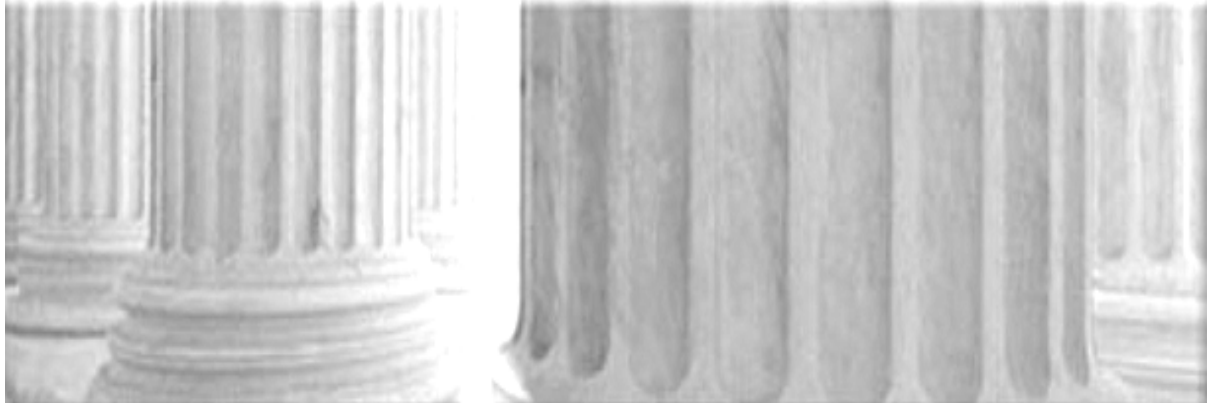




**REPUBLIC OF BULGARIA**



***CHAMBER OF PRIVATE ENFORCEMENT AGENTS***



**A N N U A L   R E P O R T**  
**2 0 1 3**



Distribution and number of private law enforcement agents /164/ within the territory of the Republic of Bulgaria as per legal areas of action in 2013

|                |    |              |    |                |    |
|----------------|----|--------------|----|----------------|----|
| Blagoevgrad    | 6  | Lovetch      | 2  | Sliven         | 4  |
| Bourgas        | 12 | Montana      | 2  | Targovishte    | 2  |
| Varna          | 10 | Pazardzhik   | 9  | Haskovo        | 3  |
| Vratsa         | 3  | Pernik       | 4  | Shoumen        | 4  |
| Vidin          | 1  | Pleven       | 5  | Yambol         | 1  |
| Veliko Turnovo | 6  | Plovdiv      | 15 | Sofia City     | 37 |
| Gabrovo        | 4  | Rousse       | 4  | Sofia District | 4  |
| Dobritsch      | 6  | Razgrad      | 2  |                |    |
| Kardzhali      | 2  | Stara Zagora | 10 |                |    |
| Kyustendil     | 4  | Silistra     | 2  |                |    |

#### Chamber's Board

##### **Valentina Ivanova - Chairperson**

Polya Rouicheva - Deputy Chair  
 Gueorgi Gueorgiev - Deputy Chair  
 Nedelcho Mitev  
 Milen Bazinski  
 Stefan Gorchev  
 Victor Gueorgiev  
 Ivan Hadzhiivanov  
 Tanya Madzharova  
 Petko Iliev  
 Mariana Obretenova  
 Nikola Popov - alternate member

#### Disciplinary Committee

##### **Elitsa Hristova - Chairperson**

Reneta Vassileva  
 Stoyan Yakimov  
 Orlin Mendov  
 Zhana Sharankova  
 Daniela Radoevska  
 Valentina Popova  
 Margarita Kancheva  
 Anelia Vassileva - alternate member  
 Maria Tsacheva - alternate member  
 Grigor Todorov - alternate member  
 Liliana Kuzmanova - alternate member

#### Control Committee

##### **Gueorgui Dichev -**

**Chairman**  
 Totko Kolev  
 Vassil Nedyalkov  
 Delyan Nikolov  
 Gueorgi Tsekleov  
 Mariyan Petkov -  
 alternate member

## TABLE OF CONTENTS:

|  |         |
|--|---------|
| ADDRESS OF THE CHAIRPERSON   | page 4  |
| <b>1. GENERAL REVIEW OF THE SYSTEM OF PRIVATE ENFORCEMENT AGENTS</b>   | page 7  |
| <b>2. BACKGROUND OF THE CHAMBER</b>  | page 9  |
| <b>3. REVIEW OF THE CHAMBER'S ACTIVITY</b>   | page 9  |
| 3.1. NATIONAL CONFERENCES AND WORK MEETINGS  | page 14 |
| 3.2. INTERACTION WITH THE INSTITUTIONS   | page 16 |
| 3.3. PUBLIC RELATIONS  | page 23 |
| 3.4. CONTROL ON THE ACTIVITY OF PRIVATE ENFORCEMENT AGENTS   | page 24 |
| 3.5. INTERNATIONAL COOPERATION   | page 26 |
| 3.6. SERVICES RENDERED TO CHAMBER MEMBERS  | page 30 |
| 3.6.1. REGISTER OF PUBLIC SALES  | page 30 |
| 3.6.2. <i>Register of Debtors</i>  | page 32 |
| 3.6.3. TRAINING  | page 33 |
| 3.6.4. COMPENDIUM «LAW ENFORCEMENT»  | page 37 |
| 3.6.5. ELECTRONIC DISTRRAINTS  | page 38 |
| 3.6.6. ELECTRONIC DATA EXCHANGE WITH the National Revenue Agency (NRA)   | page 38 |
| 3.6.7. CIVIL REGISTRATION AND ADMINISTRATIVE SERVICES (CRAS)   | page 38 |
| 3.6.8. INFORMATION AND ADMINISTRATIVE SERVICES   | page 38 |
| 3.6.9. SERVICES UNDER DEVELOPMENT  | page 40 |
| <b>4. REPORT OF THE DISCIPLINARY COMMITTEE AT THE CHAMBER OF PRIVATE ENFORCEMENT AGENTS FOR 2013</b>               | page 42 |
| <b>5. REPORT OF THE CONTROL COMMITTEE FOR 2013</b>   | page 47 |
| <b>6. FINANCIAL REPORT FOR 2013</b>  |         |
| 6.1. PROFIT AND LOSS ACCOUNT ON NON-PROFIT ACTIVITIES  | page 49 |
| 6.2. PROFIT AND LOSS ACCOUNT ON BUSINESS ACTIVITIES  | page 50 |
| 6.3. BALANCE SHEET   | page 51 |
| 6.4. EQUITY STATEMENT  | page 53 |
| 6.5. REFERENCE STATEMENT ON THE ACCOUNTING POLICY DISCLOSURE OF THE CHAMBER OF PRIVATE ENFORCEMENT AGENTS FOR 2013 | page 54 |

## ADDRESS OF THE CHAIRPERSON



***Dear Colleagues, Ladies and Gentlemen,***

The report is detailing the activities of the Chamber of Private Enforcement Agents (CPEA) during the past year. We have managed to clearly outline our priorities, tasks, activities, rights and responsibilities. I will make an attempt to review the past year through the prism of our operational ***mechanisms***.

Experience gained so far opens a new horizon for a comprehensive and thorough analysis in this aspect. This document gives the following answers: ***how*** to continue the harmonization of our business; ***how*** to enhance our competence; ***how*** to disseminate best practice; ***how*** to boost the efficiency of our interaction with various institutions? These are all answers to questions, which logically lead to the response of the ***main***, I would say ***everlasting, question*** we have always faced: ***How*** should our actions become more efficient and faster, while abiding by the law?

In these searches, ***constructive dialogue*** has been brought to the foreground. It has become a sort of code of conduct for the governance of the Chamber of Private Enforcement Agents (CPEA), a truly operational mechanism used to defend our views and positions in numerous disputes with the government, businesses, creditors and debtors. Discussions and conversations during meetings with the Ministry of Justice (MJ), the Supreme Cassation Court (SCC), the Financial Supervision Commission (FSC), the Association of Banks in Bulgaria (ABB), the National Revenue Agency (NRA), the Notary Chamber (NC), the State Agency for National Security (NASS), the State Archives, the Center for Human Rights (CHR) and the Civil Association DNES, aimed to construct a dialogical and constructive manner of communication, relying on serious and thorough legal and economic facts and analyzes. Now, a priority is to ensure the protection of interests of private enforcement agents rather than activating our interaction with institutions. A typical example thereof is the Tariff of Fees and Charges. In March, during a meeting of the Council of Ministers, the said Tariff was amended and supplemented. I should point out that the passed version, although it is different than the one agreed with us, largely defends our interests and positions. This success is due to the joint efforts of all colleagues who have responsibly participated in the discussions.

Introduction of ***modern technologies*** in our activities is a top priority of the Chamber of Private Enforcement Agents (CPEA). We have completed the process of elaboration and implementation of a new web-based Register of Public Sales. We have permanently analyzed the needs of all users of the Register and the website development. In November 2013, we tested the new Central Register of Debtors. This year we will resume meetings to finalise the parameters of a new agreement with the National Revenue Agency (NRA). We have drafted the requirements for a single environment to impose electronic distrains on receivables under bank accounts, but it is not regarded as a legal provision by the

Bulgarian National Bank (BNB). We have signed a new agreement for the use of electronic access to the population register with the Civil Registration and Administrative Services Directorate (GRAO), which helped to expand the scope of permissible inquiries for enforcement actions. Severe and protracted negotiations with the Register Agency to provide Private Enforcement Agents (PEAs) remote access to scanned deeds and an option for entry and deletion of foreclosures electronically has failed to produce positive results to date.

**Training** is vital for the professional growth of each Private Enforcement Agent. Our goal is to ensure the quality of training products offered, the level of teachers and teaching content to fully meet the challenges posed by the divergent practice of domestic courts. In 2013, we successfully completed a thematically diverse and rich curriculum, which was pre-approved by the Board of the Chamber and distributed in a monthly schedule. The main conclusion is that the interest of Private Enforcement Agents (PEAs) in training and their employees has been on the rise. The number of training workshop participants during the reporting period is 17% higher than the previous year. But this is not enough. It is no secret that there is a wide gap in the training of students in higher education institutions in the field of enforcement proceedings. Filling this gap can hardly happen without rendering consistent, focused and sustainable training for all Private Enforcement Agents (PEAs). Not surprisingly, here comes the question of introducing mandatory training for Private Enforcement Agents (PEAs).

**Monitoring** of the law offices is an important preventive mechanism in the battle against systematic violations committed by private enforcement agents. In the past year, we placed under monitoring law offices that had signs of serious violations. Unfortunately, we have not yet minimised the subjective factor in deciding on disciplinary proceedings. At the end of the year, we launched an electronic platform for annual monitoring of the activities of law offices. It gives a lot more options and a basis for a broad analysis of enforcement practices across law offices. The data collected will allow drawing conclusions about application of procedures and compliance with legal requirements, both on a country-wide and regional basis. Unfortunately, 12% of law offices have missed to fill in the questionnaires. These law offices and law offices that show significant deviations from established procedures and rules will be inspected by teams of the Committee on Professional Ethics.

The idea to elaborate **rules of best practice** on disciplinary responsibility, under the established working procedures of the Disciplinary Committee, is not new. Its implementation was delayed due to lack of practice in relation to complaints against actions of Private Enforcement Agents (PEAs) and the resulting decisions to initiate disciplinary proceedings. To date, we have collected a sufficiently large database: as regards number of complaints against the actions of Private Enforcement Agents (PEAs); type of underlying disorders; number of disciplinary proceedings; number of final decisions of the Disciplinary Committee, which enable the production thereof. This is a serious step towards harmonization of practices in law offices and establishment of a fair, uncompromising new approach to disciplinary proceedings.

**National conferences and work meetings** have been highly appraised by all members of the private enforcement sector. Their distinctively creative atmosphere, open disputes has enabled us to find the right answers and solutions and therefore to strengthen and improve our system architecture.

The **self-assessment** of each private enforcement agent to their personal involvement and contribution to the work of the Chamber of Private Enforcement Agents (CPEA) was **extremely low** this year. There are a few colleagues who do not even bother to attend our general meetings. There is hardly a clearer indication of the short-sightedness of some of us who are yet unable to recognise their personal success as part of the joint efforts and image of the Chamber of Private Enforcement Agents (CPEA). I will not call upon them to be more pro-active or abide by the rules. This is one's personal choice.

Let me finish by expressing my deepest **gratitude** to all those who have devoted part of their time to our common cause, as the future of the Chamber of Private Enforcement Agents (CPEA) is the future of our profession!



**VALENTINA IVANOVA,**

CHAIRPERSON OF THE BOARD OF THE  
CHAMBER OF PRIVATE ENFORCEMENT  
AGENTS

## 1. GENERAL REVIEW OF THE PRIVATE LAW ENFORCEMENT SYSTEM

At the end of 2013, a total of **163** law offices of Private Enforcement Agents (PEAs) are operating in Bulgaria with over **1500** employees working in them.

The status and development of the private law enforcement system is presented with the following statistics over the last five (5) years:

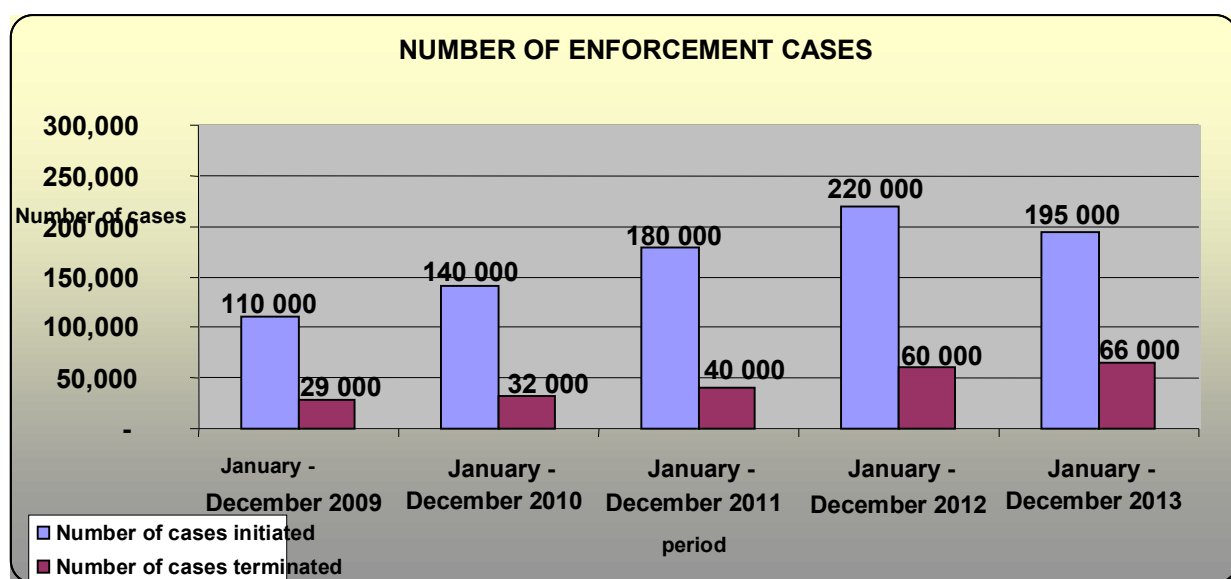
| <u>Initiated cases:</u> | <u>Completed cases:</u> |
|-------------------------|-------------------------|
| 2006 - 37,000,          | 2006 - 5,500            |
| 2007 - 64,000,          | 2007 - 17,200           |
| 2008 - 70,000,          | 2008 - 30,000           |
| 2009 - 110,000,         | 2009 - 29,000           |
| 2010 - 140,000,         | 2010 - 32,000           |
| 2011 - 180,000,         | 2011 - 40,000           |
| 2012 - 220,000          | 2012 - 60,000           |
| 2013 - 195,000*         | 2013 - 66,000*          |

