor of the Municipality, but at the same time continued working as a secretary. Cetingrad thus had in the same person



Head Offices of The Municipality of Cetingrad where a series of malpractices have been detected in the past years

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both a mayor and a secretary, which, naturally, is legally irreconcilable. In its mandate since the local elections of 2005, the Cetingrad Municipal Council has taken several other very dubious decisions, which fit nicely into the framework of a classic conflict of interest. Igor Strmota, councilman from HDZ (Croatian Democratic Union) and Dragan Brajdić from HSS (Croatian Peasant Party) were registered, in the period from May 30 to November 30, 2006, according to the program of so called public works of the Employment Service, as employees of the municipal Utility Service, i.e. the Municipality from which they received their salary. All the while, however, they did not submit their resignations to their councilman posts, but rather, in spite of the incompatibility of their functions, voted regularly at the Municipal Council sessions.

It was interesting to hear the comment of mayor Nikola Paulić on the employment of those two councilmen when the story eventually reached the media.

- They were employed through the public works program of the Employment Service, so they cost the Municipality only a thousand kuna a month each. You tell me then, is it better for this young lad, Strmota, to mow the lawns or to sell drugs? - Paulić's reasoning went, although he forgot to mention an evident conflict of interest in this case. The case was then commented by the head of the State Administrative Office for Public Administration in Karlovac County, Željko Spudić, whose justification was that the legality of the Municipal Councils' work falls under the competence of the Central Office. As Spudić concluded, it should be examined whether the votes of the two councilmen were decisive in decision-making. If not, in Spudić's opinion there is no reason to invalidate the questionable sessions.

The only SDP (Social Democratic Party) member in the Municipal Council, Stipe Pavlinović, and the independent councilman Joso Medved were the only ones to warn of this irregularity on several occasions. However, every time, Pavlinović claims, they were coarsely silenced and insulted. One councilman even told Pavlinović during the discussion that "it would be better for him to go back to his Kladuša", referring to the nearby town in Bosnia and Herzegovina where Pavlinović was born. It is symptomatic that the objections and queries of the opposition were never to be found in the official minutes of the sessions, while the written replies to which they are entitled under the Rules of Procedure and the law also never reached the addresses of "inquisitive" councilmen.

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The above example of conflict of interest is minor in comparison with the fact that the Municipal Utility Service procured all the goods during 2006 and 2007 from a company owned by Slava Mesić. There would be nothing disputable in the whole matter had Mesić, along with running a private business, not also been HSP's (Croatian Party of Rights) deputy mayor who at that time even acted as a member of the municipal Committee for the Selection of Service and Goods Suppliers. Therefore, he had the opportunity to directly decide on awarding contracts to himself. Although this case, according to the interpretation we received from the Central State Administrative Office for Public Administration, is legally clean, morally it is certainly questionable.

-Mesić's company is the only of the kind in the Cetingrad area and for us it is easier to get the goods from him, than to go to Slunj or Karlovac. We are not talking about a lot of money here. In all of 2006 we ordered goods from him for only HRK 60,000 - Paulić justified himself, adding that the contract can easily be terminated if it is established to be illegal. However, as the supervisors from the State Administrative Office did not find anything disputable, the same practice has continued to date.

Cetingrad has also witnessed a more recent and media-wise more exposed example of a conflict of interest, which heavily crossed over the borderline of crime. Although it is not directly related to the web of irregularities in the municipal administration, it does nevertheless reveal a typical corruption sequence of rigging public tenders.

In the last fifteen years, Cetingrad entrepreneur Mićo Valentić, as he later confessed during a court trial in which he was involved as a victim of extortion, executed dozens of contracts for the Municipality of Cetingrad. On this he built his small business empire. It was mostly construction work on the renovation of houses and building roads, while as a prominent member of HDZ in Cetingrad and Slunj he effortlessly won contracts in tenders such as reconstruction of local roads and snow cleaning. However, at the last local election in spring of 2005, Valentić sided with his long-time friend, former mayor of Cetingrad and dissident from HDZ Joso Medved, and even entered the Municipal Council from the independent list. From that moment on, however, the contracts that the Municipality had awarded him hitherto on a regular basis, became much more rare, so he turned for help to his nephew Nikola Valentić, who was also an acquaintance of Danijel Miočić, the chauffeur to Božidar Kalmeta, minister of sea, tourism, transport and development.

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Not long after that, the Ministry launched a public tender for the building of roads in the Municipality of Cetingrad, and Valentić definitely wanted a contract worth HRK 5 million. Intermediaries told him that he could get the contract, but for 10 % of its value. He did not consent, and the contract was eventually given to another company. However, he still found himself a target of the intermediaries, who wanted to extort a commission from him one way or another.

Valentić refused to give money to the extortionists, and after serious threats that ensued reported the case to the police, which arrested the two racketeers in front of his house in Cetingrad. Subsequently, five more people from the criminal group were exposed. In the trial at the Municipal Court in Karlovac it was established that the minister's chauffeur Danijel Miočić knew of the tenders, and together with others organized the extortion for the purpose of obtaining material gain. Everyone from the group was sentenced by an appealable sentence to 1 to 2 years' imprisonment, while Kalmeta's chauffeur, upon the pronouncement of the verdict, called the proceedings staged, and the verdict political.

But let us go back to the beginning. The Cetingrad examples of conflict of interest, of which we mentioned a few at the beginning, at the beginning of last year did manage to reach the desk of the Central State Administrative Office for Public Administration. Quite a thick file, along with a request for investigation, was sent to the state secretary Antun Palarić by the already mentioned councilman Stipe Pavlinović. Some twenty days later, from Zagreb came a written reply in which the Office thanks for the irregularities observed and announces they will request a detailed clarification from the Municipality of Cetingrad, and inform the applicant of everything. A year and a half later, Pavlinović is still waiting for the clarification.

STATEMENT

NIKOLA PAULIĆ (mayor of Cetingrad): It is true, we received a letter from the Central State Administrative Office. We sent them all the documentation requested. Irregularities were observed and everything they requested from us we complied with. We work in conformity with the law and do not mind if we are checked by anyone who wishes to do so.

Damir Kundić and Vedran Gvožđak

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ON POST-ELECTION TRADE IN KARLOVAC AFTER THE LAST LOCAL ELECTIONS IN 2005

“POLITICS IS THE ART OF TRADING”

If we reduce the matter to pure factography, the political trade that occurred in Karlovac after the last local elections in 2005 will be best depicted by a mathematical detail. HDZ (Croatian Democratic Union), according to the constituents' votes, on that occasion won 9 seats in the council. Today there are as many as 13 in the Town Council.

In the 18 years of Croatian democracy there have been so many transfers between parties and so much trading in mandates that such occurrences can hardly be considered an oddity. It is also not necessarily something that extends beyond the framework of the law. But the Karlovac case of 2005 will nevertheless be remembered as one of the text book examples of political corruption, which was due to its nature on the agenda of USKOK (Office for the Prevention of Corruption and Organized Crime) as well, and also received special mention in the European Commission report.

In Karlovac in 2005 we could thus see how much money a mandate won at an election can be bought for. For a round sum of HRK 20,000 a month. We could also see what kind of personal benefit was received by those who altered the election results. We could not, however, see that because of all those deeds someone was later processed in any way. Why? Because in the political milieu, fraud for gain is easy to wrap into the cellophane of the “democratic right to dispose of one's own mandate”. The story thus packaged and legally “cleaned” remains to be questioned only on the moral level, and

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immorality in Croatia is still not an offense punishable by prison.

But let us start from the beginning. The elections for the Karlovac Town Council, held on May 15, 2005, ended with a margin as narrow as can be. The left coalition of SDP (Social Democratic Party), HSS (Croatian Peasant Party) and LS (Liberal Party) won ten mandates, as did the right coalition, that of HDZ (Croatian Democratic Union), DC (Democratic Center) and HSLs (Croatian Social Liberal Party). The necessary majority of 14 hands depended on the initially “undistributed” votes of two representatives of HSU (Croatian Party of Pensioners), HSP (Croatian Party of Rights) and Dubravko Delić’s independent list respectively, and of one HNS (Croatian People’s Party) member.