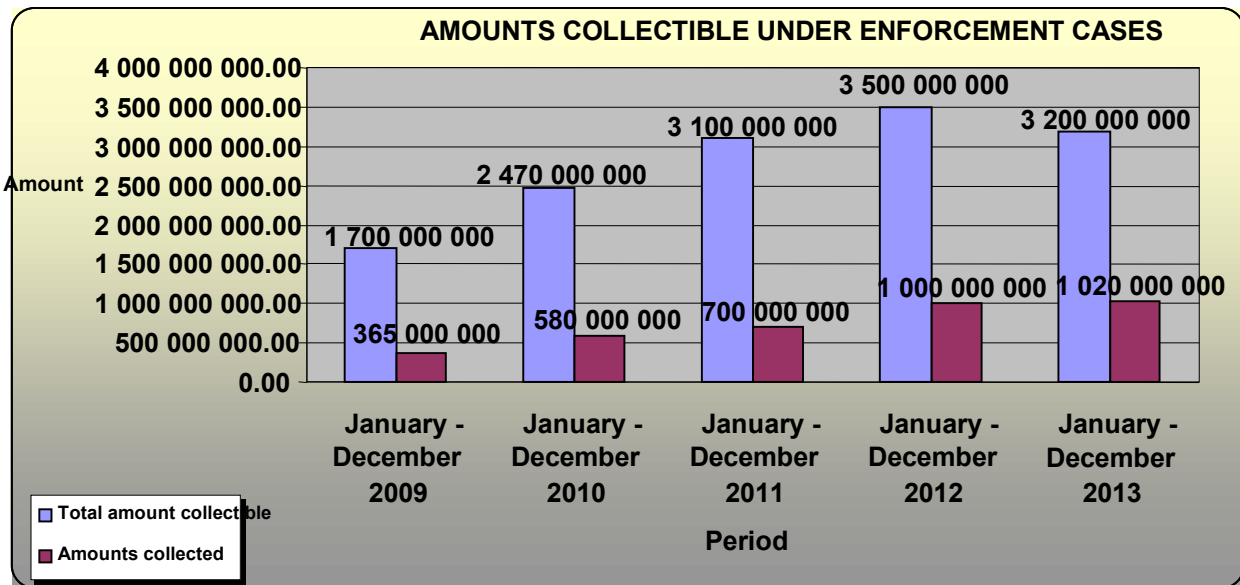
### Amounts collected:

|                           |
|---------------------------|
| 2006 - BGN 95 million.    |
| 2007 - BGN 250 million.   |
| 2008 - BGN 400 million.   |
| 2009 - BGN 365 million.   |
| 2010 - BGN 580 million.   |
| 2011 - BGN 700 million.   |
| 2012 - BGN 1 billion.     |
| 2013 - BGN 1.20 billion.* |

\* Remark: Data for 2013 are estimates, since they are still being collected and summarized.

For eight years since the inception of private law enforcement in Bulgaria, **1.16 million cases** were initiated, **280,000 cases** were closed, and the total amount collected exceeds **BGN 4.410 billion**.





**\* Remark:** The collectible amounts are indicative. Some law enforcement offices do not use document flow processing software, while others have started to enter information in their systems at different times over the years. Therefore, the amount due for recovery should be considered conditional.

In 2013, complaints submitted through Private Enforcement Agents (PEAs) to district courts total approximately 3500, including nearly 450 upheld by the relevant court.

The law enforcement system follows an upward trend of operation and development and private law enforcement offices currently employ more than 1500 employees. The majority of Private Enforcement Agents (PEAs) in Bulgaria has authorized their assistants - currently 144 Assistant Private Enforcement Agents (PEAs) work throughout the country.

The activity of Private Enforcement Agents (PEAs) has directly benefited the Treasury, because so far they have contributed to the state budget nearly BGN 450 million collected from public receivables, VAT from public sale and enforcement fees, taxes and social security on the activities of law offices. Indirect financial revenue from the rapid and efficient enforcement for businesses and the economy, and hence for the budget, is difficult to estimate. According to creditors and as evidenced by the statistics on new cases, private law enforcement is the most effective system of enforcement in the country and numerous state bodies and municipalities, including the largest ones, assign thereupon the collection of public receivables.

Meanwhile, law enforcement offices use modern technologies in keeping and processing their document flow. Access to information about debtors, much of which is already received electronically, also contributes to the expedition of this process.

Clients of private enforcement agents are not only private companies, banks and businesses in general, but also Bulgarian individuals seeking the recovery of outstanding debts under contractual relationships and as salaries, allowances and child transfer. Given that stamp duties for the latter collectibles are not payable by claimants, but must be paid from the budget of the relevant court, which often does not happen, private enforcement agents in fact subsidize this type of cases, which are quite a lot.



Private law enforcement in Bulgaria meets all European criteria regarding a modern, legal and effective business practice.

## **2.BACKGROUND OF THE CHAMBER**

Since its inception on November 26, 2005 the Chamber of Private Enforcement Agents (CPEA) has succeeded, despite many difficulties created by opponents to reforms, to establish itself as a good partner for both Bulgarian and international institutions, while striving to introduce high standards of professionalism and Code of Ethics for Private Enforcement Agents (PEAs), while maintaining effective working relationships with public authorities and institutions, and offering a wide range of services in support of its members. The Chamber has purposefully made efforts to keep active relationships with the general public and media, aimed at promoting and raising the profile of the private enforcement agent's profession.

In geographic terms, private enforcement agents in the country cover all district courts of the Republic of Bulgaria. Since the end of 2013, eleven Private Enforcement Agents (PEAs) have been inaugurated in their relevant areas of action, namely district courts of Lovetch, Smolyan and Pazardzhik. The procedure for scheduling and conducting competitions for filling vacancies in these regions has been long and accompanied by many obstacles for more than two years.

As a result, on October 25, 2013 two (2) new Private Enforcement Agents (PEAs) with an area of operation within Lovetch District Court swore in before the Chamber's Board and officially took office. The procedure was performed for nine (9) new Private Enforcement Agents (PEAs) with an area of operation within Smolyan District Court and Pazardzhik District Court, respectively on 22 November and 14 December 2013.

Currently operating Private Enforcement Agents (PEAs), who are members of the Chamber, are 163, including 82 men and 81 women in total.

During the reporting period, two Private Enforcement Agents (PEAs) lost their capacity - from the areas of District Court of Plovdiv and District Court of Montana, pursuant to Article 31, paragraph 1, sub-paragraph 7 of the Private Enforcement Agents Act (PEAA) - respectively, for a period of 3 years and 1 year. One Private Enforcement Agent with an area of operation within Dobritch District Court lost its license pursuant to Article 31, paragraph 1, sub-paragraph 2. One Private Enforcement Agent with an area of operation within Pleven District Court has restored its powers after serving a penalty under Article 68, paragraph 1, sub-paragraph 4 - deprivation of legal capacity for a period of three years.

Each member of the Chamber of Private Enforcement Agents has its personal dossier properly kept at the administrative office of the Chamber. Dossiers are sorted in an ascending order by registration number of Private Enforcement Agents (PEAs) and are regularly updated, while data from the notice of any change in the circumstances under the Private Enforcement Agents Act (PEAA) are entered into the Register of Private Enforcement Agents - both in electronic and paper versions.

The governance of the Chamber is executed by a Board of ten primary and two alternate members, while the administrative management is entrusted

to a team of three employees on permanent employment contract and three employees on civil contract. The Chamber of Private Enforcement Agents (CPEA) is financially independent and receives no funding from the state.

### 3. REVIEW OF THE CHAMBER'S ACTIVITY

In order to outline an objective picture and properly assess the reporting period, in 2013 the Chamber held its traditional survey among its members Private Enforcement Agents (PEAs) concerning fundamental aspects of our business. The assessment form included questions about the Chamber's services provided to members, their quality, activities by the Chamber's governing bodies and organisational skills of management staff.

We sincerely thank all our colleagues who took part in the survey and shared in an objective and critical manner their personal assessment as members of the Chamber! This year once again, a significant number of private enforcement agents responded to our assessment questionnaire because it is important for the management and governance of the Chamber of Private Enforcement Agents (CPEA) to know the members' opinion in order to adjust and improve its activities in the future. The summary of answers filled in the questionnaires has produced the following results:

|  |      |        |
|--|------|--------|
| <b>How do you assess the administrative staff of the Chamber of Private Enforcement Agents?</b>                          | 5.63 | 93.89% |
| Activities   | 5.63 | 93.92% |
| Communication with the members   | 5.62 | 93.65% |
| In due time  | 5.63 | 93.92% |
| To the extent needed   | 5.59 | 93.12% |
| Overall attitude   | 5.67 | 94.54% |
| <b>of the Chamber of Private Enforcement</b>   | 5.32 | 88.70% |
| <b>Overall assessment of the Chamber's activities according to the needs, expectations and usefulness to its members</b> | 5.14 | 85.71% |
| Administrative services  | 5.43 | 90.44% |
| <b>What is the quality of materials produced by the Chamber of Private Enforcement Agents?</b>                           | 5.08 | 84.72% |
| Website  | 5.19 | 86.56% |
| Register of Debtors  | 5.22 | 87.04% |
| Register of Public Sales   | 5.10 | 84.95% |
| members  |      |        |
| <b>How do you assess the training</b>  | 4.93 | 82.18% |

|   |      |        |
|---|------|--------|
| <b>organised by the Chamber of Private Enforcement Agents?</b>  |      |        |
| Lecturers   | 4.85 | 80.91% |
| Content of educational materials  | 5.00 | 83.33% |
| Quality of training materials   | 5.02 | 83.61% |
| Price   | 4.84 | 80.60% |
| Number  | 4.80 | 80.05% |
|   |      |        |
| <b>Public Relations</b>   |      |        |
| Overall contacts with media   | 4.44 | 74.01% |
| Number of articles published about private enforcement agents (PEAs) in media   | 4.35 | 72.50% |
| Quality of media coverage and their effect on the profession of Private Enforcement Agents (PEAs)                                     | 4.29 | 71.51% |
| Interaction with the institutions   | 4.64 | 77.32% |
| Computerization of law enforcement procedures   | 4.72 | 78.69% |
| Improving the institutional environment for the work of Private Enforcement Agents (PEAs)   | 4.56 | 75.96% |
|   |      |        |
| <b>How do you assess your personal participation and contribution to the activities of the Chamber of Private Enforcement Agents?</b> | 3.61 | 60.11% |

All Private Enforcement Agents (PEAs), who filled in and returned the questionnaires /63 colleagues in total/, have expressed their general satisfaction with the Chamber's activities. The score evaluating the Chamber's services rendered to its members, and its usefulness for each Private Enforcement Agent (PEA) is **5.14** as per the six-grade scale, whereas the administrative services rendered to the Chamber's members is given the highest score - **5.43**.

All respondents have assessed positively in general the activities of the Chamber of Private Enforcement Agents (CPEA). As regards the question of whether there was progress in the overall work of the Chamber in 2013 compared to 2012, the majority of survey participants responded affirmatively, but stated it was rather in terms of organisation. There are a few answers from Private Enforcement Agents (PEAs) stating that there has been progress in some areas, others said that the situation has deteriorated, but rather due to more objective reasons, beyond the scope and despite the Chamber's efforts. Several colleagues shared the opinion that there is a certain slack and that you can always strive for more results. We have identified several key factors, such as extremely unfavourable economic and political situation, and in particular the Ministry of Justice's negativity towards the private enforcement sector and profession as a whole. However, some Private Enforcement Agents (PEAs) believe that the organization shows a steady tendency that fewer colleagues are willing to devote efforts and resources to implement the Chamber's projects, and thus achieve progress.

All in, excellent results were reported in the activities of the governing bodies of the Chamber of Private Enforcement Agents (CPEA) and the Chamber's administrative staff was praised for their work. The average score assessing the activities of the Chamber's governing

bodies in 2013 is **5.29** (for comparison, the score in 2012 was 5.38, in 2011 - 5.30, in 2010 - 4.97), while the administrative staff is assessed with the score of **5.63** (for comparison: 5.66 in 2012, 5.71 in 2011 and 5.37 in 2010).

A large number of respondents suggested that the most useful activities for the benefit and interests of the Chamber's members in 2013 were the following: protecting the interests of the sector in the National Assembly and activities in relation to amendments to the Civil Procedure Code and the Tariff of Private Enforcement Agents; no new restrictions and limitations in activity, overcoming many obstacles hampering the functioning of the whole system, as well as damage control by trying to limit private enforcement sector; good communication, friendly and professional attitude of the administrative staff of the Chamber of Private Enforcement Agents (CPEA) ready to assist at any time and on all issues; organizing and conducting meaningful training workshops and national conferences, and the opportunity for colleagues during these events from across the country to meet, communicate and share best practices; sending minutes from meetings of the Chamber's Board, together with inspection reports of law offices and recommendations for improvement of operations; fully cooperating, precise and accurate terms of administration at the inauguration of the new Private Enforcement Agents (PEAs) and providing all available information on their activities as Private Enforcement Agents (PEAs); providing timely and accurate information about events and legal amendments; work on the Register of Public Sales and relationships with relevant district courts; prepared opinions on the uniform practice on some issues in the implementation of the Civil Procedure Code (CPC); the operation of the Register of Debtors; the new draft of Central Register of Debtors; computation of some basic judicial and executive proceedings; holding a conference in Greece, where we were able to combine business with pleasure and get away from routine duties for a while; submission of timely information concerning the activities of Private Enforcement Agents (PEAs), etc. It is worth noting that many fellow private enforcement agents share the opinion that the team and the governance of the Chamber of Private Enforcement Agents (CPEA) has contributed correct, objective and humane treatment and compassion to their problems. They have highly appraised the timely control of the governing bodies in respect of bad practices and ambition of the Chamber's Board to contribute for the professional improvement and development of each Private Enforcement Agent (PEA).

As regards the issue whether the amount of membership fees is adequate to the activities of the Chamber of Private Enforcement Agents (CPEA), opinions have been mixed as usual. Most of surveyed Private Enforcement Agents (PEAs) considered that membership fees are good, fair and well balanced in terms of the Chamber's activities. They share the opinion that the budget has been properly utilized and the governance and administrative staff have done their job. Another part of the Private Enforcement Agents (PEAs) said that the amount of contribution is low and should be lifted. Last but not least, a certain number of Private Enforcement Agents (PEAs) (approximately 15% of the total number of respondents) support the opinion that the amount of membership fee is unfairly established by decision of the General Meeting in January 2013 - based on the maximum number of authorized Private Enforcement Agents (PEAs) in the previous year. According to them, empowering an assistant is a prerequisite for the quality of service provided by the law

office, rather than the number of cases, because a lot of law offices without Private Enforcement Agents (PEAs) run a larger number of cases, but it does not mean they are processed more efficiently. They believe that this decision of the General Meeting demonstrates that the lack of Private Enforcement Agents (PEAs) is a privilege rather than vice versa - an opinion, which according to them, was stated, but not taken into account when voting on the decision. Some colleagues believe that the amount of membership fee is normal, but another basis for differentiated rates should be applied (for example, number of cases, revenue by law office, annual activity, etc.). In general, Private Enforcement Agents (PEAs) in their responses have affirmed the opinion that the financial independence of the Chamber of Private Enforcement Agents (CPEA) is very important and should enable us to implement new and modern projects, which will enhance the reputation of our organization.

An important part of the criteria in the questionnaires relates to public relations, including media cooperation and interaction of the Chamber of Private Enforcement Agents with the public institutions of Bulgaria. Judging by the final result of the respondents' feedback, they have posted serious remarks in this regard to the Chamber as their professional representative organisation. Opinions of colleagues in this area can be summarised as follows: very good score for interaction with public institutions - **4.64** /versus 4.98 in 2012/ and achievements in the field of computerization of enforcement procedures - **4.72** /versus 5.00 in 2012/. The quantity and quality of published media articles on Private Enforcement Agents (PEAs) and the effect they had on the profession is determined by the score of **4.35** /down compared to 2012, when this indicator was 4.56/. It should be noted, however, that in 2013, hundreds of journalistic articles on the subject of law enforcement were prepared, published and disseminated. This is due to the fact that the governance of the Chamber of Private Enforcement Agents (CPEA) has worked during the reporting period with an enhanced focus on media to mitigate negative public opinion caused by disturbed political and economic environment in the country.

In general, a significant proportion of respondents believe that the professional conduct and actions of Private Enforcement Agents (PEAs) are regulated by a clear legal framework for law enforcement. Expectations of the Ministry of Justice, the Chamber of Private Enforcement Agents (CPEA) and the community are clear and simply their implementation should be sought after. Any failure is subject to permanent control and sanctions by the Chamber's Board, the Ministry of Justice and the community in the face of media. Regarding the indicator "improving the institutional environment for work", Private Enforcement Agents (PEAs) gave an overall score of **4.56** /versus 4.80 in 2012/. When asked what, in the opinion of Private Enforcement Agents (PEAs), the Chamber can make to assist and help their work, their general responses focus mainly on: addressing the issue of imposition of distraints electronically; clarifying on the issue of archiving and destruction of enforcement cases completed over 5 years ago; summarizing case law on enforcement proceedings and timely notice in order to unify practices; establishing closer cooperation with the Ministry of Justice in respect of monitoring the activities of Private Enforcement Agents and requiring inspectors from the Inspectorate under the Judiciary Act to produce clear and uniform guidelines on the practice of law enforcement; increasing the number of national conferences throughout

the year or organizing meetings and training on a regional basis that will facilitate the performance of quality checks in the law offices for the correct application of the law and ethical standards; more active legislative initiative to eliminate the contradictions in the law enforcement legislation; more advanced capabilities for electronic access to information on debtors' assets; pro-activity in finding solutions for the immobilisation of impounded motor vehicles and an electronic link with the Traffic Police Register; electronic connection with the Register Agency to obtain copies of documents; introduction of mandatory annual training for Private Enforcement Agents (PEAs); obtaining clear standpoints from the National Revenue Agency (NRA) on certain issues concerning the activity of Private Enforcement Agents (PEAs) - certificates under Article 191 of the Tax and Social Security Procedure Code, VAT at public sales, etc.; improving media cooperation - publishing a special section on issues of law enforcement and feedback from individuals and businesses; improving the performance of the two registers - Central Register of Debtors and the Register of Public Sales; introduction of certification for law offices in line with quality management standards, etc.

Of course, criticisms can be heard. According to respondents taking part in the 2013 survey, the Chamber's activities should be improved in the following areas: better interaction with the institutions, particularly with the media; organizing more training sessions with guest speakers; providing more funding; better facilities; removal of the meetings of the Chamber of Private Enforcement Agents (CPEA) outside Sofia to use this opportunity for regional meetings with local members; pro-activity of the Committee on Professional Ethics; completion of all initiatives taken to date for computerization of court enforcement procedures; extending the trend towards outsourcing the Chamber's activities /IT projects, accounting services and tax consultancy, PR experts, publishing, etc./; adequate protection to members of the private enforcement sector from external attacks; greater involvement of each Private Enforcement Agent (PEA) into the general interest and participation of all colleagues in ongoing projects, not just in the governing bodies; implementing stricter self-control on the part of Private Enforcement Agents (PEAs) who do their best to be as transparent, accurate, ethical and honest in their work as possible, etc.

Despite their constructive criticism and recommendations, Private Enforcement Agents (PEAs) have given a very low rating /3.61/ of their personal involvement and contribution to the Chamber's activities. This assessment is even lower compared to 2012 when it stood at 3.70. As mentioned above, this fact by itself is not good enough to measure the personal motivation and commitment of each private enforcement agent to our common cause.

### **3.1. NATIONAL CONFERENCES AND WORK MEETINGS**

In 2013, the Chamber's Board organised two national conferences to discuss current issues and problems arising in the law enforcement practice. The workshops took place in a spirit of open dialogue and active discussion on common problems facing colleague judicial officers in particular regions of operation throughout the country. The general view of the Private Enforcement Agents (PEAs), who participated in this

year's survey, the frequency of these workshops must grow because they are obviously of great benefit to the participants and are very highly assessed by all members of the professional sector.

On 29-30 March 2013, a workshop on strategic planning was organized in the town of Troyan for the governing bodies of the Chamber of Private Enforcement Agents (CPEA) - the Board, the Disciplinary Committee, the Control Committee and the Committee of Professional Ethics. The main focus of discussion included as follows: mapping out the vision of each body for its work in the next three-year term, identifying strategic strands, priorities, objectives and specific activities. Participants also discussed issues of practical importance and routine problems of Private Enforcement Agents (PEAs).

On 1 June 2013, the National Conference of Private Enforcement Agents (PEAs) was organized in Pomorie, Hotel "Sunset Resort", preceded by two days of workshops for Private Enforcement Agents (PEAs). The conference agenda included crucial issues related to the daily activity of law offices of the Private Enforcement Agents (PEAs). They discussed a change in the Code of Ethics of Private Enforcement Agents (PEAs) in order to protect the independence of Private Enforcement Agents (PEAs) from specific creditors. They also discussed the decision of the Chamber's Board on the terms and conditions of paying the amounts due by Private Enforcement Agents (PEAs) to the Central Register of Debtors. The agenda of talks included questions about the prospects for introducing mandatory training for Private Enforcement Agents (PEAs) and providing guidance on conducting annual monitoring of law offices in 2013. A review was made on the project progress to build a new Register of Debtors. Participants discussed a number of specific procedural issues and problems of law enforcement practice, including various vicious practices regarding the charging of fees and expenses for enforcement actions carried out by Private Enforcement Agents (PEAs).

On 23 November 2013, Maxi SPA Hotel in Velingrad hosted the second annual National Conference of Private Enforcement Agents, which also celebrated the anniversary on the Day of Private Enforcement Agents (PEAs) and the 8th anniversary of the Chamber of Private Enforcement Agents (CPEA). The Chamber's President congratulated all colleagues with their professional holiday and reviewed the successes and problems of the private enforcement sector for the past year. Special guest at the event was Mrs. Sabrie Sapundzhieva, Deputy Minister of Justice. Being one of initiators and promoters of the law enforcement reforms since 2005, Mrs. Sapundzhieva delivered an emotional speech to conference delegates. She emphasised her willingness to continue the outstanding work in partnership to complete the joint initiatives initiated several years ago between the Ministry of Justice and the Bulgarian Chamber of Private Enforcement Agents (BCPEA).

Conference participants focused on the reported performance of Private Enforcement Agents (PEAs) in the country in 2013 and discussed draft texts amending the Code of Ethics in the part of entering data into the Central Register of Debtors, the Private Enforcement Agents (PEAs) training and media cooperation. The discussion comprised other activities under current and future projects of the Chamber - such as

the development of a system for electronic distraint by Private Enforcement Agents (PEAs), collaboration between Private Enforcement Agents (PEAs) and the structures of the National Revenue Agency (NRA) across the country, interaction with other institutions and the functioning of the national electronic records created and maintained by the Chamber of Private Enforcement Agents (CPEA).

At the end of the National Conference, Private Enforcement Agents (PEAs) shared some concerns regarding the recent spate of media covered cases of physical abuse, violence and psychological harassment of debtors committed creditors, debt collectors, etc. All attendees firmly stated that the state institutions are obliged to protect citizens and the rule of law and support only the law-abiding procedure and order to meet receivables - through court proceedings and through Private Enforcement Agents (PEAs). Only by these remedies, the rights and interests of all parties, in particular of debtors, are protected and guaranteed by transparent procedure, controls and clearly settled regulatory responsibility of the enforcement authorities. In recent years, however, we have seen increasingly insistent attempts by influential circles to pass onto Private Enforcement Agents (PEAs) the responsibility for wrong economic decisions of individuals and businesses, the price collapse on the property market due to unsecured loans, as well as for those where the collateral does not cover the cost of debt, and eventually even the difficult economic situation in the country. Private Enforcement Agents (PEAs) have no right to judge and condemn. Their powers and duties refer to enforcement of judicial acts and the law - such as it is.

On this occasion, Private Enforcement Agents (PEAs) issued a formal position, which address the institutions, businesses and citizens of the Republic of Bulgaria with specific and clear proposals for legislative and other changes that will significantly improve the procedures of law enforcement. The position of the Chamber of Private Enforcement Agents (CPEA) expressed at the National Conference of 23 November 2013 in the town of Velingrad was formally disseminated to all media on 26 November 2013, and enjoyed a widespread response among stakeholders.

In 2013, the Chamber of Private Enforcement Agents (CPEA) celebrated properly their professional holiday! On this pleasant occasion and as a logical and well-deserved conclusion of a year full of hard work, ups and downs, disappointments and successes, on the evening following the National Conference we had the pleasure to organise a traditional celebration of the Day of the Private Enforcement Agent (PEA) and the eighth anniversary since the Chamber's inception. For the second consecutive year, Private Enforcement Agents (PEAs) celebrated their professional holiday with a private gala dinner, free of external guests. It was full of joy and elation. Full and mutually beneficial communication between colleagues across the country is something that is rare in the hectic and busy life of today. It is why this form of holding the festivities appealed to all present, and they all wanted it to become a tradition in the future.

With the organisation of national conferences and workshops for Private Enforcement Agents (PEAs), and due to continuous e-mail communication between the Chamber's administration and its members, the Chamber's Board seeks a consistent policy to boost the awareness of all our



colleagues, thus keeping them informed of the updated activities and commitments of our professional organisation.

### **3.2.INTERACTION WITH THE INSTITUTIONS**

During the reporting 2013, the work of the Chamber's Board with public institutions, media and community organisations was again focused on meetings, initiatives and interactions to create opportunities for constructive legislative changes, effective communication and exchange of documents electronically.

#### **THE NATIONAL ASSEMBLY (NA)**

The Chamber's activity in 2012 was ordained by the legislative initiative undertaken by Parliament and subsequent amendments to the Civil Procedure Code and the Private Enforcement Agents Act. The legislative process ended with the amendment to the Civil Procedure Code being passed at second reading in plenary on 15 June 2012. Two weeks later happened it was promulgation in the State Gazette, issue 49 of 29 June 2012.

Work on the development and adoption of the Decree of Council of Ministers on the Tariff of Fees and Charges to the Private Enforcement Agents Act continued in 2013. In January and February 2013, several final meetings of the working group in the Ministry of Justice took place to finalize the details in the Tariff's final wording.

On 1 March 2013, at a meeting of the Council of Ministers, the Tariff of Fees and Charges to the Private Enforcement Act was passed with Decree of Council of Ministers, in a version quite different from the draft agreed and finalized within the working group.

The amendments to the Tariff became effective once they were promulgated in the State Gazette, issue 24 of 12 March 2013.

#### **THE MINISTRY OF JUSTICE (MJ)**

The cooperation established between the Chamber of Private Enforcement Agents (CPEA) and the Ministry of Justice continued at a faster pace in 2013, especially in the second half of the past year.

After numerous preliminary talks and consulting procedures of the Chamber of Private Enforcement Agents (CPEA) with the Inspectorate with the Ministry of Justice, under the Judiciary Act, a work meeting was organized between the two institutions to discuss options for "Improving the interaction between the Chamber of Private Enforcement Agents (CPEA) and the Ministry of Justice in the field of monitoring the private law enforcement activity." The meeting took place on 3 October 2013 in Sofia. The programme included a serious discussion on pressing issues and problems, and controversial practices in administrative and judicial control over the activities of private enforcement agents. The meeting was attended by all members of the Board and the Disciplinary Committee of the Chamber of Private

Enforcement Agents (CPEA), and the Ministry of Justice was represented by ten inspectors, including financial inspectors.

They discussed issues related to the performance of checks carried out by the Ministry of Justice in response to complaints against actions of Private Enforcement Agents (PEAs) and the checks in the law offices of Private Enforcement Agents (PEAs). The discussions also focused on recommendations that the Ministry of Justice addressed to Private Enforcement Agents (PEAs) in connection with t activities, with regard to a part of which we expressed our disagreement and objections.

The Ministry of Justice's officers pointed at the refusal of some colleagues to assist in carrying out the inspections by the Inspectorate and their firm denial to render copies of documents under enforcement cases subject to inspection. The Chamber's Board believes that it is best practice to render the necessary assistance to public institutions, by providing promptly copies of documents relevant to the complaints. Other issues put forward for discussion dwelled on delayed administration of appeals to the court; distraints on inaccessible receivables and delayed waiver of distraints; discharge of cases upon full repayment of the debt and the lifting of security measures; cash withdrawals of funds from the special account of each Private Enforcement Agent (PEA); transfer of funds from the account to other accounts in order to receive a higher interest rate, etc.

The meeting was beneficial to both sides, having decided to hold such meetings on a regular basis. Our goal is to solve all the problems and contradictions in an amicable way.

On 22 October 2013, at the invitation of Deputy Minister Sabrie Sapundzhieva, a meeting was held in the Ministry of Justice with representatives of the governance of the Chamber of Private Enforcement Agents (CPEA). The meeting was attended by Mrs. Sapundzhieva and her team. The Ministry of Justice put forward several key issues regarding the work of Private Enforcement Agents (PEAs):

- Dispatching within the agreed term half-yearly and annual reports of Private Enforcement Agents (PEAs);
- Discussing several specific signals received at the Ministry of Justice against actions of Private Enforcement Agents (PEAs). Deputy Minister Sapundzhieva kindly asked the Chamber of Private Enforcement Agents (CPEA) to urgently investigate those signals.
- Pending analysis and possible changes in regulations regarding law enforcement - the Private Enforcement Agents Act, Ordinance No. 4 on the official archive, Ordinance No. 1 on the terms and conditions for holding a competition for Private Enforcement Agents (PEAs); Ordinance No. 3 on the procedure for holding examination for assistant private enforcement agent - to this end, it is about to form working groups in the Ministry of Justice with representatives of the Chamber of Private Enforcement Agents (CPEA) appointed by virtue of a decision of the Chamber's Board;
- Possible competition for Private Enforcement Agents (PEAs)

In turn, our representatives put forward some of the urgent issues, namely:

- Introduction of electronic distrainments - Deputy Minister Sapundzhieva promised assistance to solve this issue after taking note of the results from working group's activities to date;
- Introduction of a unified state fee for reference notes pursuant to Article 431, paragraph 4 of the Civil Procedure Code (CPC).

At the suggestion of Mrs. Sapundzhieva concerning the foregoing issues, the working group will continue holding regular meetings in 2014. The Chamber's Board considers that this type of interaction would be of great help in solving any issue, problems and controversies in law enforcement, keeping good manners and the business approach to overcome them.

In the beginning of 2014, initiated by Deputy Minister Sapundzhieva, the Ministry of Justice hosted a meeting between the Deputy Minister's team, the governance of the National Revenue Agency (NRA) and the Chairperson of the Chamber of Private Enforcement Agents (CPEA). They discussed the potential opportunities and the procedures for recovery of public dues of the National Revenue Agency (NRA) by Private Enforcement Agents (PEAs).