The “magic” number was however first reached by the SDP-led coalition. Exactly 29 days after the elections, there was a public presentation of a written agreement of support to the social-democrat mayor candidate Dario Janković, which in addition to the councilmen of the left coalition was also signed by two HSU, one HNS and independent councilperson Jasna Plevnik. It seemed that the matter was done and there was nothing else on Janković’s way to the mayor’s office. But it was not even close to being so. It might have been considered a coincidence when at the constituting session that took place one day later the “pensioner” Ivan Tudić did not show up. According to the official version, the elderly politician was hospitalized the evening before due to high pressure. Unofficially, however, and never proven, he did not come to the session because of pressures of a different kind. Those from HDZ negotiators who allegedly went so far as to promise his son a position in the Ministry of Economy if he managed to deter his father from supporting SDP. Pressure exerted on Tadić was confirmed a day later in a press release by the HSU town organization.

The attempts to undermine the newly-created majority were talked about openly in those days by the “independent” Plevnik, who was allegedly offered a position in diplomacy by HDZ in exchange for withholding her support to Janković and SDP. The fact that there was fishing in troubled water going on in Karlovac at the time became abundantly clear two weeks later when the next attempt of constituting a new government was scheduled. On that occasion, the oldest Karlovac councilman was not troubled by pressure and indeed came to the session. Quite unexpectedly, however, another “fourteenth hand of the SDP” failed to come. Young HSS member Sanja Katić fell one day before the session from the waterfalls on Mrežnica and

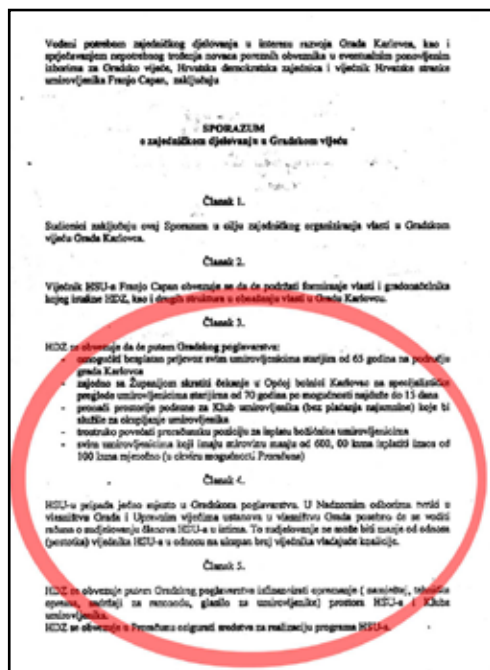
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ended up in a hospital with a Schanz collar. With the quorum lacking, the “left” were once again left outside the council hall, the burlesque continued, and Karlovac remained without its new mayor.

Such fatal coincidences became impossible to believe when Katić, who even in her sick bed swore to loyalty for Janković and the coalition she won the mandate with, announced she was leaving HSS. As the reason she literally gave the following – her alleged “program for the youth of Karlovac” would be easier to implement on the right, than on the left side.

Winning over the councilwoman who sold her political convictions for, as it later turned out, a job in the county sinecures, was not sufficient for right coalition candidates to get through. HDZ continued to search for the “weakest link” among the left. It was found in the HSU member Franjo Capan, who on July 27 also decided to turn his back on his former partners and sign a new agreement. This time with HDZ. It was precisely that piece of paper that proved to be the crown evidence of the

corruptive background of establishing authority in Karlovac in 2005. In a document that was on one hand signed by Capan, and on the other by the chief of local HDZ and minister of economy



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at the time, Branko Vukelić, there was a series of points that HDZ undertook to “work off” in exchange for Capan’s decisive vote.

Conditions like providing free bus transportation for retired people, reducing the waiting time for medical exams in the General Hospital, refurbishing the Senior Citizen’s Club and increasing the pensioners’ Christmas bonus can hardly be objected. One detail, however, was truly scandalous. In Article 5 of the Vukelić-Capan agreement, “HDZ undertook to provide a minimum of HRK 20,000 for the functioning of HSU”, although, incidentally, according to the legal key of budget allocations for political organizations that party was entitled to ten times less than that.

The storm that was raised in the public after the controversial paper was published in the media did not stand in the way of what happened only a few days later – Capan and Katić raised their hands for the ascension into power of HDZ mayor Miro Škrgatić.

In turn, however, they did not come out the losers. The stories of alleged counter favors which never lost the “alleged” prefix will not be discussed here. But if we focus only on what can be proved and undisputed, the facts remain that Sanja Katić, soon after crossing over to a different political camp, among the competition of 21 candidates won the tender for a job in the Karlovac County, that there was a position for her fiancé in the Supervisory Board of the town company “Mladost”, and for Franjo Capan a position in the Supervisory Board of the Karlovac heating plant. A few weeks after the establishment of the new authority the situation was best described by HSP’s deputy mayor at the time, Igor Horvat, who had very soon crossed over from among the Party of Right under the political coattails of HDZ. Almost frivolously, he told the press that “politics is the art of trading”, and that no one has the right to bear a grudge against HDZ solely for being a better trader.



Franjo Capan

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Employing similar mercantilistic methods, the HDZ government in Karlovac continued to work in the subsequent years.

Placing party sympathizers to all the public offices is considered more or less normal in other places as well. But in Karlovac it went so far that the possession of a ruling party membership card proved to be a decisive condition for obtaining or keeping a job in any institution that was linked to the budget one way or another.

Mostly all of the non-HDZ school principals were removed, while their places were taken by more suitable appointees. The position of the director of the local radio station owned by the Town, for instance, was given to the former political secretary of local HDZ, although his only professional reference was the fact that he was known to listen to the radio every now and then.

There are countless similar examples, but it is much more important that the same procedure was used for so called ordinary jobs as well. In the town administration and companies and institutions directly on the budget pipeline alone, in three years over 120 people were given employment, among which non-HDZ members can be counted on the fingers of one hand.

The system “from HDZ to work”, that nicely paraphrases the formerly much-vaunted program “from college to work”, was admitted by the ruling party probably inadvertently through two events that occurred before last year’s parliamentary elections.

The first one was when on the eve of the election it tried to demonstrate an increase in its popularity through a public presentation of 70 new highly educated young members in a Karlovac restaurant. In an almost comic situation, numerous principals, professors, doctors, museum curators, theater employees and the like strutted in front of the press. They all, almost at the same time, quite accidentally felt a massive impulse to get involved in politics. And without any coercion, as the president of the local HDZ bragged in public.

The second event took place in the finish of the pre-election campaign when the cream of HDZ, led by Ivo Sanader, visited Ozalj. In order to avoid the unpleasant possibility of the future prime minister not being welcomed by an elated mass of sympathizers in a town not governed by HDZ, the arrival of buses full of party activists from Karlovac was organized. But not just any activists.

Waving little flags and wearing blue HDZ jackets, some 50 town and county chiefs, managers of town companies, principals of institutions and school and other public

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officials welcomed Sanader there. The whole thing, however, took a somewhat unpleasant turn when the media realized that at the time when they were agitating for HDZ they were all supposed to be at work. For which their salary, nota bene, is paid for by all the tax payers, and not just by members of their party.

Nepotism and party staffing that marked the HDZ rule in Karlovac from 2005 to 2008 could have an interesting implication. Namely, if in one of the future elections there is a change of power, it will only be cosmetic in nature.

HDZ has installed and given employment in the town administration and all other important institutions to its people. Such an elaborate infrastructure of trusted people guarantees it that it will in effect rule, even if voters withdraw their trust. How much will formal power mean to the new set if everything it intends to do, it has to do with a basket full of cuckoo's eggs on its back?

Probably not much.

STATEMENTS



Sanja Katić

FRANJO CAPAN: I do not wish to comment.

SANJA KATIĆ: I believe that at the time I made the right step for the Town of Karlovac and I continue to believe so. I don't even think about it much. Did it help me in obtaining my job? The job I work at is adequate for my qualifications. Only my superiors can comment on it.