#### **THE NATIONAL REVENUE AGENCY (NRA)**

On 6 March 2013, a regular meeting took place between representatives of the Chamber of Private Enforcement Agents (CPEA) and the National Revenue Agency (NRA) to clarify the details for signing of a new agreement between the two institutions for the electronic exchange of information. The purpose of the governance of the Chamber of Private Enforcement Agents (CPEA) was all the same - to develop an electronisation and automation process of communication and ultimately to facilitate the work of Private Enforcement Agents (PEAs). At this meeting we presented our technical requirements for the National Revenue Agency (NRA) related to our request of obtaining information under enforcement cases. The ultimate goal of the project is to stop the exchange of paper documents, which in turn will save significant costs of law offices for supplies, janitors, postal and courier services. The National Revenue Agency (NRA) assured that it is technically possible for Private Enforcement Agents (PEAs) to receive electronic records of assets of debtors in enforcement cases - existing employment contracts and opened bank accounts for legal entities. Notices and certificates pursuant to Article 191 of the Tax and Social Security Procedure Code should also be sent and received electronically. There is a general trend to switch from communication and exchange of information via e-mail between Private Enforcement Agents and the National Revenue Agency (NRA) to a web-based real-time portal. Due to some differences in the views of the two parties, by the end of 2013 the signing of a new agreement did not happen. In the beginning of 2014, there will be again a work meeting on the same issue where we hope to finally clarify the parameters of the new agreement to be signed between the National Revenue Agency (NRA) and the Chamber of Private Enforcement Agents (CPEA).

## **THE SUPREME CASSATION COURT (SCC)**

Pursuant to Article 128, paragraph 1 of the Judiciary Act, by order of the Chairman of the Supreme Cassation Court (SCC) of 11 January 2013, it was initiated interpretative case No. 2/2013 under the inventory of SCC, Civil and Commercial Divisions. The motion was the result of a proposal made by deputy chairmen and heads the Civil and Commercial Division of the Supreme Cassation Court (SCC) to pass an interpretative ruling at the General Meeting of the Civil and Commercial Divisions of the Supreme Cassation Court (SCC) on some issues related to law enforcement, where courts run certain controversial practices in the interpretation and enforcement of the law in the sense of Article 124, paragraph 1 of the Judiciary Act.

Within the statutory terms, stakeholders as referred to in Article 129 of the Judiciary Act were given the opportunity to submit their standpoints.

On 4 March 2013, the Chamber of Private Enforcement formally filed its standpoint on all 13 matters substantiated in the interpretative narrative.

During the reporting year, three open meetings of the General Meeting of Civil And Commercial Divisions were scheduled and held on case No. 2/2013 - respectively on 28 March, 22 May and 5 December 2013. However, there was no interpretative outcome due to the inability of judges to reach consensus on some of the most contentious and controversial issues. Work is ongoing and we anticipate to have a final decision in early spring 2014.

## **THE ASSOCIATION OF BANKS IN BULGARIA (ABB)**

During 2013, the governance of the Chamber of Private Enforcement Agents (CPEA) held two meetings with the Board of the Association of Banks in Bulgaria on topics of mutual interest relating to law enforcement.

The first meeting took place on 30 September 2013 at the initiative of the Chamber. It was associated with a number of pressing issues regarding the activity of banks as a party to enforcement proceedings. The main topics of discussion included the following: The interpretative decision of the Supreme Cassation Court (SCC) on issues of law enforcement - possible implications for banks; Preventing the formation of a negative image of banks and Private Enforcement Agents (PEAs) in the community (issues outlined in our letter to the ABB dated 17 July 2013); Discussion on matters regarding the bankruptcy of individuals and Article 417 of the Civil Procedure Code (CPC); Electronic distraints - the project development to date and defining the reasons for the delay; Discussion on the banking policy for determining the initial property price at public auction; Issues and practices of banks in imposing distraint on inaccessible bank receivables from the debtor's account (payroll, social allowances, children, etc.); Funding of public sales; Possible initiatives for the amendment of the Obligations and Contracts Act.

Participants in the meeting discussed one of the serious problems concerning the motion to set up a percentage of fees payable to Private Enforcement Agents (PEAs) and the granting of such percentages by Private Enforcement Agents (PEAs) to bank officers. There is an increasingly penetrating vicious practice in this field, which requires immediate action to limit it from both banks and the Chamber of Private

Enforcement Agents (CPEA). It was decided at the meeting that the bank Executive Directors will be informed in such cases and a copy of the report shall be sent to the Chamber of Private Enforcement Agents (CPEA). In turn, banks have committed to send the Chamber of Private Enforcement Agents (CPEA) any information of the kind. The parties also reached an agreement to hold regular meetings between managements of both institutions and for continuous exchange of information. This meeting was the first real step to combat bad practices producing unfair competition and larger concentration of cases into the hands of individual Private Enforcement Agents (PEAs).

On 2 December 2013, the ABB and the Chamber of Private Enforcement Agents (CPEA) held their second meeting, this time initiated by the Governing Board of the ABB on the occasion of the standpoint of the Chamber of Private Enforcement Agents (CPEA) adopted at the National Conference of 23 November 2013 in Velingrad, which was published in all media. At professional level, the discussion with banks continued with details of judicial enforcement procedures to protect the rights and interests of parties in the enforcement proceedings.

Of course, not all proposals of the Chamber of Private Enforcement Agents (CPEA) were approved by banks, but as a result of the meeting both parties declared willingness to participate in a comprehensive debate to initiate measures for efficient and transparent enforcement proceedings, wherein banks will also take on their commitments and responsibilities to better protect the interests of both citizens and businesses.

#### **THE FINANCIAL SUPERVISION COMMISSION (FSC)**

In recent years, the number of public creditors has significantly increased at local and national level, including the number of municipalities that make use of the opportunity provided for in Article 2 of the Private Enforcement Agents Act (PEAA) to assign to Private Enforcement Agents (PEAs) the collection of public receivables. The application of this legal remedy, in addition to increasing revenues in the national budget, has had a strong preventive effect, since many natural persons and legal entities prefer to pay their dues to the Treasury before they become subject to enforcement collection by Private Enforcement Agents (PEAs).

Pursuant to Article 458 of the Civil Procedure Code (CPC) and Article 191, paragraph 3 of the Tax and Social Security Procedure Code, the state is always considered a co-creditor as regards any outstanding public and other receivables due by the debtor, whose amount was communicated to the private enforcement agent until the distribution is carried out. For more than eight years since the successful implementation of private law enforcement in our country, Private Enforcement Agents (PEAs) have collected these dues very effectively, thereby increasing domestic revenue and helping reduce the amount of liabilities to the Treasury. The National Revenue Agency (NRA) has assigned to Private Enforcement Agents (PEAs) to collect both public and private dues, and the results of this work are more than good.

As an extension of this successful and widely spreading practice, in 2013 meetings and negotiations with representatives of the Financial Supervision Commission continued. In § 82 of the Final Provisions of the Law Amending the Public Offering of Securities Act (promulgated in

State Gazette, issue 103 of 2012), the Financial Supervision Commission Act (FSCA) was amended and supplemented accordingly. Pursuant to Article 27, paragraph 7 of the Financial Supervision Commission Act (FSCA), statutory fees collected by the Financial Supervision Commission (FSC) that are past due are subject to enforcement by public enforcement agents under the Tax and Social Security Procedure Code or by private enforcement agents under the Civil Procedure Code (CPC). Under Article 27a, paragraph 1 of the Financial Supervision Commission Act (FSCA), fines and pecuniary penalties are enforceable by public contractors under the Tariff of Fees and Charges to the Private Enforcement Agents Act or enforcement under the Civil Procedure Code (CPC).

Insofar as those provisions allow enforced recovery to be carried out by Private Enforcement Agents (PEAs), a question arises on the method of selection and any uncertainties regarding the selection procedure. In its expert opinion, the Audit Office stated that the choice of a Private Enforcement Agent should be performed under the Public Procurement Act (PPA), while taking into account the cost of the contracting service. The Financial Supervision Commission (FSC) and the Chamber of Private Enforcement Agents (CPEA) shared the opinion that in the analysis of the Public Procurement Act (PPA) and the regulations on the activities of Private Enforcement Agents (PEAs) we have found a certain contradiction between the two modes and failure, in view of the specific business and the status of Private Enforcement Agents (PEAs), to apply any of the procedures for to hold a public procurement procedure. Both parties have presented in-depth arguments in their positions.

As a result of the talks held and the information collected, it is clear that Private Enforcement Agents have all the potential to take over the initiation of cases for collection of public receivables, whichever the Financial Supervision Commission may entrust them. We hope that the cooperation between the Financial Supervision Commission (FSC) and the Chamber of Private Enforcement Agents (CPEA) will achieve a strong positive effect for faster and more efficient collection of public receivables on the Commission's account and will be in the interest of the state, businesses and citizens.

## **THE STATE ARCHIVES**

In connection with the obligation of private enforcement agents pursuant to Article 5, paragraph 5 of Ordinance No. 4 of 06 February 2006 on the official archive of private enforcement agents, in 2012 the Chamber of Private Enforcement Agents (CPEA) addressed the State Agency "Archives" with a request to prepare methodological guidance and instructions on upcoming selection, assembly and delivery of documents from official archives of Private Enforcement Agents (PEAs) and submitting them to the State Archives. A working group was set up within the Chamber's Board to initiate a run-in meeting with the State Agency "Archives" and work on a draft methodology to be agreed with the said Agency.

Several informal meetings were held between members of the Board and regional experts. On 18 January 2013 an official meeting took place between the governance of the Chamber and members of the department "Management of archival activities" within the State Agency "Archives."

During the discussion it became clear that the most important documents from the archives of Private Enforcement Agents (PEAs) - writs and decrees, are not documents of relevant historical value under the National Archives Act. Respectively, they can be stored in the National Archives. The Private Enforcement Agents Act (PEAA) and Ordinance No. 4 should be amended to enable the storage, use and disposal of files and documents from the archives of Private Enforcement Agents (PEAs), under the Ordinance on organising, processing, expertise, storage and use of documents in the institutional records of state and municipal institutions.

Due to the foregoing, the Chamber has prepared and sent a letter to the Minister of Justice and the State Agency "Archives", in order to initiate legislative change in the laws and regulations. In a response to the only letter received from the State Agency "Archives" we were assured of their readiness to fully cooperate and send their representatives to the working group, should one be created within the Ministry of Justice. Unfortunately, in 2013 the Ministry did not send its observations on this issue, a working group was not established and currently there is no regulated and established procedure for storage and destruction of documents and case records in the official archives of Private Enforcement Agents (PEAs).

#### **THE STATE AGENCY FOR NATIONAL SECURITY (SANS)**

On 29 October 2013, at the invitation of the Director of Financial Intelligence Directorate and the payers Control Division at the State Agency for National Security (SANS), a meeting was held between representatives of the Chamber's Board and the State Agency for National Security. The meeting had the purpose to provide methodological support from the State Agency for National Security on measures for preventing and combating money laundering and terrorist financing. They discussed issues related to the performance of SANS checks at law offices of Private Enforcement Agents (PEAs), and the most common omissions found therein.

Since November 2012, a total of nine inspections were held in law offices of Private Enforcement Agents (PEAs). As a result, 21 statements were drawn for established violations in connection with the provisions of the Measures against Money Laundering Act, the measures preventing terrorism financing and the single internal rules of private enforcement agents in the Republic of Bulgaria for control and prevention of money laundering and terrorist financing. A special emphasis was placed on the major violations found during those inspections:

- o There are no statements of the origin of funds from property buyers at public sales;
- o In bidding protocols, there is no identification of individuals involved in the public sale (buyers and bidders) and their personal details and addresses have not been recorded.
- o There are no statements pursuant to Article 16, paragraph 4 of the Measures against Money Laundering Act.
- o Whenever the property buyer is a legal entity, it shall investigate and identify the individual owner of the capital,

especially in offshore companies. In case of refusal to provide such data, the State Agency for National Security (SANS) shall be informed.

- o To date, 13 Private Enforcement Agents (PEAs) have failed to abide by the rules under the law. It was agreed to give a ten-day term to our colleagues to ensure compliance with the rules, otherwise they will be subject to inspection examined by the State Agency for National Security (SANS) and fines shall be imposed.

The issue of trainings was also discussed concerning their performance in law offices of Private Enforcement Agents (PEAs) and as regular work meetings. A report was presented on the successful implementation of inception workshops held in early 2012 in Sofia and Plovdiv on the topic of "Private law enforcement for prevention of money laundering."

The work meeting was well-intentioned and aimed to eliminate any omissions on the part of Private Enforcement Agents (PEAs) to avoid the issuance of statements of irregularities found.

### **THE NOTARY CHAMBER (NC)**

The Chamber of Private Enforcement Agents (CPEA) and the Notary Chamber of Bulgaria maintained close and friendly relations for eight consecutive years. In 2013, we continued the established practice of organising several meetings with the governance of the Notary Chamber to improve the interaction between the two institutions on issues of mutual interest. As a natural pattern of the both chambers' will to grow as modern European organizations in the context of e-Government initiatives, our talks and meetings prioritised once again the development of electronic systems, platforms and registers - a key tool in the business of Private Enforcement Agents (PEAs) and notaries to achieve the speed, efficiency and individual protection from mistakes and property fraud. Private Enforcement Agents (PEAs) and notaries have set as key areas for joint activities in 2014 the following: establishing with joint efforts and resources an electronic register of transactions with vehicles and distraints thereupon and ensuring electronic remote access for traffic police to this information; electronic management of actions of Private Enforcement Agents (PEAs) and notaries associated with the Property Register; participation in the working group at the Ministry of Justice for changes to the Rules on Register; strengthening cooperation with the Agency of Geodesy, Cartography and Cadastre.

### **NON-PROFIT SECTOR (NGOS)**

On 18 September 2013, a meeting was initiated by the governance of the Chamber of Private Enforcement Agents (CPEA) with Representatives of the Center for Human Rights and Civil Movement DNES. Our initiative for this meeting was prompted on the occasion of frequent protests and information disseminated in electronic media about the pending launch of a petition against the "arbitrariness of banks and Private Enforcement Agents (PEAs)." The governance of the Chamber of Private Enforcement Agents (CPEA) insisted to hear, face to face, the problems



of citizens who are represented by the said organizations, and to make them hear our point of view on the matter.

The petition is essentially focused on a controversial provision of the Civil Procedure Code (CPC), which is one of the main reasons for the common problems of debtors. According to lawyers of the civil associations, they have received a large number of complaints from bank debtors, because Article 417 of the Civil Procedure Code (CPC) allows banks to legally and easily obtain a writ of execution and file it to the court without being closely checked. Soon thereafter Private Enforcement Agents (PEAs) step in to claim the debtors' property. In defend their rights, citizens may only submit an objection in court, but that does not stop the enforcement proceedings.

The Centre for Human Rights stated that the petition is not directed against the Chamber of Private Enforcement Agents (CPEA) and its members whenever their actions are abiding by the law. However, they claimed that NGOs have been overwhelmed with "an avalanche" of reports of gross violations, including physical abuse to Private Enforcement Agents (PEAs), which are striking and are actually against the law.

In turn, the Chamber's representatives stated that they cannot adopt a firm position on the contents of the controversial Article 417, as Private Enforcement Agents (PEAs) can only implement the law the way it is. It is out of question to talk of "arbitrariness" wherever the law required the enforcement authority to perform a legal act. The Chamber's Board has committed to the following: 1) To initiate a formal review of all reports against Private Enforcement Agents (PEAs) following their forwarding from NGOs; 2) To produce targeted instructions to its members to eliminate any gaps in the law.

By the end of 2013, the Chamber of Private Enforcement Agents (CPEA) received a total of 7 complaints and reports from civic associations. They were all reported at the regular meetings of the Board, whose members adopted adjudicate decisions for unreasonableness. None of the reports was found to refer to blatant violations, including no physical abuse on the part of Private Enforcement Agents (PEAs) to parties in enforcement cases.

The petition against Article 417 will be extended. It will be presented to the European Commission, where the idea authors hope to receive assistance for their legislative motion.

### **3.3. PUBLIC RELATIONS**

For eight years, media has been a good and reliable partner to the Chamber of Private Enforcement Agents (CPEA) in its efforts to inform the community about the activities of Private Enforcement Agents (PEAs) and to protect the public interest.

Given the particular political and social situation in the country during the past 2013, the Chamber of Private Enforcement Agents (CPEA) has consciously limited its media appearances. Other problems have come out at the forefront of public focus that unfortunately at times combined with a great deal of hype. These developments necessitated a slight change in our media and PR policy during the reporting period.

Nonetheless, during the reporting year we implemented a number of live performances, TV interviews and hundreds of publications in print media. As a result of the pro-active work of the Chamber's governing members responsible for Communication and Advocacy Policy, regional and national newspapers published a lot of positive materials on the topic of private law enforcement in 2013. This work is evidence of the will of the Chamber of Private Enforcement Agents (CPEA) to keep an open and active dialogue with media that are a major factor in informing the community and forming the public opinion.

We have paid efforts to keep the line of positive and fair media presentation of private law enforcement in Bulgaria, as opposed to the usual assumption that it is only a negative source of news. Unfortunately, it was not always successful because the public sensitivity is exacerbated to the extreme and it is often difficult to balance on the edge of collective stress.

Litigants in the enforcement proceedings, as direct or indirect participants in it, have also played an important role in boosting the overall awareness and enhancing public communication - namely banking institutions, businesses, lawyers, insurers, and last but not least, citizens.

#### **3.4. CONTROL ON THE ACTIVITY OF PRIVATE ENFORCEMENT AGENTS**

According to the Private Enforcement Agents Act (PEAA) and the Chamber's Statutes, the Chamber is standing firmly behind the principles of protecting the public interest. The Chamber and its members highly estimate the rule of law and work in a responsible and transparent manner, with due professional diligence. One of the most important obligations of the Chamber's Board is to practice an effective control on the compliance with the law and the Statutes by its members. This activity is crucial to the success of our profession, so the Chamber's Board pays particular attention to it by paying considerable efforts to improve the control on activities in order to ensure greater efficiency and transparency.

The Ministry of Justice and the Chamber's Board have conducted independently a strict policy of control and supervision over the activities of Private Enforcement Agents (PEAs) and monitored the compliance with the law, the Statutes and the professional Code of Ethics. Inspections have been carried out both on specific complaints and on the overall activities of law enforcement offices in the country. There is strict and precise control on the private law enforcement sector implemented through the Ministry of Justice (legal and financial inspectors) and self-control executed through inspections in law enforcement offices and consideration of complaints on the part of the Chamber's Board. We realize that in the private enforcement sector, as in most professional sectors, individual members do not always abide by the rules. Since its inception in 2005, the Chamber of Private Enforcement Agents (CPEA) has been uncompromising with each Private Enforcement Agent (PEA), who has violated the law and our professional prestige. For the period 2006-2013, disciplinary proceedings initiated reached the number of **129**. The Chamber of Private Enforcement Agents (CPEA) has imposed 12 penalties "reprimand", 43

penalties with fines of up to BGN 10,000, **2** penalties "warning of legal capacity deprivation" and **6** penalties "deprivation of legal capacity". A total of **21** proceedings are pending decision. Only in 2013, a total of **30** disciplinary proceedings were initiated - at the request of the Ministry of Justice and the Chamber's Board.

A Committee on Professional Ethics (CPE) operates as a subsidiary body to the Chamber's Board, characterized with its own organisational framework and rules of operation. It consists of 9 permanent and 4 alternate members. In 2013, the main priorities of the Committee on Professional Ethics (CPE) focused on the following areas: current monitoring and follow-up control on activities in law enforcement offices; checks of complaints and signals against Private Enforcement Agents (PEAs); use of mediation as a means of dispute settlement between colleagues and between Private Enforcement Agents (PEAs) and litigants in enforcement cases.

In the beginning of November 2013, the Chamber of Private Enforcement Agents (CPEA) contracted a company for software development. As a result, at the end of December 2013 we completed and launched an electronic platform for annual monitoring of the activities of law offices of Private Enforcement Agents (PEAs) in the country. The questionnaire is made available in electronic format, easy to fill in. The questionnaire is electronically accessible, through a user name and a password provided individually to each Private Enforcement Agent (PEA). Data from the questionnaires is stored and supplemented each year with new updates from surveys among Private Enforcement Agents (PEAs) during the relevant reporting period. There is an opportunity to supplement the questionnaire content, which will be then updated in line with legislative changes and emerging issues from the practice.

The new electronic platform allows for analysis of the activity of individual Private Enforcement Agents (PEAs), including by regions, in order to standardize the practices and eliminate common mistakes. The accumulation of information received through the data provided by Private Enforcement Agents (PEAs) in the surveys over the years, will enable the analysis of identical and different practices in the work of Private Enforcement Agents (PEAs) in both individual law offices and by region, in accordance with the practice of the relevant district court. The larger percentage of similar-sense feedbacks leads to the conclusion that Private Enforcement Agents (PEAs) are generally sharing the same opinion and practices, hence the various district courts, while the highest proportion of different responses is indicative of different practices among Private Enforcement Agents (PEAs), respectively problems at work.

This approach is substantially different from the monitoring form being used in previous years, as it provides much more functionality and a wide base for analysis by the Committee on Professional Ethics (CPE) of enforcement practices across law offices. Law offices that show significant deviations from established procedures and rules will be visited on site by a review team of the Committee on Professional Ethics (CPE). The law offices of Private Enforcement Agents (PEAs) shall be inspected on the principle of random selection, whose purpose is to ensure the correct completion of questionnaires.

At present, the Chamber of Private Enforcement Agents (CPEA) has 163 members. By the deadline, a total of 144 Private Enforcement Agents

(PEAs) completed the monitoring questionnaire. Other colleagues, who have failed to meet this obligation under the guidelines of the Chamber's Board, are subject to onsite check at the law offices by a review team. We remained pleasantly surprised by the fact that much of newcomer Private Enforcement Agents (PEAs) also participated in the monitoring process, although it was not mandatory for them, as they still have limited practice. This fact is indicative of their will and desire to start work as private enforcement agents, using the necessary professionalism, complying with the instructions of the Chamber's Board and following the principles of legality, transparency and efficiency.

### **3.5. INTERNATIONAL COOPERATION**

The Chamber of Private Enforcement Agents (CPEA) is a full-fledged member of the International Union of Judicial Officers (UIHJ), which was established in 1952. Today its members are 74 countries.

The International Union of Judicial Officers (UIHJ) is established to represent its members before international organisations and to ensure better cooperation with national professional organisations. The UIHJ works to improve national procedure law and international treaties and makes every effort to promote ideas, projects and initiatives to support the progress and advancement of the independent status of Private Enforcement Agents (PEAs). The International Union of Judicial Officers (UIHJ) is a member of the UN Economic and Social Board. The International Union of Judicial Officers (UIHJ) participates in the work of the Hague Conference on Private International Law, in particular - in planning of conventions relating to the service of enforcement orders and enforcement procedures. The International Union of Judicial Officers (UIHJ) is a member, with permanent observer status, of the European Commission for the Efficiency of Justice (ECEJ, *fr.* CEPEJ) with the Board of Europe. The Union has also expressed its comments and considerations regarding the establishment of a European Judicial Network in Civil and Commercial Law by the European Commission for legal professions. In addition, the International Union of Judicial Officers (UIHJ) currently participates in activities of the group "Justice Forum" convened by the European Commission and in its e-Justice project. The International Union of Judicial Officers (UIHJ) is currently working on an ambitious project aimed at creating a Global Code of Enforcement Procedures in cooperation with professionals from the fields of law and academics from around the globe. The International Union of Judicial Officers (UIHJ) has participated in study missions associated with governments and international bodies.

The Bulgarian Chamber of Private Enforcement Agents (CPEA) was adopted as member of the International Union of Judicial Officers (UIHJ) in 2005 and since then has regularly paid the annual membership fee.



On 24-26 April 2013, the Chairperson of the Chamber of Private Enforcement Agents (CPEA) took part in the European meeting of the Permanent Council of the International Union of Judicial Officers (UIHJ) and the Council of European Presidents who

gathered this year in the capital of Georgia, Tbilisi. Official guest to the event was the Minister of Justice of Georgia. Besides the usual topics on the conference agenda, a particular emphasis was placed on the dynamics of the judiciary and law enforcement system development in the country. Georgia has been member of the International Union of Judicial Officers (UIHJ) since recently. The law enforcement system in the country has reported rapid and successful development. The State and institutions provide the necessary support to Enforcement Agents (PEAs) in order to consolidate the rule of law and enhance the prestige of our profession.

On 6-8 June 2013, the city of Kecskemét, Hungary, hosted the small-door football tournament "EuroDanube." This excellent initiative has been organized for the first time by our Hungarian colleagues. The event brought together teams of Private Enforcement Agents and employees of their offices from the following countries: Hungary, Czech Republic, Bulgaria, Slovakia and Serbia. Our team, led by captain Ivan Cholakov, a Private Enforcement Agent, is demonstrated his high merits - both in the field of sport and law enforcement. This was a fully accomplished team in every respect. It is worth noting the contribution of Private Enforcement Agent (PEA) Miroslav Kolev - photographer and chronicler of the event and the best socialiser! Our athletes prepared by themselves their sport outfits, organised their trip and helped each other on the pitch throughout the sports event. They also demonstrated a great respect to opponents from other teams. Not accidentally, our team was unanimously recognised by the event organizers and other participants as the fair play team. We received the sportsmanship and fair play trophy and the Serbian squad captain personally handed over his medal to the captain of our team! The Chamber's Board would like to express its gratitude to all the guys on our squad for the unforgettable moments and we believe that we will be able to keep up in the private enforcement sector this teamwork and collegial spirit among themselves, which we all evidenced and appraised during the tournament!

**Top left to right:** Milen Bazinski, Svetoslav Kolev, Todor Bazinski, Petko Iliev, Marian Petkov, Evgeni Popovski, Vesselin Ivanov, Milen Filipov

**Bottom left to right:** Radoslav Georgiev, Ivaylo Doychinov, Ivan Cholakov, Hristo Georgiev, Stefan Panaiotov



On 21 June 2013, the Chamber's Board welcomed a delegation of the Macedonian Chamber of Enforcement Agents for the signing of a Memorandum of Cooperation between the two countries' chambers. The



purpose of this document is to establish cooperation based on common interests, exchange of information, experiences and opinions in the field of law enforcement. The planned initiatives include: a) Assistance in organizing and conducting workshops, courses and related initiatives, b) Exchange of publications and other publicly available documents. After the signing of the agreement, the two Chambers held mutually beneficial talks on the development of law enforcement in Bulgaria and Macedonia. They exchanged valuable ideas and views on best practices and the application of laws and regulations. On a mutual basis, we shared experience in relation to organizational and institutional matters and concerns of the two countries' private enforcement sector.

In pursuance of the Memorandum objectives, a representative of the Chamber of Private Enforcement Agents (CPEA) attended the first of a series of workshops organised by our Macedonian colleagues, which took place on 22-23 September 2013 in the town of Kavadarci, Macedonia, also attended by Private Enforcement Agents from other Balkan countries.

On 18-20 September 2013, members of the Chamber of Private Enforcement Agents (CPEA) participated, at their own expense, in a unique forum, in terms of scale and professionalism, organized by the Federal Bailiffs' Service of the Russian Federation, held in the administrative center of Svredlovsk District - city of Ekaterinburg (the administrative capital of the Urals). The conference focused on the main topic of "Modern



problems in targeting the debtor's performance and methods of solution - national approaches to improving the performance of enforcement-related documents." The conference was attended by representatives of 19 countries, including from Central and Western Europe, Russia, Belarus, Ukraine, the Baltics, the Balkans, South Caucasus and Asia, including China and Mongolia, and it gave floor for the presentation

of 20 reports and presentations. Representatives of the Chamber of Private Enforcement Agents (CPEA), namely Mr. Stefan Gorchev and Mr. Todor Lukov, established useful contacts and shared experiences with colleagues from the Netherlands, Germany, France, Estonia, Lithuania, Latvia, Estonia, Serbia, Kazakhstan, Armenia and Russia. In a personal meeting with Mr. Arthur Parfenchikov, Director of the Federal Bailiffs' Service, our delegates handed over to their Russian colleagues a memorial plaque bearing the symbol of the Bulgarian Chamber of Private Enforcement Agents (CPEA). Conference handouts and the book "Enforcement of the acts of courts and other authorities", a compendium of materials from the Multi-Annual National Control Plans (MANCP), 2010, are available upon request at the Chamber of Private Enforcement Agents (CPEA).



At the end of September 2013, the Chamber's Board initiated the organization of a Balkan meeting between Private Enforcement Agents (PEAs) of Bulgaria and Greece. Traditionally, relations between

Bulgarian and Greek Chambers have always been very amicable, in a benevolent and collegial spirit. This fact was affirmed with the implementation of yet another initiative between the two institutions. The meeting took place on 27-29 September 2013, at Kassandra Hotel, Halkidiki, Greece. The focus in this year's discussion was on the current law enforcement issues in the situation of global and local economic crisis. Problems and challenges facing the Private Enforcement Agents in the Balkan countries have a common nature and differ somewhat from the problems in other European countries. For Bulgarian Private Enforcement Agents, it was useful to hear from their Greek colleagues how they deal with the challenging and difficult economic situation in their country. President of the Hellenic Chamber Mr. Evtimios Preketes presented the main points of judicial and law enforcement procedures and the forms of exercising control over the activities of Private Enforcement Agents in Greece. In turn, Chairperson of the Bulgarian Chamber of Private Enforcement Agents (CPEA) Mrs. Valentina Ivanova shared with our Greek colleagues best practices that the Bulgarian Chamber applies in the monitoring on activities of Private Enforcement Agents (PEAs). The Bulgarian delegation also presented the latest developments concerning the two national registers, maintained and developed by the Chamber of Private Enforcement Agents (CPEA), namely the Central Register of Debtors and the Register of Public Sales. In general, the meeting unfolded in an extremely amicable and informal working environment. Both parties declared their desire to hold meetings of this nature and to continue to expand our partnership in the future.

On the sidelines of the International Monetary Fund mission to Bulgaria on 13 November 2013, for the second time, the headquarters of the Chamber of Private Enforcement Agents (CPEA) hosted a meeting of representatives of the IMF mission members and of the Board of the Chamber of Private Enforcement Agents (CPEA). The topics of this year's meeting, outlined by the IMF, included the following: 1) Development (progress) in the field of public sale of real estate, non-performing loans due to recent market trends, 2) Legal framework of law enforcement and 3) Potential trends for further development. During the discussion participants presented and discussed key issues of enforcement associated with positive and negative trends in public auctions of real estate. The general legal framework of law enforcement in Bulgaria and the interaction of the Chamber of Private Enforcement Agents (CPEA) with various institutions were presented during the forum. The discussion included also the sharing of problems facing Private Enforcement Agents (PEAs) in implementing their activities - state and municipal administration fees, access to information electronically. Participants discussed the exchange of documents electronically in the spirit of e-Government initiatives. They also referred to the best practices in Bulgaria - namely the Register of Public Sales and the Central Register of Debtors. During the talks, our representatives shared their views and recommendations on what is necessary to develop in the country's law enforcement system - access for Private Enforcement Agents to the property register and providing copies of acts; entry/removal of foreclosures electronically, an electronic archive of enforcement cases, etc. The presentation of the Chamber of Private Enforcement Agents (CPEA) was made in a positive tone, combined with a specific statement on the issues in private

enforcement sector to improve the working environment for our colleagues.

The 2013 regular meeting of the Global Permanent Council of the International Union of Judicial Officers (UIHJ) took place on 28-30 November 2013 in Paris, France. The same was preceded by a meeting of the countries members of Eurodanube. This year the Chairperson and the Administrative Secretary of the Chamber of Private Enforcement Agents (CPEA) participated in the work of both forums.