Damir Kundić and Vedran Gvoždak

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ON PRESSURES EXERTED ON THE PRESS AND INFLUENCE OF KARLOVAC AUTHORITIES ON THE MEDIA OWNED BY THE LOCAL SELF-GOVERNMENT

“HORSES SHOULD BE TIED WHERE THE OWNER SAYS”

With regard to media freedom, does Croatia really belong among the exotic countries like Botswana and Chad, where we are regularly classified by the US NGO Freedom House? Those convinced that the Americans are exaggerating just a tad and that the situation is not as dire after all, surely never had the “good fortune” of working in one of the media companies owned by the state or local governments.

The “social” media are considered the most neuralgic points of Croatian journalism. Why that is so was best summarized in just a few words by the editor of Radio Karlovac at the time, a media institution owned by the Town of Karlovac and Karlovac County. - We all know full well that the horse should be tied where the owner says - this media worker replied coolly in an interview when asked about the influence of the local authorities on what can and cannot go on air.

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The logic of both sides is very simple. The authorities know very well that the media would be hard pressed to survive without budgetary infusions, and thus ignoring the fact that the budget is not their god given right but rather a joint piggy bank of all tax payers, they expect from the journalists to work only on those topics that are affirmative for them. To be, therefore, uncritical spokespersons of their politics. Journalists have, however, accepted a pattern of behavior in which the thought of biting the hand that feeds them cannot even cross their minds.

A symbiosis of the political “owner” and the media “horses”, which in several segments falls under the common denominator of conflict of interest, has been functioning in Karlovac for years. Two media institutions are owned by the town and county respectively, the above mentioned Radio Karlovac and Karlovački tjednik. In both instances the persons appointed as directors are long term appointees of the ruling party, while the presenter who one day before his appointment to the



Radio Karlovac journalist Vlado Dražić in front of the Karlovac Municipal Court where he filed a complaint on the court verdict

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function made a pre-election spot advertisement for HDZ (Croatian Democratic Union) was appointed Radio editor. The first media institution is financed from the budget with close to HRK 1 million a year, while the other with almost HRK 2 million. How much political influence can be bought for HRK 3 million a year? Even those who have never leafed through the weekly or listened to the Radio know the answer to that question.

The obsequious understanding of the media by the Karlovac authorities is very plastically demonstrated by several examples from the last year or two. The first is the case of a monetary fine for the radio journalist Vlado Dražić, literally because at one point he dared to express his own opinion. His misfortune was that at that moment it collided with the views of the HDZ deputy mayor Damir Jelić.

Namely, in September 2006, Dražić, together with the reporters from other local media, was present at Jelić's reception for students of the local School of Forestry who had come there to present their research project on the topic of violence in adolescent relationships. In their conversation with the deputy mayor, who used to work in education, among other things the students mentioned that unfortunately they have no one to turn to with similar problems in their school. His answer was that the responsibility for the situation in our school system lies in the heritage of the communist system.

Somewhat later, at the request of Jelić himself, which should be stressed here, the debate was joined by the present members of the press. But it was precisely Dražić who paid dearly for it.

Having asked for permission to speak, the unfortunate journalist said that the "educational system in communism also had a good side, as schools then had psychologists, social workers and other experts that students could turn to with their problems". The students' mentors agreed with that and the debate was soon finished. But not for the egocentric deputy mayor, who was also the chairman of the Assembly of Dražić's Radio. Only a few days later, Jelić put together a letter to Ivan Mrzljak, chairman of the Radio's Supervisory Board. He asked him, we quote, "through his power and authority to influence the director of Radio Karlovac to punish Dražić disciplinarily and financially", because as a journalist he expressed himself affirmatively on communism and directly opposed his opinion".

What ensued for the unfortunate Dražić was even more humiliating than the fact

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that on his payslip for the following month the amount was 5% lower. Namely, in order to keep his job, Dražić also had to publicly apologize to Jelić, and bending his back all the way down wrote that he was “extremely sorry he had behaved in such an unprofessional manner and promised him it would not happen again”.

What turned out to be even more scandalous at the end was the statement of Jelić himself after the story exited the walls of Radio Karlovac and caused the reproof of the entire public. Justifying the correctness of his demand to reprimand Dražić, he sent a press release stating that he would “never request punishment for a journalist if it hadn’t been a practice already experienced by certain employees of that particular media.” Thus, something of a kind is quite normal for the journalists of this particular media.

Dražić’s call for help addressed to the Croatian Journalists’ Union (SNH) brought to light another affair that was potentially even more dangerous. Unfortunately, it was never completely explained. The secretary of SNH Marinka Boljkovac said in those days that she requested a statement on the case by the chairman of Radio Karlovac Supervisory Board Ivan Mrzljak, who, when asked what was going on, answered that she “should not believe everything she hears, that she had no idea what journalists in Karlovac are like and that there are thick files on each of them in the city administration”. Mrzljak later swore he did not mean it seriously, the magistrate was quick to refute it, but the sentence in which at the same time there is mention of “journalists” and “files” was enough to raise a justified storm.

Just to move away from Karlovac for a few moments, let us remember a similar case that happened in 2008 some 40 kilometers to the south, in Ogulin. Nebojša Magdić, an experienced journalist of the local Radio Ogulin, also owned by the town, was fined by a 20% reduction in his paycheck, with the remark that in the case of another offence his employment contract would be terminated. What indeed was Magdić’s offence? Only the fact that in a feature for the morning radio news on February 24, due to unfulfilled promises on investments into the Croatian Olympic Center Bjelolasica, he criticized the HDZ minister Dragan Primorac and MP Ivan Vučić. There were more cases in which local politics played hardball on the journalists’ backs in Karlovac. In one of them, one of the principal actors was the already mentioned Jelić, who had advanced in the meantime from the position of a deputy mayor to the mayor’s. This time he was quite irritated by the fact that the journalist

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of Karlovački tjednik and a journalist from Radio Karlovac left the Town Government session of February 8, 2008 some 15 minutes before its official end, after they had assessed there was nothing more to be discussed that would be of particular interest to the public. Jelić immediately organized a brief telephone investigation to see if the journalists had perhaps left to go to another event. And when he found out they had gone to their offices, Jelić said into the microphones of the remaining reporters that it is “a grave insolence of people whose salaries are decided on by the Town”. He also addressed the others present. –You see now how people for whom you decide whether they will get paid or not, behave - was the message not in the least bit Pythian and requiring no translation. Namely, if those journalists dare only once more to assess on their own whether some activity of the town fathers is interesting to the public or not, they will not receive their salaries. The managers of the censured journalists, of course, did not stand up for their employees, but rather apologized to the mayor, while the attack was condemned only by the Croatian Journalists’ Association.

Everything listed so far demonstrates what local journalists have to face in Karlovac if even for a moment they refuse obedience. On the other side of the medal, however, there is an even more transparent outline of the conflict of interest in which the Karlovac potentates find themselves influencing the editorial politics of “their” media institutions.

It was late in the summer of 2007. A few months later parliamentary elections were to take place, and the HDZ authorities realized that in Karlovac they did not have a single of the existing daily papers under their control. Therefore, with budget money they decided to launch their own newspapers, the editorial board of which they staffed only with journalists close to the ruling party, and some were recruited directly from HDZYouth.

A paper by the name of KA dnevnik was launched, after large investments, within the losing Karlovački tjednik, as it soon became obvious with one goal only – to print in it eulogies on the pre-election festivities of the ruling party. And of course, to libel along the way political opponents. Thus there were memorable texts, published a few days before the elections, in which the SDP (Social Democratic Party) MP Milanka Opačić was accused of working in the early 1990s as the secretary of Jovan Rašković in the Serbian Autonomous District (SAO) Krajina, and the chief of local



„KA dnevnik“ („Ka Diaries“) were published by the Karlovac Weekly, loss-making firm owned by the City of Karlovac

HNS (Croatian People’s Party), Nikola Vuljanić, of being a confidante of UDBA (State Security Administration) in the former regime.

The problems, however, appeared later when it turned out that the KA dnevnik was sold at newsstands in only several dozen copies. They tried to reduce returns from agents by orchestrated sales to other companies owned by the Town, of which each had to buy a certain number of copies. Alas, in vain.

Soon after the election the authorities realized that paying self-promotion in newspapers that few read does not pay off. KA dnevnik was closed a few months after the election, leaving behind it still unknown budget losses. The opposition claims it amounted to as much as 2.5 wasted budget million. The authorities’ version, on the other hand, puts it at “only” HRK 800,000.