The Eurodanube meeting focused on issues related to the allocation of enforcement cases among Private Enforcement Agents and the development of an information technology in this field. Participants had the opportunity to exchange information and experiences about the current state of law enforcement systems in their countries. Representatives of our delegation also presented the challenges and problems Bulgarian Private Enforcement Agents (PEAs) face in their work, which unfortunately derived in recent years from poor quality legislative changes to reflect the different attitude of the state towards Private Enforcement Agents (PEAs) and public enforcement agents. In fact, these changes represent a significant departure from the principles of reform and instead of supporting it they actually oppose it. The Bulgarian experience shows that the liberal model is the best and that it should not run in parallel with public law enforcement. Once again the countries members of Eurodanube made the categorical conclusion that they share a common history, present and future and face similar problems of their judicial systems, respectively in the profession of Private Enforcement Agents. In the current economic crisis, the integration and strengthening of enforcement proceedings in these countries has become of critical importance. Our common goal must be the establishment of law enforcement as the primary institution of justice, particularly in the fight and competition with debt recovery and intermediary agencies. This goal can only be achieved by joining forces, which is the main purpose and commitment of the organization Eurodanube.

The agenda of the Standing Committee included the following main topics: adoption of the report on the activities of the International Union of Judicial Officers (UIHJ) for 2012; relations of the International Union of Judicial Officers (UIHJ) with European and international institutions on issues of law enforcement; cooperation agreements with universities from different countries; activity reports of subsidiary organizations, namely Euronord, Euromed and Eurodanube, the Scientific Institute "Jacques Isnard"; the financial report for 2012; statements by delegations; current standing and latest developments on ongoing projects of the International Union of Judicial Officers (UIHJ) - e-Justice, STOBRA, CADAT, remote interactive online training, etc.

Representatives of the Bulgarian Chamber of Private Enforcement Agents (CPEA) participate in the European Judicial Network /EJN/ on civil and commercial matters. This is a flexible structure that operates informally and aims at simplifying judicial cooperation between Member States. Its main purpose is to assist people involved in civil and commercial litigation with a cross-border element, affecting more than one Member State. The presence of the Chamber of Private Enforcement Agents (CPEA) in this project means participation in the implementation of regulations and counselling during the adoption of future

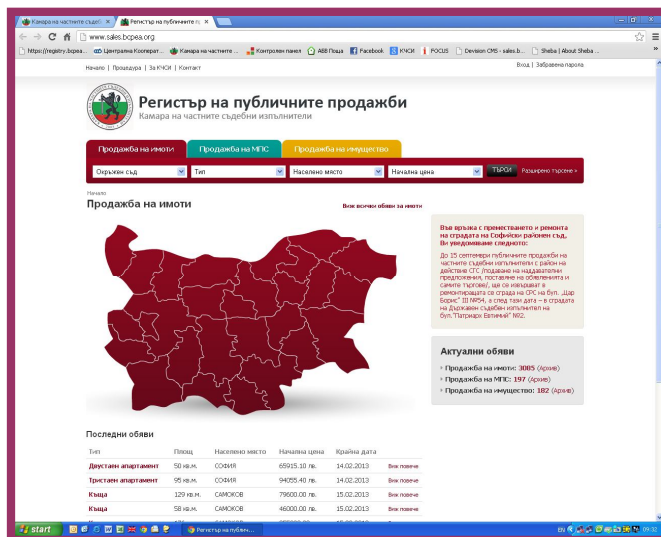


performance, the possibility of making inquiries, procedures, regulations, legal and technical issues in another EU Member State. The presence of Chamber of Private Enforcement Agents (CPEA) in this project is participation in the implementation of regulations and counselling during the adoption of future regulations; the opportunity of addressing matters concerning procedures, regulations, legal and technical issues in another EU Member State.

### **3.6. SERVICES RENDERED TO CHAMBER MEMBERS**

In 2013, the Bulgarian Chamber of Private Enforcement Agents (BCPEA) continued to build and maintain the organisation's capacity to provide electronic services to its members.

#### **3.6.1. Register of Public Sales (RPS)**



The website "REGISTER OF PUBLIC SALES" was launched in the middle of 2009. After the successful start, the Register underwent a logical development. At the end of 2011, a new web-based register was successfully implemented, which better met the requirements of both users, namely Private Enforcement Agents (PEAs), and external users. In 2013, Chamber's team continued monitoring its work. As a result of this observation, the key problem that was identified was incorrect completion by Private

Enforcement Agents (PEAs) of statistical details of completed sales. Taking into account the inquiries we have received from Private Enforcement Agents (PEAs) informing of certain difficulties in entering sale notices, in October 2013 we made functional adjustments to the Register of Public Sale. The main goal was to improve the quality of the web-generated statistical content and the user experience with the site. Due to these statistics, the Chamber will be able to track indicators such as number of listings for sale and sold real estate, types of property - offered for sale and sold; average sale price, including types of property, average number of sales until the full property sale, etc. This valuable information for the Chamber is also an attractive source of information for a wide range of external organizations, media and businesses. The Register is continuously referred to in the media for analysis of the property market and the indebtedness rate of businesses and individuals. Indicative of the importance of the Register of Public Sales is the number of user visits, which varies between 1500 and 1600 on daily average.

In 2014, the Chamber's Board aims to continue monitoring the Register of Public Sales and its ongoing functional enhancement. In this regard, it is essential to receive feedback from the Register's users. In order

to maintain its important role on the legality and efficiency of public sales, the Chamber's Board intends to conduct in 2014 general verification for compliance with the legal obligation of private enforcement agents to make public announcement of pending sale.

In 2013, in the Register of Public Sales with the Chamber of Private Enforcement Agents posted **48,029** sale notices (versus 34,765 sale notices in 2012), including: real estate notices - **42,599** (versus 30,130 notices in 2012); vehicle notices - **2155** (versus 2175 notices in 2012); and immobile property notices - **3275** (versus 2460 notices in 2012). The figures quoted above indicate a significant increase in the number of notices, especially in the segment of real estate, compared to the previous reporting period (namely 2012). It can be explained with the continuing difficulties in domestic economic environment that affect both business and individuals, and the difficulty in selling debtors' assets at public auction, which results in repeated announcement of the same property for sale and therefore increasing number of notices.

**Distribution of the announced sales of real estate by district courts:**

| Sofia Court       | City | Sofia District Court | Blagoevgrad         | Bourgas            | Varna            | Veliko Turnovo | Vidin           |
|-------------------|------|----------------------|---------------------|--------------------|------------------|----------------|-----------------|
| 7765              |      | 1201                 | 1633                | 4590               | 3570             | 2740           | 516             |
| <b>Vratsa</b>     |      | <b>Gabrovo</b>       | <b>Dobritch</b>     | <b>Kyustendil</b>  | <b>Kardzhali</b> | <b>Lovetch</b> | <b>Montana</b>  |
| 706               |      | 1068                 | 1889                | 824                | 260              | 0              | 208             |
| <b>Pazardzhik</b> |      | <b>Pernik</b>        | <b>Pleven</b>       | <b>Plovdiv</b>     | <b>Razgrad</b>   | <b>Rousse</b>  | <b>Silistra</b> |
| 198               |      | 373                  | 1324                | 3022               | 448              | 2149           | 456             |
| <b>Sliven</b>     |      | <b>Smolyan</b>       | <b>Stara Zagora</b> | <b>Targovishte</b> | <b>Haskovo</b>   | <b>Shoumen</b> | <b>Yambol</b>   |
| 917               |      | 0                    | 2049                | 475                | 2725             | 1008           | 485             |

Over the past twelve months of 2013, the website has been visited by more than **581,355** (five hundred eighty-one thousand three hundred fifty-five) unique IPs, which means that at least twice as many unique visitors are visiting the website given the fact that many computers are used by more than one person, and that certain IP-addresses actually disguise a number of individual consumers (for example, a corporate customer with many computers and users). This is an increase of over **84%** in terms of unique visitors to the website over 2012 (when they totalled 315,969). The indicated number of visitors is **2,307,881** (two million three hundred and seven thousand eight hundred eighty-one) visits and more than **36,526,678** (thirty-six million five hundred and twenty-six thousand six hundred seventy-eight) page views. The average number of pages viewed per visitor is **15.83** per entry and visitors spent about **10 minutes** on average per visit in the website. Average daily, the website of Register of Public Sales was visited by some **1592** (thousand five hundred and ninety-two) (versus 865 visitors in 2012).

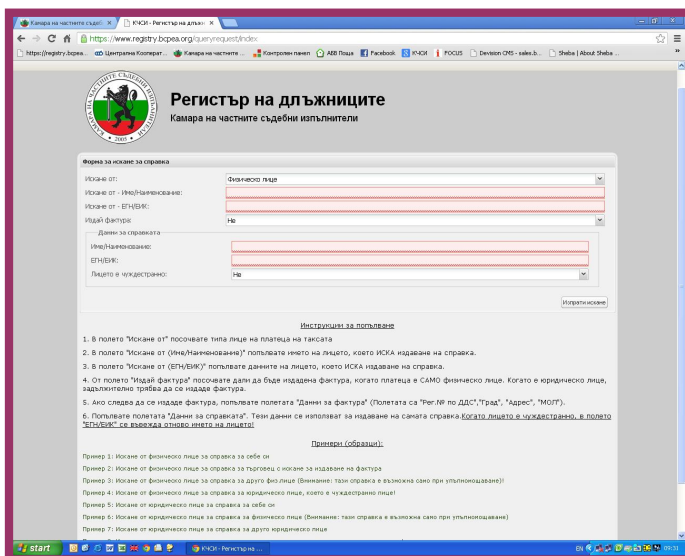
In connection with amendments to Article 487, paragraph 2 of the Civil Procedure Code (CPC), at the end of 2012 the Chamber of Private Enforcement Agents (CPEA) designed the technical functionality and

initiated a decision of the Supreme Judicial Court (SJC) that the uploading of notices for public sale on the relevant websites of the district courts shall be done through an electronic link to the Register of Public Sales website of the Chamber of Private Enforcement Agents (CPEA). Thus in 2013, the Central Register of Public Sales has established itself as the sole and mandatory electronic database of public sales pursuant to Civil Procedure Code (CPC) of private enforcement in the country.

Finally, the Register of Public Sales has proved to be a stable and functional electronic platform and an essential tool in the work of Private Enforcement Agents, serving as direct evidence of the advantages from the system of private law enforcement introduced in 2006.

### 3.6.2. Register of Debtors (RD)

In summer 2011, the Register of Debtors was launched by the Chamber of Private Enforcement Agents (CPEA). The Register has established itself as an important tool for gathering information about debtors and a



source of information on financial and government institutions, merchants and citizens. Growing over h development in 2013, the Central Register of Debtors (CRD) showed its potential to generate profit for the Chamber of Private Enforcement Agents (CPEA), which is an extremely important benefit for the development of our organization. The Central Register of Debtors (CRD) allows the printing of reports on present or absent dues pending enforcement cases at the request of concerned

individuals (individuals and legal entities), as well as of references to third parties whenever the data refer to legal entities.

At present, the Register of Debtors contains over 985,000 entries of enforcement cases instituted with Private Enforcement Agents (PEAs). At the end of 2013, the number of inquiries addressed to external users of the Chamber reached **19,362** (nineteen thousand three hundred sixty-two). For comparison, in 2012 this number was 7812 (seven thousand eight hundred and twelve).

Under Decision No. 2 (Protocol No. 110 of 22 June 2013 from a regular meeting of the Chamber's Board, proceeds from the Central Register of Debtors (CRD) as of 07 January 2013 forms revenue for the Chamber to be used as earmarked funds for the following: 1) development of a new Central Register of Debtors (CRD) under a project approved by the Chamber's Board and a contract with signed a contractor, 2) purchase of premises for the Chamber of Private Enforcement Agents (CPEA). Revenue generated after 01 July 2013 will be equally distributed between the Chamber and Private Enforcement Agents (PEAs), who have issued reports, namely BGN 6, inclusive VAT, for the Chamber of Private Enforcement

Agents (CPEA), and BGN 6, inclusive VAT, for the respective Private Enforcement Agent (PEA). Private Enforcement Agents (PEAs) issue monthly invoices to the Chamber of Private Enforcement Agents (CPEA) for the number of certificates issued thereby and send them to the Chamber of Private Enforcement Agents (CPEA) no later than the fifth day of the next calendar month when the invoice is issued. The Chamber pays the invoiced amounts regularly every month. In the event that there is no invoice issued by the Private Enforcement Agent (PEA) and received by the Chamber of Private Enforcement Agents (CPEA) for the relevant month, proceeds from the Central Register of Debtors (CRD) remains on the account of the Chamber of Private Enforcement Agents (CPEA).

In 2013, we successfully implemented a project to design a brand new Central Register of Debtors (CRD). The analysis of the current register helped to prepare the Terms of Reference (ToR) for the new register development. The governance of the Chamber of Private Enforcement Agents (CPEA) and the selected contractor finalized the development and testing of the system by the end of 2013. We have been preserved all the functionality of the current register, while improving others, including: usage of the electronic filing system of private enforcement agents, administration and statistics register, financial and accounting part of the Register. There is a brand new function granting direct remote access for corporate users to specific information in the register, including the ability to prepare reference reports for large groups of individuals. The new functionalities aim to minimize the use of the Register by financial institutions and a significant increase in revenue for the Chamber of Private Enforcement Agents (CPEA). With the implementation of the contractor's project, the Chamber of Private Enforcement Agents (CPEA) will solve all existing obstacles to the development of the Central Register of Debtors (CRD) associated with the source code and copyrights. In the first months of 2014, pending is delivery and implementation of the new system of the Central Register of Debtors. In 2014, the Chamber's Board will carry out the necessary training to use the new register and will perform direct monitoring on any issues that may arise in working with the new system of the Central Register of Debtors (CRD), and the need for new adjustments. While recognizing the importance of the Register of Debtors for the Chamber's progress, the Board will undertake a topical inspection on the implementation of governance decisions by the Chamber's members in relation to the timely and accurate entry of details into the database.

### **3.6.3. Training**

As regards the original preparation of university education candidate lawyers, training in the field of law enforcement is too limited. Law graduates are not well prepared to work in the enforcement of judgments. Even in law schools, it seems they to pay the required attention to the enforcement of judgments. A particular focus is placed on the claim proceedings claim, once the writ is a fact, while handling its enforcement remains a challenge to the litigants. Specialised reference literature on the subject is too scanty, while the court practice is quite controversial. One significant detail about the jurisdiction history in the field of enforcement proceedings is that according to the Civil Procedure Code (CPC) the right to unify the court practice is vested onto the Supreme Cassation Court (SCC). Ruling

of the Supreme Cassation Court (SCC) in appellate decisions with controversial practice is done via reasoned decisions that actually interpret the law. These decisions are binding for enforcement - pursuant to Article 291 of the Civil Procedure Code (CPC). Unfortunately for the current Private Enforcement Agents (PEAs), rulings can be appealed only at one instance, namely the control appellate instance is the District Court relevant to the geographical area of the Private Enforcement Agents (PEAs) activities. Exception to the general rule are two legal provisions concerning the allocation of amounts received - pursuant to Article 463 of the Civil Procedure Code (CPC), and the decree to determine the value of property damaged or wasted - pursuant to Article 521 of the Civil Procedure Code (CPC). This limited opportunity for control by a higher court instance leads to a controversial practice among Private Enforcement Agents (PEAs). Decisions in many cases are contradictory in identical situations and create prerequisites for bad practices by the Private Enforcement Agents (PEAs), who only take into account the local statement of the control appellate instance.

Given the foregoing, the training policy of the Chamber of Private Enforcement Agents (CPEA) must be pro-active and targeted. Ever since our professional organization was founded, the "Training" strand has been prioritised by the Chamber's Board in order to ensure our profession's successful and sustainable development. Since 2008, the Chamber of Private Enforcement Agents (CPEA) has organised and conducted with its own resources and funding a significant number of training workshops for Private Enforcement Agents (PEAs), employees in law offices and external legal representatives of other private enforcement sectors. The annually average curriculum includes one workshop a month and a half. The topics are accurately selected and programmes are drafted by the established Committee on Training with the Chamber's Board at the beginning of each calendar year. The selection of training topics takes into account the latest legislative changes, the needs of Private Enforcement Agents (PEAs) and the need to unify the practice with certain standards. The type and frequency of training courses conducted by the Chamber of Private Enforcement Agents (CPEA) is determined largely by the interests of private enforcement agents and external users. For this purpose, we have adopted the practice, while filling in the questionnaires for feedback from each workshop participant, to invite them to make suggestions for topics of future workshops to be organised by the Chamber of Private Enforcement Agents (CPEA). The Training Committee considers seriously the answers in the questionnaires of participants. Questionnaires have provided a fully realistic assessment of the training organized by the Chamber of Private Enforcement Agents (CPEA) over the years. They give the Training Committee an idea of the training product quality, the level of teachers and their skills to adapt a certain topic to the needs of law enforcement and the teaching content. Speakers invited to participate in training programs of the Chamber of Private Enforcement Agents (CPEA) are prominent names in the field of commercial, tax and civil law. While we design the training program, we do our best to invite trainers from the Chamber of Private Enforcement Agents (CPEA) to join the team of teachers, whenever the topic allows for it. On the other hand, our speakers who are Private Enforcement Agents (PEAs) are often invited to speak to other professional organizations in external

workshops on the topic of "Enforcement Proceedings under the Code of Civil Procedure."

Since 2012, our training programs have increasingly included workshops on topics such as competition between universal and individual enforcement, as well as training on accounting issues relating to various financial aspects of private law enforcement. The interest in adapting and demonstrating best practices in the field of accounting arises from the exercise of control on the activity of private enforcement agents by public financial authorities and the Ministry of Justice, respectively to heed with any recommendations aimed at better performance as a result of inspections held.

In 2013, the Chamber of Private Enforcement Agents (CPEA) successfully implemented a meaningful and comprehensive curriculum, which was previously approved by the Chamber's Board and disseminated as a monthly schedule. The training methodology of the Chamber of Private Enforcement Agents (CPEA) is designed in a way to create uniformity of training on the one hand and to ensure a systematic approach on the other hand.

Regarding the topical diversity of the curriculum, it is worth noting that the topics are varied and at the same time up to date. Evidence of the above is the interest in training opportunities demonstrated by Private Enforcement Agents (PEAs) and their employees. Indicators as specified in the following table illustrate some numerical criteria used for evaluation of the listed workshops compared to the training programme for the period 2007-2012. They show a strong and sustainable interest in training courses offered by the Chamber in 2013.

As a natural continuation of the work on the Chamber's training strategy (namely vision, priorities and objectives), at a regular meeting held in January 2013 the Chamber's Board prepared and adopted the training plan and schedule for 2013.

In 2013, we conducted 8 training courses on various topics (versus 11 in 2012) and focused on the practice of Private Enforcement Agents (PEAs), their assistant and employees in law offices. The number of trainees involved in training workshops organized by the Chamber of Private Enforcement Agents (CPEA) was 408 during the reporting period (versus 339 in 2012).

#### **IMPLEMENTATION OF TRAINING PROGRAMME FOR 2013**

| <b>Month</b>        | <b>Date</b>   | <b>Training</b>   | <b>Number of attending participants</b> |
|---------------------|---------------|---|---|
| April 2013<br>Sofia | 6 April       | Disciplinary and penal liability of Private Enforcement Agents (PEAs) | 39                                      |
| April 2013          | 20 - 21 April | Enforcement   | 60                                      |

|                        |                   |   |     |
|------------------------|-------------------|---|-----|
| Sofia                  |                   | proceedings pursuant to the Civil Procedure Code (CPC)  |     |
| May 2013 Sofia Pomorie | 30 May            | Enforcement under the Administrative Procedure Code (APC)   | 38  |
| Май 2013 Sofia Pomorie | 31 May            | Practical issues under the Civil Procedure Code (CPC) relating to interpretative decision on case No. 2/2013 of the Supreme Cassation Court (SCC) | 120 |
| June 2013 Velingrad    | 22 June           | Financial aspects of the activities of Private Enforcement Agents (PEAs). Tax liabilities of Private Enforcement Agents (PEAs) under the VAT Act  | 42  |
| October 2013 Sofia     | 19 and 20 October | Financial aspects of the activities of Private Enforcement Agents (PEAs). Tax liabilities of Private Enforcement Agents (PEAs) under the VAT Act  | 24  |
| November 2013 Sofia    | 8 and 9 November  | Competition of universal enforcement universal. Mediation techniques. Enforcement on stocks and shares of the debtor                              | 50  |
| December 2013          | 7 December        | Enforcement   | 35  |

|       |  |                                     |  |
|-------|--|-------------------------------------|--|
| Sofia |  | under the<br>Special Pledges<br>Act |  |
|       |  |                                     | <b>TOTAL: 408<br/>trained<br/>participants</b> |

Summarised data from questionnaires of trainees, consisting mainly of Private Enforcement Agents and their employees, strongly suggest that the good trends are sustainable and the pre-set goals for the training programme have been achieved. It is clear that the team and the governance of the Chamber of Private Enforcement Agents (CPEA) have been dealing responsibly and professionally and have managed to successfully complete this task. The foregoing is clearly illustrated in the following table:

| <b>Evaluation of training courses organised by the Chamber of Private Enforcement Agents (CPEA) by year</b> |                           |                   |  |                   |   |
|---|---------------------------|-------------------|--|-------------------|---|
|   | <b>Overall evaluation</b> | <b>Trainers</b>   | <b>Content of educational material</b> | <b>Price</b>      | <b>Number of training workshops over the year</b> |
| <b>2006</b>   | 4.56                      | No data available | No data available                      | No data available | No data available                                 |
| <b>2007</b>   | 4.96                      | 4.80              | 4.81                                   | 4.35              | No data available                                 |
| <b>2008</b>   | 4.90                      | 4.79              | 5.00                                   | 4.82              | 4.63  |
| <b>2009</b>   | 4.52                      | 4.66              | 4.53                                   | 4.34              | 4.03  |
| <b>2010</b>   | 4.47                      | 4.72              | 4.75                                   | 4.66              | 4.31  |
| <b>2011</b>   | 5.00                      | 5.06              | 5.10                                   | 4.97              | 4.78  |
| <b>2012</b>   | 4.97                      | 5.03              | 4.93                                   | 4.95              | 4.76  |
| <b>2013</b>   | 5.02                      | 4.85              | 5.00                                   | 4.84              | 4.80  |

The overall assessment of trainees is **5.00**, or 0.03 (three hundredths) higher than the overall assessment for 2012. Given the foregoing and the difficulties we had to overcome in the past year, this assessment is strong recognition for our work. It also gives us confidence that the results are not randomly achieved, but form the basis for future development of the training strategy of the Chamber of Private Enforcement Agents (CPEA), and even to increase our professional qualifications.



Of course, the main driver of this trend is the interest of Private Enforcement Agents (PEAs) and the ever increasing interest from external parties having contact with the work of private law enforcement. Therefore, involvement of all members of the Chamber of Private Enforcement Agents (CPEA) to the efforts of the Chamber's Board will logically increase the quality and effectiveness of the training offered. Our suggestions for topics and forms of training are important because basically we benefit from them and we also expect proposals of our colleagues in this regard.

#### **3.6.4. „Law Enforcement” Compendium**



Due to one-level authority control over Private Enforcement Agents (PEAs), which ends with a judgment of the relevant district court, law enforcement in Bulgaria suffers from a lack of clear and precise rules and guidelines for the law implementation, unlike the interpretative decisions of the General Meeting of the Civil Division with the Supreme Cassation Court (SCC) and decisions of various SCC divisions on individual cases. Therefore, the publication of a compendium to include various judgments and competent commentary is part of a broader spectrum of the Chamber's activities during the past seven years.

In 2012, we were not able to publish the book, due to objective reasons. At the time, the work of the Chamber's Board was predestined by the legislative initiative of the Parliament and subsequent amendments to the Civil Procedure Code, the Private Enforcement Agents Act and the Tariff of Fees and Charges to the Private Enforcement Agents Act. The main efforts of not only the Board members, but also of all Private Enforcement Agents (PEAs) were focused on the mission to preserve the private enforcement sector.

At the end of 2013, the new issue of compendium "Law Enforcement" was printed out. At the date of the General Meeting of the Chamber of Private Enforcement Agents (CPEA), this edition was finally published. In this issue, our authors have developed, in theory and practice, the following topics: Disciplinary liability of Private Enforcement Agents (PEAs); VAT on the activities of Private Enforcement Agents (PEAs); Enforcement under the Administrative Procedure Code and commentary on the current case law. The materials are accompanied by useful examples and case decisions of the courts of the Republic of Bulgaria on the topical commentary. We have published three interpretative decisions of the Supreme Cassation Court (SCC), which are directly related to the activity of Private Enforcement Agents (PEAs), namely interpretative decision on case No. 7/2012 dated 25 April 2013; interpretative decision on case No. 6/2012 dated 11 June 2013, and interpretative decision on case No. 3/2013 dated 15 November 2013.

The compendium "Law Enforcement" aims to help unify the judicial case law in Bulgaria, which as regard enforcement proceedings is quite diverse across the country. It will also contribute to the unification of the current practice of Private Enforcement Agents (PEAs), who are now forced to wander between the different interpretations of the law, which is neither in their interest nor in the interest of litigants.

The main users of this edition are private and public enforcement agents and district court judges, but its content was welcomed with strong interest among lawyers and other legal professions and the society in general.

Another positive effect of this publication is the opportunity, through analysis of collected judgments, to identify prospects for improving the enforcement proceedings and draft relevant legislative proposals aimed at improving the current legislation, in particular the Civil Procedure Code (CPC).

### **3.6.5. Electronic distrains**

In 2013, the technical platform for the imposition of electronic distrains was finalised, after a design by Bankservice and with the active participation of the Association of Banks in Bulgaria and the Chamber of Private Enforcement was ready. Unfortunately, despite the Chamber's efforts to start applying Article 450a of the Civil Procedure Code (CPC), it did not happen in 2013. The establishment of a working group to draft a uniform standard, pursuant to Article 450a, paragraph 3 of the Civil Procedure Code (CPC), has seen its work blocked at the end of the previous government's tenure. The working group did not reunite until the end of 2013, despite statements of the Ministry of Justice that it regards it with a priority. In 2014, the main strand in the Chamber's remained the adoption of rules to set up a uniform standard by the Ministry of Justice and the National Bank (BNB) and start the system.

### **3.6.6. ELECTRONIC DATA EXCHANGE WITH THE NATIONAL REVENUE AGENCY (NRA)**

Practical implementation of the agreement with the National Revenue Agency (NRA) for interaction and exchange of information has shown that there are a number of problems that require the pro-active role and hard work of the Chamber of Private Enforcement Agents (CPEA). In 2013, representatives of the Bulgarian Chamber of Private Enforcement Agents (BCPEA) held several meetings and worked hard in the preparation and signing of a new agreement with the National Revenue Agency (NRA). Due to some differences of opinion between the National Revenue Agency (NRA) and the Chamber, the process of its final conclusion will continue in 2014. The main objective of electronic services in 2014 is to move from web-based inquiries and receive information by e-mail to complete data exchange with the information system of the National Revenue Agency (NRA).

### **3.6.7. Supplementary Agreement with Civil Registration and Administrative Services (CRAS) to extend the electronic records**

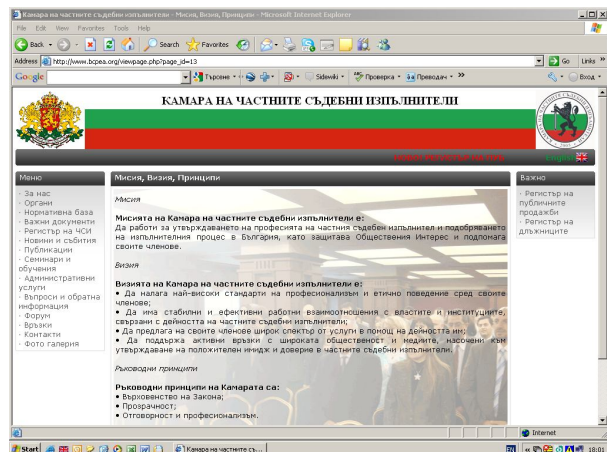
Since the signing of the agreement with Directorate-General "CIVIL REGISTRATION AND ADMINISTRATIVE SERVICES (GRAO)" with the Ministry of Regional Development and Public Works, electronic access to the register of Directorate-General "CIVIL REGISTRATION AND ADMINISTRATIVE SERVICES (GRAO)" has become an essential work tool for private enforcement agents and a major competitive advantage over public enforcement agents. Experience in the use of the Register showed that the range of eligible reports on it does not meet the needs of enforcement proceedings. In 2013, a new agreement was prepared and signed for the use of electronic access to the records of "CIVIL

REGISTRATION AND ADMINISTRATIVE SERVICES (GRAO)", which finally covers all necessary enforcement inquiries.

### 3.6.8. Information and administrative services

The analysis of the 2013 results shows that members of the Chamber of Private Enforcement Agents (CPEA) highly appreciate the uses of communication tools. On the one hand, they are extremely satisfied with the timely, accurate and comprehensive information they receive about the Chamber's activities. On the other hand, they feel safe and secure with the availability of feedback and responsiveness from the team and the administrative governing bodies of the Chamber of Private Enforcement Agents (CPEA) and they can receive advice and support on any issues and problems related to the daily business of private law enforcement offices.

An important role in this process is attributed to the established mutual trust and regularly held national and regional meetings during the reporting year. Each member of the Chamber is responsible for enhancement of our profession's public profile. While being entitled to request updated information and quality services, each member of the Chamber has the obligation to respect the rules and policies adopted by the governing bodies of the Chamber.



We strive to regularly update the website of the Chamber of Private Enforcement Agents (CPEA). But there is still much to be desired. This is expressed most clearly by the Private Enforcement Agents (PEAs) involved in the annual survey mentioned hereinabove. Meanwhile, it is worth noting that we tried last year to update many of the sections on our website with useful and interesting information regarding private law enforcement.

In the new section "Enforcement Case Law", we publish decisions of Bulgarian courts in the field of law enforcement. After eight years of effective work by Private Enforcement Agents (PEAs) we have stacked a number of case law in the form of useful and interesting law enforcement judgments. We have published these judgments seeking to be useful to all parties in the enforcement proceedings and to harmonize the jurisprudence throughout the country.

In the section "Key Documents", sub-section "European regulations", we have posted all major European directives, regulations, procedures and instructions regarding cross-border enforcement of judgments and duties of Private Enforcement Agents (PEAs) in Bulgaria resulting from our country's EU membership.

In the section "Training" we constantly update information about upcoming workshops organized by the Chamber of Private Enforcement Agents (CPEA). The section "Register of Private Enforcement Agents (PEAs)" is continuously updated with the most recent details of private enforcement agents, their assistants and other relevant details.

In order to raise the awareness among the Chamber's members with regard to the media coverage on the activities of private Enforcement Agents (PEAs), this year the Chamber renewed its contract with "Focus" Information Agency - our media partner in many projects and accompanying events of the Chamber of Private Enforcement Agents (CPEA). Under the contract we are provided a web-based daily media monitoring on the following topic: "Law enforcement". The main page of "Focus Info" contains links to all newsletters we are subscribed to and their respective subtopics. After entering username and password made available to each member of the Chamber of Private Enforcement Agents (CPEA), the user can review in detail the contents of all media publications on the subject, using a three-month archive. Thus, in a summarized format, our colleagues are constantly informed, on a daily basis, of all articles printed in both national and regional media related to their business. The Chamber's governing bodies believe that this initiative and investment does make sense and I sincerely hope that all our members can find this service useful in 2014 as well.