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STATEMENT

VLADO DRAŽIĆ: My case was a part of HDZ's plan for ethnic cleansing at RADIO Karlovac that has been carried out since 1990. After the last incident, I ended up on sick leave with the diagnosis of severe depression, and that is the result of continuous mobbing I was experiencing. Why was I in their sights? Partly because I am a Serb, and partly because for years I was the main union guy at the Radio.

Damir Kundić and Vedran Gvožđak

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THE VARAŽDIN TRIPTYCH

1.

Ivan Čehok, the head of HSL (Croatian Social Liberal Party), mayor of Varaždin since 2001 and an MP in two terms beginning from 2003, is one of the rare more prominent Croatian officials with regard to whom attempts were made to establish whether he was in conflict of interest, and one of those even more rare for whom this was done on several occasions. Namely, this holder of a PhD in humanities and author of several textbooks on ethics found himself before the Commission for the Prevention of Conflict of Interest for three particular cases.

The first case pertained to his trip to Canada at the expense of the ABC Group, a potential investor, and was instigated by the Varaždin SDP (Social Democratic Party).

- For the past six months SDP has been using the atmosphere of pressure, blackmails and media lynch that I have been exposed to because they are attempting to bring down the current city authorities. The story of the trip to Canada confirms it. SDP lies when it claims that my and the county prefect's wife traveled to Canada at the expense of the Canadian company ABC Group in order to offer them better conditions. That is not true. The conditions were agreed on long ago, and my wife paid for her ticket – Čehok was convincing the public of Varaždin and Croatia in early 2004, responding to the objections raised by SDP regarding the payment of the expenses of an overseas trip to a foreign investor who never made the announced investment into Varaždin.

While Čehok was saying that he would travel the world again at the invitation of investors, but only after the conditions of the deal had been defined, the Commission chairman Josip Leko purported that with such a trip Čehok had violated the Act on the Prevention of Conflict of Interest. Namely, Article 8(1) says that "For

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the purpose of this Act a gift includes money, things regardless of their value, rights and services rendered without compensation that bring or may bring the official into a dependent relationship or create in him an obligation towards the donor”, or Article 8(3) which stipulates that “an official may keep only a gift of symbolic value, up to a maximum of HRK 500, from the same donor”.

However, the Commission’s decision on the trip, as Leko clarified at a press conference held in late 2005, was only of “a general nature, as proceedings were suspended because the Commission had already discussed it at Čehok’s request in its earlier session”.

The remuneration in the amount of HRK 3,000 that Čehok was receiving as mayor was also dubious for the Commission members. Namely, in addition to the remuneration, Čehok was also receiving his salary as MP, so there was a warning regarding the violation of Article 10(3) of the Act on the Prevention of Conflict of Interest which stipulates that “while filling a public post, officials may acquire income based on copyrights, patent and similar intellectual and industrial property rights”.

Leko warned that if within eight days Čehok did not renounce the disputable remuneration, the Commission would instigate a discussion on his accountability in the Varaždin City Council. That, however, did not happen because Čehok announced that he would stop receiving mayor’s remuneration, remarking that the Commission had no right to interpret who is entitled to a remuneration, but rather the competent parliamentary Committee for the Constitution and Rules of Procedure that he would resort to.

The third, and also best known case of conflict of interest connected with Čehok pertains to the purchase of private land at the Ribnjak territory by the City of Varaždin in April 2004.

- The Committee thinks Čehok was in conflict of interest also because in the purchase of land he favored a person he was connected with in terms of shared

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interest. Namely, the City of Varaždin bought 4 plots of land from private owners, with three persons receiving € 20 per square meter, and the fourth person receiving € 35. It was the wife of the head of the Varaždin Chamber of Economy, who had replaced Čehok in the Supervisory Board of the Varaždin free zone – said Josip Leko in November 2005, who was then the chairman of the Committee that made the decision unanimously.

Leko warned that the purchase of land represented a violation of Article 1(2), which stipulates that “conflict of interest is a situation in which private interests of officials are in opposition to the public interest, or when private interest influences or may influence the impartiality of officials in the exercise of public office”. Namely, Article 3(3) warns that “officials may not use public office for personal gain or the gain of a person related to them”, whereas Article 4 states that “related persons are a spouse or common-law partner of the official..., and other persons that on other bases and circumstances may be considered to be related in terms of shared interest to the official”. Furthermore, the Commission members warned that Article 6 stipulates that “officials are prohibited from acting in the following way: ...i) using in some other way the position of an official by influencing the decision of legislative, executive or judicial authorities in order to achieve personal gain or the gain of a related person, some benefit or right, make a legal deal or in other way favor interest-wise themselves or another related person”.

Stressing that his conscience is clear in all three cases, Čehok said with regard to the disputable purchase that he did not feel guilty in that case either.

- That is one of the best deals the City of Varaždin has made, and local government can under no law dispossess the owner of the land, so we were therefore forced to pay what that family asked. The price is dictated by market conditions, the state audit did not find anything disputable in the said purchase, and the decision was unanimously made by nine members of the City Government. If we follow that logic they were all in conflict of interest. Besides, I have neither negotiated the price of the land, nor did I know whose plot it was or favor that person I had never seen before– warned Čehok, who complained on two occasions to the Administrative

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Court because of the Commission's conclusion with regard to the purchase of the land on Ribnjak, as he considered it to be wrong.

ČEHOK'S COMPLAINTS

In March 2006, the Administrative Court took into consideration Čehok's first demand for the protection of human rights and fundamental freedoms guaranteed by the Constitution, and with respect to the Commission's conclusion. In the decision, among other things, it warned that the Commission would have to prove the conflict of interest, i.e. Čehok's personal interest association with the owner of one of the plots of land and her husband. Precisely for that reason the procedure on the purchase of land was repeated before the Commission, which again concluded that Čehok was in conflict of interest.

- That has not been established now, nor was it established last year either, as there is less association in this case than, for instance, in the case of farmers to whom the City of Varaždin has leased farmland or in the case of the Varaždin Faculty of Organization and Informatics, where I worked as professor, and which recently obtained a facility from the City without problems – said Čehok in August 2006. The issue of the sale of the land on Ribnjak, which was supposed to be purchased by the Canadian ABC Group, appeared in two sessions of the Varaždin City Government, both held on the same day, April 27, 2004.

- The Commission is wrong when they claim there was no reason for an emergency convocation of the second session because it most certainly existed, which can be seen from the annex to the agreement with the ABC Group in which the final deadline for the resolution of property issues was extended. The Commission members did not see those documents because they did not ask for them. They disregarded that one particular buyer emphasized he had previously sold a similar piece of land for €40 and that he would not give up his plot on Ribnjak for less than that. And we accepted it because we not only needed the land, but also because the price was lower than the one established by the expert – claimed the mayor of Varaždin who labeled as hypocritical the objections to the second session being closed to the public, since it is a rare practice in Varaždin, unlike Zagreb where it is the rule.

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Čehok particularly mentioned that it is not in the Commission's competence to establish either the illegitimacy or the legitimacy of the City Government's decisions, as there are other authorities for that. With regard to that, he singles out the State Audit Office which did not find anything disputable in the purchase.

- In view of all this I claim that this is a political construct orchestrated by individuals from SDP, such as the Commission chairman Josip Leko manipulating the members. It is in their interest to show all politicians in Croatia equally incompetent or prone to dubious moves – Čehok concluded.

ADMINISTRATIVE COURT'S JUDGMENT

After Čehok's second complaint against the Commission's conclusion, in June 2007 the Administrative Court dismissed his request for the protection of guaranteed human rights and fundamental freedoms. The reason why is visible from the part of the explanation that we quote here in its entirety.

- From the information in the case file it is visible that M.C. from V. and V.C. from V. did not accept the above mentioned offer for the purchase of land at €20.00 per square meter, as they were offered in the offer dated March 22, 2004, so after turning down the offer, as evident from the case file, the Administrative Department for Utility Services and Spatial Planning of the City of V. with its letter, class: 940-01-04/01/8, reg. no: 2186-01-06-04-5 dated April 26, 2004 sent an invitation to M. C. with regard to the land purchase. From the content of that letter it is visible that M. C. did not accept the purchase of the land at €20.00 per square meter, but asked instead for €30.00 per square meter, which is why he is informed in that letter that his offer is not acceptable, that the amount being offered is still €20.00 per square meter, and he is invited to appear regarding the matter of the purchase of the land in the above mentioned Department on May 3, 2004. The said Administrative Department of the City of V. invited V.C. on the same day, April 26, 2004, to appear on May 3, 2004 in the said Department regarding the matter of the land purchase. However, as evident from the case file, the invitation to the above named person was sent on April 23, 2004 from the Office of the Mayor of V. as well, and was signed by Deputy Mayor Z.H., LLB. In that letter the above named person is invited to accept the price of €20.00 per square meter, but at the same time it is stated that

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there are other possibilities as well, such as e.g. exchange of land between the above named person and the City of V., therefore she is invited to contact the officials of the Administrative Department for Utility Services and Spatial Planning of the City of V. The case file contains a copy of the submission V.C. addressed to the mayor of the City of V., received on April 23, 2004, from which it follows that the above named person does not accept the price of €20.00, but rather informs that she is requesting €40.00 per square meter for the sale of the land on location "R".

The offers of M. C. and V. C. for the purchase of the land in question, as evident from the case file and as stated by the Commission in the explanation of the disputed Decision, were discussed at the 55th Session of the City Government of the City of V., held on April 27, 2004. Although it possessed the information that M.C. was requesting €30.00 per square meter of land, at the mentioned Session the City Government reached the conclusion that his offer should not be accepted, and established the purchase price for his land is at €20.00 per square meter, as for the other two owners (M. L. and D. M.), while at the same session a conclusion was reached whereby the City Government consented to the purchase price for the land of V.C. at €35.00 per square meter, and entrusted the Administrative Department for Utility Services and Spatial Planning with the implementation of the conclusion. After the conclusion was made at the said City Government session whereby the City Government consented to the purchase price for V.C.'s land of €35.00 per square meter and put the Administrative Department for Utility Services and Spatial Planning in charge of the conclusion implementation, from the official note placed in the case file it is visible that on the same day, after the City Government session, at the invitation of the mayor of Varaždin, i.e. the applicant, a meeting was convened of the City Government members at which the mayor informed the City Government members that Mr. M.C. had accepted the price of €20.00 per square meter, while V. C. did not accept the suggested price of €35.00 per square meter, but rather demanded solely the offered price of €40.00 per square meter. In this official note it was stated that due to the urgent need of completing the area in the economic zone "R." the members of the City Government agreed to accept V.C.'s offer of €40.00 per square meter. Subsequently, a purchase agreement was concluded with the above named person on August 11, 2004 and the purchase price established at €40.00 per square meter.

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From all of the above and in the opinion of this Court, it follows that the procedure of the purchase of V.C.'s land, which was purchased at the price of €40.00 per square meter, was not carried out in the same way as the purchase of the land of other owners in the "R." zone, from whom the land was purchased at €20.00 per square meter.

Considering that by different treatment in the purchase of land V.C. was brought into a more favorable position in comparison with other owners of the land in question, and having in mind that she was brought into that position by the behavior of the applicant as well, not only as the member of a collective body deciding on the land purchase, but as a president of that body who personally convened a special meeting of the City Government members at which the price was established that was higher than the price established at the City Government session, the Commission had foundations in concluding that with such behavior the applicant came into conflict of interest because as an official he favored in terms of interest the previous land owner V.C. who, according to all the circumstances that the Commission listed in the explanation of the disputed decision, can justifiably be considered a person related to the applicant in terms of shared interest, which explanation this court accepts in its entirety – states the Administrative Court judgment whereby Čehok's second complaint was dismissed.

After receiving this decision, Čehok briefly stated that he respected the Administrative Court's decision, but still did not feel guilty. Probably in line with that attitude, the decision of the Commission for the Prevention of Conflict of Interest was not published at his expense in the Official Journal of the City of Varaždin, although it was mandatory.

2.

In addition to Ivan Čehok, in the opinion of the members of the Commission for the Prevention of Conflict of Interest, another Varaždin official found himself in an impermissible situation, i.e. in a situation where he acted or could have acted in his own favor or in favor of persons close to him. It is the current president of HNS (Croatian People's Party), until recently the county prefect of Varaždin and

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previously a member of parliament, Radimir Čačić.

Just as his local coalition partner until recently, Čačić has also been reported to the Commission on several occasions. Twice to be precise. While the most recent report on favoring his own company in the contracts for designing and building school facilities within a public-private partnership is still being considered, the earlier case has already been resolved. Namely, in December 2006 the Commission unanimously concluded that he was in conflict of interest while he was filling the post of the minister for public works, renovation and construction, as at that time he violated four articles of the Act on the Prevention of Conflict of Interest. - Čačić exercised his influence on the awarding of contracts in that ministry to companies with which he was related in terms of shared interest – Josip Leko, Commission president, stressed at the press conference organized on that occasion, presenting the conclusion of that body and the reasons on which they were based.

At the time when he was minister, former Varaždin county prefect also filled the post of the president of the Administrative Council of the state Agency for Transactions and Mediation in Immovable Properties (APN) which is, among other things, under the **Act on Subsidized Residential Construction**, the holder of investment activities related to the construction and sales of the apartments from the POS (Subsidized Residential Construction) program. However, as the Commission established, not long after Čačić became minister, between APN and “his” Ministry for Public Works, Reconstruction and Construction an agreement was concluded by which the legally established authorities regarding POS were transferred from that agency to the ministry, i.e. the Construction Directorate headed by assistant minister Alenka Košiša Čičin-Šain.

- Although APN’s competence over POS is determined by law that was proposed in the Parliament precisely by the Ministry of Public Works, Reconstruction and Construction, the authorities were by the agreement transferred to the Ministry, after which the Ministry concluded 12 agreements with companies from the Coning group on building apartments from POS worth HRK 132 million – the Commission established, stressing that it is hard to imagine that the transfer of authority did not influence or could not influence the conclusion of agreements.

Čačić’s influence or possible influence on the awarding of contracts was given as the key reason for his being censured for conflict of interest. In addition, the

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Commission warned that neither they, nor the Public Tenders Committee were informed that the companies competing for those ministry contracts are related interest-wise to the minister, although under law either Čačić or the law firm to which he transferred the management of the companies were obliged to do that. This, however, was believed by the Commission members to be a minor “sin”, as well as by the Varaždin county prefect who interpreted their conclusion in his own way.

- I am glad it didn't cross anyone's mind to accuse me of favoring my own companies, and that statement by the Public Tenders Committee that they didn't know Coning had nothing to do with me, if not stupid, is ridiculous – said Čačić, not explaining on the basis of what he was claiming that he was not censured for (possible) favoring, when that is clear both from Leko's statement and from the conclusions.

Although he “skipped” the key omission, while commenting on the Commission's conclusion Čačić referred in detail only to the mentioned “small” omission – not having informed on his connection to the companies.

- The conclusion that I am in conflict of interest was made by the Commission after I had submitted a request for its opinion three years ago. I am guilty of conflict of interest because the law stipulates that if the commissioner entrusted with the management of stocks fails to inform the commission that a transfer has been executed, this should be done by the official responsible for the commissioner's omission – said the Varaždin county prefect, briefly stating that this omission is only one of the ten counts deliberated on by the Commission members in his case, such as favoring companies, illegal conclusion of agreements and failure to comply with the tender procedure.

According to Čačić, the problem of not reporting a transfer of ownership was created in 2003, when all the agreements on POS with companies of the Coning Group were concluded, and there was no Commission for the Prevention of Conflict of Interest, which was not established until 2004. Čačić also warned that the fact that he transferred his ownership to other persons means the issue is not only about the commissioner, but about the owner as well, and that he should have reported it.

- If, however, I am guilty of such an omission, I will own up to it. But that's all rubbish, a farce and a shame for this country – claimed Čačić, adding that the

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Commission's conclusion, despite the obligation, will not be published in the Official Journal of the Varaždin County, but that he will file a claim instead.

- I am supposed to publish the conclusion as punishment? I will have to file a claim against the Commission with the Administrative Court, just for courtesy. It's not that it means much to me, but I will sue them to teach them a lesson – said the Varaždin county prefect in his own style.

ČAČIĆ'S COMPLAINT

As Čačić announced it, so it happened. Despite the legal obligation, the Commission's conclusion was never published in the Varaždin County Official Journal, and because of them he filed with the Administrative Court a demand for the protection of human rights and fundamental freedoms guaranteed by the Constitution. In it he stated that the Commission had made its decision on the basis of the results reached by the Investigative Commission of the Croatian Parliament and the findings of an expert witness that was hired by the same Commission, and that this body did not implement any specific evidence. He also pointed out that the decision does not mention a single concrete contract that may have been concluded under his influence or intercession, as well as no concrete actions that would represent his use of his ministerial post for his personal gain.

In addition, he emphasized that all contracts, save for the last four with regard to which the finding of the expert witness claims they were concluded with a particular legal entity allegedly connected with the applicant from the Ministry, were concluded before the Act on the Prevention of Conflict of Interest came into force, therefore with those actions he simply could not have violated a law that had not yet been enacted at the time.

In early 2008 the Administrative Court partially accepted Radimir Čačić's request for the protection of human and citizen rights and freedoms guaranteed by the Constitution, and against the decision of the Commission for the Prevention of Conflict of Interest. The second and third item of the Commission's decision were declared null and void. In the second item it was stated that Čačić was in conflict of interest because his commissioner failed to comply with the obligation of reporting to the Commission on entering into a business relationship with the Ministry, for which the official is held accountable as well. This was disputed because the

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Commission was established on February 4, 2004, i.e. after Čačić ceased to be minister. The Court declared null and void the third item as well, the one pertaining to the second item, according to which Čačić is obliged to publish the Commission's decision at his own expense in the Official Journal of the Varaždin County. However, Čačić's request with regard to the first and most important item was rejected.

In the first item, the Commission for the Prevention of Conflict of Interest concluded that Čačić was in conflict of interest while he was the minister of public works, reconstruction and construction and the president of the (APN) Administrative Council, because he influenced or could have influenced the awarding of contracts to companies that are connected to him in terms of interest.

Namely, as the Commission established, not long after Čačić had become minister, an agreement was concluded between APN and the Ministry, in which legally established authorities regarding POS were transferred from that agency to the Ministry, i.e. the Residential Construction Directorate. This directorate, between October 24 when the Act on the Prevention of Conflict of Interest came into force and December 23, 2003 when Čačić ceased to be minister, concluded with Coning inženjering five contracts on construction and seven contracts on expert supervision and consulting in the November 4-21, 2003 period. The total value of the contracts awarded to the Varaždin company of which, as it was established, the majority was owned by Čačić and his wife, was HRK 132,004,223 with VAT.

- In such a situation it is the opinion of this court that the Commission has made the correct decision on the existence of conflict of interest for the official Radimir Čačić – states the judgment of the Administrative Court, which thus sided with the Commission, although it did not establish Čačić's concrete personal gain.

The Court thus confirmed the Commission's view stressing that Čačić was misinterpreting the law in requesting achieved personal gain to be established, i.e. achieved interest as a precondition for the existence of conflict of interest. That, however, is not necessary in their opinion.

- Conflict of interest is a circumstance in which private interest influences or may influence the impartiality of officials in the exercise of public office. Therefore, it is not necessary to prove the existence of an achieved material interest, but rather the existence of a private interest, in particular the interest of the official for the

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companies related to the official in terms of shared interest to get the contracts in the public procurement procedure, which actively or potentially influences the official's impartiality as a public person – the Administrative Court's judgment warned.

However, despite the rejection of the complaint, the decision of the Commission on the Prevention of Conflict of Interest was not published in the Varaždin County Official Journal.

3.

NO REAL RESPONSE OR CONSEQUENCES

The Commission for the Prevention of Conflict of Interest established the impermissible situations of two prominent Varaždin politicians, Ivan Čehok and Radimir Čačić, which was confirmed by the Administrative Court which warned of the obligation of publishing the conclusions in the official publications at their own expense. However, the Commission's conclusions were never published, not only in the Official Journal of the Varaždin County or the City of Varaždin, but they did not find adequate space in the media either, especially those of Varaždin with the longest publishing or broadcasting tradition. At best, in the latter the conflict between the politicians' private interest and public interest received coverage on the level of news, i.e. brief reports on the Commission's conclusions. Contrary to that, the newer, fully privatized Varaždin media approached the cases of conflict of interest more openly both at a time when they were not yet known as such, and after the Commission's decision. Is it a coincidence?

Due to the comprehensiveness of the conclusions it is indeed hard to expect their integral presentation in the media. However, not only was there no adequate presentation of the essence of their cases on the local level, but also no investigation and establishment of all the circumstances of the disputable cases, and there were no discussions or comments on the topic, except comments by politicians and local media editors well-disposed towards them who saw the conflict of interest only as the figment of political constructs, just as its actors did. Accordingly, there was also no wide public debate or establishment of possible

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political accountability, and in one part of the public doubt and suspiciousness towards the media, politicians and institutions of the legal state remained.

Why such “protective” and/or “silent” attitude towards conflict of interest of two politicians in the oldest Varaždin media, which brought to their “pardon” of sorts and public rehabilitation? Is it the result of free conviction of journalists and editors, their misunderstanding of conflict of interest, or a logical consequence of the circumstances they act in?

It would be best, of course, to look for the answers to those questions with the publishers of the oldest Varaždin printed and electronic media. That is precisely what was done in September 2008, when several questions were sent to their addresses. Thus, among other things they were asked for copies of most representative stories on conflict of interest of Radimir Čačić and Ivan Čehok, if they had published anything on those cases in the first place. We also wanted to know the answer to the question if their media had warned of a possible conflict of interest or corruption on the county or city level, and in which cases.

We did not receive answers to those and similar questions, nor did we receive answers to questions about the ownership structure that were sent at the same time. Namely, we wanted to know if the state, county, city or municipality were present in the ownership structure of those media, i.e. if they had been present and until when. We also wanted to know if the media were receiving subsidies from

NAGLASAK

Ureda za zdravi razum


Da se u recentnoj hrvatskoj politici doista mogu donositi i zaključci koji su prava uredu za zdravi razum – pobrinuo se 13. srpnja SDP-ov saborski zastupnik Josip Leko, a u svojsvu predsjednika Povjerenstva za sprječavanje sukoba interesa Hrvatskog sabora. Naime, iako je Upravni sud RH odbacio kao neosnovanu i proceduralno pogrešnu prethodnu odluku spomenutog Povjerenstva, prema kojoj je “utvrđeno” da je gradonačelnik Varaždina dr. Ivan Čehok “bio u sukobu interesa u postupku otkupa zemljišta za izgradnju varaždinske Slobodne zone”, dotični je gospodin Leko, nakon gotovo godinu dana, ponovno sa svojim glasačima iz Povjerenstva donio - identičnu odluku?!

Sva apsurdnost navedene “Lekine odluke” nije samo u tome što njome de facto dezavuiraju presudu nadležnoga suda, nego još više u tome što u svome “obrazloženju za javnost” ne iznosi ni jedan novi bitni argument za takvu odluku, ali ponavlja gotovo sve – ničim dokazane - poluistine i netočnosti na kojima su se temeljile i prva i druga (iskonstruirana) odluka Povjerenstva.

Naprotiv, i u svojoj (prvoj) žalbi Upravnom sudu, kao i u svome intervjuu u subotnjem “Vjesniku” (pod jasnim naslovom: “Moj sukob interesa – politička je farsa SDP-a”), a također u svome javnom očitovanju u ovom broju “Varaždinskih vijesti”, dr. Čehok argumentirano dokazuje potpunu neutemeljenost, ali i zlonamjernost “optužbi” o svom navodnom sukobu interesa. Stoga čitatelje i upućujem na 4. stranicu našeg lista, gdje on čak i “taksativno” iznosi najvažnije argumente i dokaze.

U zaključku komentara ove očigledne političke farse, kojom se (još jednom) pokušava politički diskreditirati – još prije proletnih izbora! – po postignutim rezultatima najuspješniji hrvatski gradonačelnik, zgodno je po prvi put javno iznijeti i jednu neprijepornu činjenicu. Naime, ne samo da dr. Ivan Čehok nije oštetio varaždinski proračun za 39.000 eura (tobože zbog pogodovanja jednoj vlasnici pri prodaji njenog zemljišta), već su Poglavarstvo i nadležne službe Grada pod njegovim vodstvom - uštedjele gradskom proračunu točno 76.180 eura u tom otkupu zemljišta od četvoro privatnih vlasnika!

P.S. Varaždinci su i na prošlim izborima dali čak 73 posto glasova “Čehokovoj listi”, a znat će jednako tako procijeniti i njegove zasluge na predstojećim izborima. A toga se njegovi protivnici, očito, najviše plaše, pa mu zato već sada podmeću. No, “u laži su kratke noge”, a “psi laju dok karavane prolaze”!

E. Fija 

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the counties, cities or municipalities, i.e. in what form and amounts. Furthermore, we wanted to know whether the presence of the local self-government in the media ownership structure, i.e. the business relations with the county and cities, had any influence on the manner of reporting on their officials.

This group of questions was sent because the oldest Varaždin printed and electronic media are (were) connected with respect to ownership with local self-government units, especially the City of Varaždin and Varaždin County, whether directly, or through companies (co)owned by the local self-government units. Moreover, at the moment the conflict of interest of their officials was discovered, some of them were fully owned by local self-government units. But that is not only in the past. Namely, even after a partial privatization that was conducted in an “orchestrated” way, in the ownership structure of some of those media the City of Varaždin and Varaždin County still have a significant share, 20%-25 %, and therefore have a decisive influence on the selection of the media officials. What the situation is really like is perhaps best illustrated by the data that there are several politicians who are candidates at local elections that are to take place next year, sitting on supervisory boards of those media institutions!

If we take into account that there are other, more clandestine connections between such media and local authorities, the logical question is: can they be expected to take a more open, more engaged and finally, more honest approach to the issue of conflict of interest or other corruptive actions of local officials, some of which even head the supervisory boards of certain media? Is it not more logical in such a situation to expect disputable actions to be kept secret or even justified? Is it surprising in such circumstances that the first (and only) ones to speak up on disputable actions are the new, fully privatized media, although often technically inferior, as was the case with the disputable exchange of the land in Ribnjak. Namely, the first to write about it was the short-lived Varaždin weekly Špigl, although other media as well could obtain the basic information as it was heard at the session of the Varaždin City Council. However, save for Špigl, no one else attempted to see what it was actually about, just as only one other Varaždin media institution published the conversation with the family that was paid less for the land.

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WHERE IS THE WAY OUT

While on the national level care is taken for the state and its officials to be as little present in company ownership structures as possible, especially in the media, it is a sad fact that the local level is completely forgotten, although here as well there are certain legal obligations. So it may happen that in the supervisory board of the oldest printed or electronic media in the Varaždin County even today, as was the case in the last ten years, there are still county prefects and mayors, i.e. their deputies and closest associates! This fact is even more sad if we consider that freedom of the press and speech was first proclaimed in Croatia in the “People’s Demands” by the renowned citizen of Varaždin and its surroundings, Ivan Kukuljević Sakcinski, as early as 1848, all of 160 years ago!

Let us leave it to the historians to establish how such a terrible step backwards could have happened, i.e. why Varaždin and the Varaždin County, where a hundred years ago numerous papers were printed, today only has a few media institutions, of which those with the longest tradition are under the umbrella of the (local) authorities. It is more important now how to get out of that situation as soon and as well as possible, as it is visible that such controlled media are not the “watchdogs of democracy”, which is considered to be one of the principal functions of contemporary journalism expected to present to the constituents in true light the candidates for highest offices, as well as to openly warn of possible dubious actions of officials and to instigate “sleepy” institutions to thoroughly expose and process them. Without setting the (local) media on sound foundations, where it is of particular importance to “clean up” the ownership structure of the state, local self-government units and their companies, cases of conflict of interest or other corruptive actions will not only remain undisclosed, but will continue to be covered up and even justified, which will deceive the constituents. We need not bother explaining what kind of social and economic repercussions it has or may have, while we receive on a daily basis criticism from the EU, and on the scale of corruption we are side by side with some countries that we usually claim are far behind us. The reality, however, is different, at least for now.

Ivica Kruhobrec

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PUT THE BUNDLE ON THE SHOULDER AND OFF YOU GO²

The period of one year (September 2007 - September 2008) of the still on-going soap-opera with elements of drama in Zagreb regarding the Zagreb Holding subsidiary Zagrebačke ceste, was sufficient to vividly depict the way city companies and the city administration function in the Croatian capital. Like a straight-to-video movie, this story, which will most likely end in a disaster for the police, the judiciary, the city of Zagreb and SDP (Social Democratic Party) judging by all that has been happening so far, contains scenes of beatings, threats and blackmail, local mobsters, political spins and unscrupulous behind-the-scenes dealings.

When Igor Rađenović, a 37-year-old SDP official, was appointed director of Zagrebačke ceste last October, no one thought that this at the time unknown manager would cause a dramatic upheaval in Zagreb. Slobodan Ljubičić, the CEO of the Zagreb Holding at the time, and mayor Milan Bandić officially announced Rađenović as the savior of the subsidiary, as the person who should finally shatter the ominous myth of the most corrupt city company, which was later to be debunked as a bad spin, since the new manager never had the support of Zagreb's top two officials. Rađenović replaced Ivan Kolarić, the uncle of the mayor's wife, who was appointed to the post a few months after Bandić became mayor in 2000. It is well known that Kolarić carried no weight in that municipal company, and that the important and financially substantial decisions were made by financial director Slobodan Gracin and technical director and HSP (Croatian Party of Rights) city councilman, Stipo Čorić.

Even though rumors pointed precisely to these two for all alleged irregularities and malfeasances in this subsidiary, after his arrival, according to his own words, Rađenović wanted to leave it all behind and start anew.

- At the time I said, 'I am not interested in the past but the future'. Along with the entire

² „Pinklec na rame i put pod noge“ is an old saying in Zagreb implying that one is about to take his/her belongings and leave

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managerial section of the subsidiary, I decided that we were to follow prescribed business procedures and laws. However, soon the two biggest problems emerged – sub-contractors and suppliers. It turned out that Zagrebačke ceste had for years been paying all invoices to the contractors, even though the bulk of the invoices, almost three quarters, were incomplete, which usually meant that these contracts were either not completed, or that another service had been performed, not stated in the invoice - said Rađenović.

The new manager soon had a confrontation with Čorić, who went on sick leave and subsequently left the company. Rađenović soon realized the other large malfeasance, which cost the company millions of kuna a month. Even though contracts with the suppliers stated that the delivery of the goods was the responsibility of the supplier, Zagrebačke ceste usually hired contractors for the transport, which was, naturally, invoiced.

- Although Gracin had the authority to independently decide on the financial activities, I noticed a violation of procedures. The only solution was to personally take over the duty of paying the invoices while following just one rule – pay in a strict order and ignore incomplete invoices. The situation gained momentum, HRK 80 million was “suspended”, but none of the suppliers called me. Only “friends” were calling, saying I may be overreacting, telling me to slow down, that the thing goes too deep etc. At the same time, there’s the question of different threats I reported to the police without delay. Even though they let me fire several supervisors and procurement officers, I had no real support from Ljubičić. Finally, in January, there was that anonymous letter to the Holding, incriminating me with sexual harassment and financial malfeasances. – says Rađenović.

It is important to know that at the time (early 2008) the public knew nothing about the goings-on in Zagrebačke ceste, nor would it know until springtime. Based on the anonymous letter, Igor Rađenović finally managed to include the problem of Zagrebačke ceste on the Holding management board agenda. At the board meeting, he made four demands: that the City Control Office perform an inspection, that an audit be performed, that a new organization scheme be implemented and that USKOK (Office for the Prevention of Corruption and Organized Crime) be asked to investigate the allegations from the anonymous letters to ascertain whether he really is a sex maniac as the letter says. Ljubičić, i.e. the management accepted the first three requests, while the USKOK idea was refused. The situation in the company was deteriorating rapidly along with interpersonal relations as the 37-year-old manager

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began to receive anonymous threats signed by 'wolves', which resulted in Rađenović reporting himself to USKOK in spring, bringing the criminal police investigators to this subsidiary. As in April Rađenović had not only the facts that a city company was being investigated by the criminal investigation division, but also an audit finding and the report of the City Control Office revealing grave malfeasances, he gave Ljubičić an ultimatum – either he would be allowed to relieve of duty the management (five to ten people), or he would resign himself.

- Ljubičić told me he couldn't help me, while Gracin said that I could not relieve him of duty because it was Bandić who appointed him, not me. A few days later at the SDP convention, Bandić was elected to the party leadership, and six days later, in front of my apartment building in Travno, I was brutally beaten with bats by two unknown assailants - says Rađenović.

That is when the entire story moved to a higher level, because high politics soon got involved. Zoran Milanović visited Rađenović in the hospital, as did the Bandić-Ljubičić duo. The entire public was alarmed and along with the media demanded that the police find the assailants and those that commissioned the act of violence. They were joined by Bandić and Ljubičić who, at several news conferences, professed their support for Rađenović. However, the relations between the duo and the beaten manager began to cool off and only then the insider stories of Rađenović's tragedy started to leak to the public. Even though the public soon found out that the mysterious Slobodan Gracin was one of the people accused of malfeasance by both the police and Rađenović, Ljubičić and Bandić decided to appoint him to the post of deputy to Rađenović. Public and media pressure increased and Ljubičić soon relieved Gracin of duty.

In early July, the police investigation finally yielded results and Miodrag Šimunac and Nikola Presečki, small-time crooks from Zagreb were arrested, giving the impression that those that organized the attack could also be found soon. The Ministry of Interior leaked information that Šimunac had confessed to beating Rađenović for €3000 during the very first interrogation. However, what outraged the public the most was the fact that Šimunac allegedly mentioned a list of people who still needed to be beaten and a voice recorder which contains the recording of the conversation between persons who organized the assault and participated in it. Šimunac said that a recording of the conversation between Stipe Čorić, Slobodan Ljubičić, himself and a certain executive existed. While the police was relentlessly searching for the weapon used in the attack and investigating whether the voice recorder and the 'black list' exist at all, new scandalous information was leaked to the public. USKOK filed an

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investigation request against Gracin, procurement managers at Zagrebačke ceste Nada Hećimović and Boris Videc, director of Inter-Ing, a small construction company, under the suspicion of illegal mediation, abuse of authority and counterfeiting of documents. Although this was really about the illegal financing of the 'Cheese and Cream' campaign of Nenad Ivanković, which was not a part of the report to USKOK by Rađenović, the public gained an even more detailed insight into the business of the city political parties and city companies. Hećimović confessed that Ivanković was not the only party Zagrebačke ceste had financed, as in the last few years they had financially supported HSP, SDP, and even HDZ (Croatian Democratic Union), and went on to add that she could not understand how 'such a small matter' broke over her back when there were much more nefarious dealings going on at Zagrebačke ceste!!

In the meantime, after his sick leave, Rađenović refused to return to Zagrebačke ceste, so he remained only the executive vice-president in the Holding Management. During that time, Ljubičić and Čorić vehemently denied being involved in the beating of Rađenović, and the SDP party leadership at Ibler Square was waiting for just one more gaffe of the Holding to chop Ljubičić off from Milan Bandić, Ljubičić being the closest associate of the mayor of Zagreb. This happened when the media finally got hold of the anonymous letter from earlier in the year: the Management published the anonymous letter at the Holding web site, which triggered a reaction from Ibler Sq., so Bandić, encouraged by the support from Milanović, managed to have Ljubičić resign. One of the strongest political and interest relationships broke over a simple letter, and not over the doubts of numerous irregularities at the Holding.

As Bandić held his part of the bargain, which included Ljubičić being replaced by SDP man and former HEP (Croatian Electricity Utility) CEO Ivo Čović, Milanović soon voiced support for Bandić in several interviews. Rađenović, "the Zagreb Don Quixote" was politically hung out to dry. In early September, at a time when the state attorney's office requested only 16 months' imprisonment for the two assailants, when there were no indications whatsoever that the organizers of the assault would be found, after Milanović shut the SDP door to him, when almost the entire management of Zagrebačke ceste was still in position, Rađenović resigned as city councilman. Although he was still employed at the Holding Management at the time this text was being written, he admitted that he was looking for a new job.

In the meantime, the county state attorney's office made a move that gave hope that the story of Zagrebačke ceste would not be a tragic one in the end. In September, charges were filed against several persons, the most important of which were Stipo

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Čorić and Slobodan Ljubičić. They are accused of abuse of position and authority. Namely, earlier in the year, while Rađenović was manager of Zagrebačke ceste, he cancelled all contracts with a car rental company, so all employees of that Zagreb Holding subsidiary (some twenty of them) returned the vehicles. Čorić, on sick leave at the time, refused to do so even after several phone calls he had received from Rađenović. That is when Rađenović confronted Ljubičić again, who asked him to leave the car to Čorić.

-Your eyes are bloodshot, your eyes are bloodshot. Give the man his car – repeated Ljubičić to Rađenović in those days, but Rađenović would not back down.

The issue is that the official Regulations state that the right to 24/7 use of cars is reserved only for members of the board and subsidiary managers, while the use of the car by employees can be authorized only by the subsidiary manager, so Rađenović refused the request made by Ljubičić. Finally, after an oral request by Ljubičić, Rađenović transferred the contract between Čorić and the car rental company to the Stanogradnja subsidiary, which was subsequently responsible for covering the rent cost and other Čorić's expenses. The county state attorney's office accused the Ljubičić-Čorić duo of damages against Stanogradnja in the amount of some HRK 30,000.

Luckily for Ljubičić and Čorić, at the same time the media was flooded by reports of the anti-corruption activities and the beating of Josip Galinac, CEO of Industrogradnja, which caused the charges to move out of the media spotlight. Now the former Holding boss Slobodan Ljubičić and former technical director of Zagrebačke ceste Stipo Čorić were able to shut out the media even more, so apart from occasional excursions by city lawyers, who called the media to 'explain' the charges were ridiculous, Ljubičić and Čorić were very difficult to reach by phone, let alone be seen in public. This 'silenzio stampa' situation lasted until September 26 and the City Assembly session. Čorić, a representative in the City Assembly for HSP, was also present. Irritated by the journalists' questions about his possessions and earlier texts which were significantly critical of his involvement in the Zagrebačke ceste case, at one point Čorić lost his temper and called two journalists from Večernji list and Holding board member Lidija Tomić little chetnik whores, all this in front of a journalist from Jutarnji list.

The HSP representative was quick to apologize, but was nonetheless suspended by the new Holding boss Ivo Čović only a few days later, and soon Čorić himself put his City Assembly mandate at the disposal of his party.

The final outcome of this scandal, still taking on new dimensions as we write this text, is not yet known.

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However, several conclusions can be made.

- The person who ordered Igor Rađenović beaten is still not found,
- Zoran Milanović, in spite of numerous scandals of Milan Bandić and numerous spectacular partisan announcements of his removal, has finally made a deal with the mayor of Zagreb with the entire party leadership standing behind his work,
- The victim of this deal is Igor Rađenović, hung out to dry by Ibler Square,
- In spite of numerous allegations of the most serious forms of corruption, Slobodan Ljubičić and Stipo Čorić were relieved of their duties only after publicly humiliating their colleagues and journalists,
- Even though associated with non-transparent dealings worth millions of kuna, the charge against them refers to a mere HRK 30,000,
- Financial manager of Zagrebačke ceste Slobodan Gracin, procurement manager of the same subsidiary Nada Hećimović and security service manager Krešimir Marko Artuković, in other words persons with outstanding charges or under investigation for alleged corruption are still employed by the Holding.

It is still unknown whether the Zagrebačke ceste case will end in disaster for the police and the judiciary, although both institutions are somewhat down on their luck. Whether the Bandić deal was a smart political move, time will tell. There have already been speculations that prime minister Ivo Sanader might 'persuade' the state attorney's office to finally follow up on one of the countless reports against Bandić next spring, a couple of months before the local elections. In that case, Milanović will lose not only Zagreb, but could also lose the party and then go down with Bandić. The second possibility is that Sanader will again sacrifice Zagreb until the presidential or parliamentary elections, when one of the 250 reports against Bandić could also be followed up on.

Ante Milković