During the reporting period, the Chamber continued to render standard and administrative services for its members - namely registration and cancellation of entries in the Register of Private Enforcement Agents (PEAs), changes in the details entered in the Register, administration of the Register of Debtors and other records maintained by the Chamber, issuance of certificates, official notes and other documents, issuance of badges, holsters and signs, distribution of publications of the Chamber of Private Enforcement Agents (CPEA), subscriptions to legal publications and software (namely the journal "Legal World", "Apis" products), document flow, procession of complaints, organisation of national and regional forums, training, etc. Seeking to ensure that all members of the Chamber are well informed about the decisions adopted by the Chamber's Board at its meetings and about the results of their implementation, they regularly receive full minutes of such meetings via e-mail.

### **3.6.9. Services under development**

The launch of the new website of the Central Register of Debtors with enhanced functionalities, the ability to subscribe to corporate clients and more modern look, is among the priorities of the Chamber at the beginning of 2014. The Chamber will continuously monitor for strict and timely updating of the Central Register of Debtors (CRD), which shall be done by all users thereof. The only way to ensure the accuracy and timeliness of data entered into the Register is to establish it as an indispensable source of information for all stakeholders in the enforcement proceedings.

We hope that in 2014 we will see the introduction of the electronic distraint system. The initiative is in the hands of the Ministry of Justice. Bringing the project to a successful ending will prove the will of the Ministry of Justice to introduce a modern European approach in judicial and enforcement proceedings that will reduce about 30 times the fees for citizens and businesses.

One of the goals set out for the Chamber's Board in 2014 is the actual launch of the project «Rules of best practice of Private Enforcement Agents (PEAs) relating to their disciplinary responsibility." This project is not a novel idea, but was pending enough practice of the Disciplinary Committee and the Chamber's Board regarding complaints

against actions of Private Enforcement Agents (PEAs) and the resulting decisions to initiate disciplinary proceedings. At this stage, we have come to the conclusion that there is already a database large enough for the last eight years, including: number of complaints against actions of Private Enforcement Agents (PEAs); type of underlying disorders; number of disciplinary proceedings; number of final decisions of the Disciplinary Committee with the Chamber of Private Enforcement Agents (CPEA); penalties enacted, etc. For the implementation of the project, the Chamber of Private Enforcement Agents (CPEA) will set up a working group with the participation of both internal and external experts.

We expect some progress on the project "Optimization of costs of Private Enforcement Agents (PEAs)", whose main objective is to enable the Chamber of Private Enforcement Agents (CPEA) to initiate and develop, independently or possibly in conjunction with the Notary Chamber, a plan to negotiate terms for discounts from suppliers of goods and services in the same pattern as when contracting with mobile operators. We will do our best to preserve discounts for Private Enforcement Agents (PEAs) in obtaining supplies of fuel, stationery and shopping vouchers.

A working group of representatives of the Chamber's Board will continue performing market surveys aimed to meet the Chamber's need of buying new premises. Hopefully, that in the near future this initiative will be successfully implemented and the Chamber of Private Enforcement Agents (CPEA) will acquire a new modern office building to serve as our standing headquarters in the city of Sofia.

## REPORT

### On the activities of the Disciplinary Committee with the Chamber of Private Enforcement Agents for 2013



**Dear Colleagues,**

In 2013, the Chamber of Private Enforcement Agents (CPEA) received a total of **484 complaints**, keeping the trend of increasing number (versus **419** over the previous year, in 2011 - **369**, and in 2010 their number was **321**). To highlight on the contrast with previous years, complaints filed in 2009 were 282, which is more than 70% increase compared to the past year of 2013.

The analysis shows it is due to the growing number of enforcement cases, on the one hand and on the other hand, the increased public confidence in the Chamber of Private Enforcement Agents (CPEA) acting as an

objective remedy for Private Enforcement Agents (PEAs) with alleged misconduct. Unfortunately, this data are also indicative of the increasing number of poor practices in enforcement cases committed by some Private Enforcement Agents (PEAs). The following statistical facts regarding the Disciplinary Committee come in support thereof.

Here is the place to mention that **the increasing number of complaints does not mean a larger number of justified complaints**. Out of 484 complaints received in total, 338 were unfounded; 15 complaints were revoked; two complaints were subject to thorough checks and 47 were addressed with recommendations; 12 complaints were rejected, unattended and found to be beyond the competence of the Chamber's Board. Nine complaints led to initiation of disciplinary proceedings, while the remaining 61 complaints are pending consideration and decision in 2014. In summary, nearly 70% of the complaints filed are unfounded and showing no evidence of disciplinary breach; about 10% ended with recommendations to the Private Enforcement Agents (PEAs) concerned to correct their activity accordingly.

**Disciplinary proceedings initiated are under 2% of all complaints received for the reporting year of 2013.**

For comparison with 2012: out of a total of 419 complaints received in 2012, 361 were unfounded; 16 complaints were revoked; one was subject to a thorough check; 25 complaints were addressed with recommendations; 5 were rejected, unattended and found to be beyond the competence of the Chamber's Board. Eleven complaints led to initiation of disciplinary proceedings. Like in 2013, it is evident that a large number of the complaints received and addressed are unfounded and there is no evidence of disciplinary breach - over 86%; about 6% of all complaints ended with recommendations to the Private Enforcement Agents (PEAs) concerned to correct their activity accordingly.

For the period from 2006 until the reporting year of 2013, the Disciplinary Committee with the Chamber of Private Enforcement Agents (CPEA) has opened a total of **129** disciplinary proceedings against Private Enforcement Agents (PEAs). Pursuant to Article 70, paragraph 1 of the Private Enforcement Agents Act (PEAA), disciplinary proceedings may be instituted at the request of the Minister of Justice or by virtue of decision of the Chamber's Board. According to these criteria, the figures are as follows:

In **2006 - 5 disciplinary proceedings - three** disciplinary proceedings by the Chamber's Board and **two** disciplinary proceedings at the request of the Minister of Justice;

In **2007 - 4 disciplinary proceedings - three** disciplinary proceedings by the Chamber's Board, **one** disciplinary proceedings at the request of the Minister of Justice;

In **2008 - 15 disciplinary proceedings - five** by the Chamber's Board, **nine** disciplinary proceedings at the request of the Minister of Justice and **one** disciplinary proceedings at the request of both bodies collectively;

In **2009 - 21 disciplinary proceedings - fifteen** disciplinary proceedings by the Chamber's Board, **six** disciplinary proceedings at the request of the Minister of Justice;

In **2010 - 21 disciplinary proceedings - nine** disciplinary proceedings by the Chamber's Board, **twelve** disciplinary proceedings at the request of the Minister of Justice;

In **2011 - 17 disciplinary proceedings - nine** disciplinary proceedings by the Chamber's Board, **eight** disciplinary proceedings at the request of the Minister of Justice;

In **2012 - 16 disciplinary proceedings - eleven** disciplinary proceedings by the Chamber's Board, **five** disciplinary proceedings at the request of the Minister of Justice;

In **2013 - 30 disciplinary proceedings - ten** disciplinary proceedings by the Chamber's Board, **eighteen** disciplinary proceedings at the request of the Minister of Justice and **two** disciplinary proceedings at the request of both authorities;

It is appropriate to draw the attention onto the fact that more than half of disciplinary proceedings were instituted last year at the request of the Minister of Justice, as a significant part of these requests are for minor breaches. There is a steady trend to initiate disciplinary proceedings against specific Private Enforcement Agents (PEAs).

It should be noted that in its current composition the Disciplinary Committee has been working successfully for two years.

Statistics clearly shows that for the last eight years the Chamber's Board has initiated the formation of **64** disciplinary proceedings, while the Minister of Justice initiated **62** disciplinary proceedings. **One**

disciplinary case was initiated after a joint inspection of the two institutions, where the decision is to impose the penalty "deprivation of legal capacity for a term of one year", which was subsequently appealed by the affected private enforcement agent (PEA) and upheld by the Supreme Cassation Court (SCC). **Two** disciplinary proceedings were initiated at the request of both authorities and both date of the past 2013.

For the period 2006-2013, the Board of the Chamber of Private Enforcement Agents (CPEA) has proposed the following penalties: „fine“ - on **54** cases; „deprivation of legal capacity“ - on **9** cases (including **4** requests for deprivation of legal capacity for a period of five years, **3** requests for deprivation of legal capacity for a period of three years, **1** request for deprivation of legal capacity for a period of two years and **1** request for deprivation of legal capacity for a period of one year) and **one** request for "warning of temporary deprivation of legal capacity". All ten requests made by the Chamber's Board in 2013 ended with "fines". During the reporting year, there is a sustained trend whenever the Minister of Justice requests for disciplinary liability, it has never indicated the type and amount of penalty sought.

During the reporting year, **20** decisions on disciplinary proceedings were enacted, including 9 decisions appealed to the Supreme Cassation Court (SCC). **Five** of the contested decisions were upheld, **three** were cancelled and **one** was left without consideration. Regarding the decisions upheld, two of them sought the imposition of "fine", one referred to an unimposed penalty, one referred to a rejected request for disciplinary proceedings and one concerned an upheld decision for "deprivation of legal capacity for a period of three years." As regards the decisions rejected by the Supreme Cassation Court (SCC), statistics shows that under two of them the court ruled on "reprimand" (under one of them the Disciplinary Committee did not impose any penalty, but under the second one the Disciplinary Committee imposed penalty "fine"). It is somewhat disturbing to know that under its latest decision the Supreme Cassation Court (SCC) cancelled a decision of the Disciplinary Committee to impose penalty and ordered "suspension of legal capacity for a period of one year" to a Private Enforcement Agent, who had never been sanctioned until now.

Appealed to the Supreme Cassation Court (SCC) and now effective are **70** decisions voted by the Disciplinary Committee for the period 2006-2013, including **60** effective decision. As regards the remaining **10** pending proceedings, the situation is as follows: **five** decisions were suspended under interpretative decision No. 2/2013 of the Civil and Commercial Divisions at the Supreme Cassation Court (SCC), two are pending decision and three of them are still within the term for appeal.

Under the 60 effective decisions mentioned above, the Supreme Cassation Court (SCC) decided the following at the appellate instance:

- 29 of the decisions voted by the Disciplinary Committee are upheld by the Supreme Cassation Court (SCC), including four for „temporary deprivation of legal capacity“, respectively, one for a period of one year and three for a period of three years;
- Under 4 cases, the Supreme Cassation Court (SCC) has revised the type or amount of the penalty imposed;



- Under 16 cases, the Supreme Cassation Court (SCC) repealed the penalty imposed, including one for deprivation of legal capacity for a period of three years, which was reduced to a period of 8 months, under another one it rejected a request for disciplinary sanction replacing it with a fine of BGN 8000.00, and under a third one of revoked request for disciplinary sanction by the Disciplinary Committee, the Supreme Cassation Court (SCC) imposed penalty "suspension of legal capacity for a period of one year";
- Under 5 cases, the Supreme Cassation Court (SCC) invalidated the decision rendered by the Disciplinary Committee;
- Under 6 cases, the decisions were returned, left without consideration or without concern.

Making a definite conclusion over our experience in the past eight years, the Supreme Cassation Court (SCC) has generally upheld the decisions rendered by the Disciplinary Committee. The reasons for engaging disciplinary liability with Private Enforcement Agents (PEAs) have been upheld in the acts of the court.

Enforced decisions rendered by the Disciplinary Committee for the period 2006-2013 are **99** in total. In other cases pending decision by the Supreme Cassation Court (SCC), there are scheduled meetings on disciplinary cases or pending decision by the Disciplinary Committee.

As regards the effective decisions over the past eight years, data is as follows:

Under **63** cases, penalty was imposed pursuant to Article 68 of the Private Enforcement Agents Act, namely:

- Reprimand - 12 (twelve) cases;
- Fine - 43 (forty-three) cases, including:
  - ✓ 19 cases with fine of BGN 100.00 to BGN 1000.00;
  - ✓ 16 cases with fine of over BGN 1,000.00 to BGN 5 000.00;
  - ✓ 6 cases with fine of over BGN 5,000.00 to BGN 10 000.00, including
  - ✓ 2 cases with fine of over BGN 10,000.00 (two disciplinary penalties of BGN 20,000.00 in total);
- Warning of legal capacity deprivation - 2 (two) cases;
- Deprivation of legal capacity - 6 (six) cases, as follows: one for a period of eight months, two for a period of one year and three disciplinary sanctions for a period of three years;

No penalty was imposed under **11 (eleven)** disciplinary proceedings. Final decisions for "cancellation" total **7**.

Under other disciplinary cases, final decisions in disciplinary proceedings include **5** rejected, **4** cancelled, **5** discontinued and **4** left without consideration and without concern.

In 2013, members of the Disciplinary Committee adopted a total of 25 decisions for penalties as follows:

- Reprimand - **1** (one) decision;

- Fine - 11 (eleven) decisions, including **5** fined from BGN 100.00 to BGN 1000, **4** fined from BGN 1500.00 to BGN 3000.00, **2** fined from BGN 10,000;
- Warning of legal capacity deprivation - **1** (one) decision;
- Terminated - **4** (four) decisions;
- No disciplinary penalty imposed - **4** (four) decisions;
- Rejected - **4** (four) decisions.

The analysis of the Disciplinary Committee's activities during the period shows that some of the main offences are as follows:

1. Gross violation of procedures for public sale of real estate;
2. Prejudice to Article 79 of the Private Enforcement Agents Act (PEAA), failing to prepare accounts for charges dues;
3. The cases indicate a widespread violation of Article 80 of the Private Enforcement Agents Act (PEAA) and lack of collected and paid advance fees by creditors;
4. Starting enforcement actions without the Private Enforcement Agents (PEAs) having checked in the proper way the ownership of the property at stake;
5. Systematic failure to administer complaints received in law enforcement offices;
6. Systematic and widespread failure to comply with the provisions of Ordinance No. 4 of 06 February 2006 on the official archives of Private Enforcement Agents (PEAs);
7. Going beyond subjective limitations of the writ.
8. Failure to provide cooperation, withholding of required information, copies of documents and notary deeds, failure to provide information about their activities to bodies of the Chamber of Private Enforcement Agents (CPEA), non-cooperation and unassisted work of the Committee on Professional Ethics with the Chamber of Private Enforcement Agents (CPEA), breach of decisions of the Board of the Chamber of Private Enforcement Agents (CPEA)
9. Failure to notify the mortgagee - pursuant to Article 501 of the Civil Procedure Code (CPC);
10. Disorders related to amounts received under enforcement proceedings - Article 455 of the Civil Procedure Code;
11. Financial irregularities.

**Elitsa Hristova,**

Chairperson of the Disciplinary  
Committee with the Chamber of Private  
Enforcement Agents

## REPORT

### **On the activities of the Control Committee with the Chamber of Private Enforcement Agents for 2013**



**Dear Colleagues,**

The past year of 2013 was a little different from the previous 2012 when we experienced one of the largest crises in our history. Stress and problems have been overwhelming, but could not match those of 2012. We closed a year to be remembered by a severe political and social crisis, which affected the Chamber's activities. The excellent work we have done in the working groups with the Ministry of Justice has been eventually void. Jointly prepared draft amendments to the regulations that were agreed with a number of organizations and the Council of Ministers were replaced at the last minute. It is not something unheard of, so we were not surprised. Unfortunately, we have to report as a success not that we have improved the system of law enforcement, but that we have not allowed it to deteriorate significantly.

During the reporting year, despite the unfavourable external environment, the Chamber's Board was able to perform much of the goals and objectives it had set itself. The efforts and results regarding electronic records and improving the control of Private Enforcement Agents (PEAs) through the introduction of electronic monitoring deserve particular attention and admiration.

The Control Committee within the Chamber of Private Enforcement, in addition to its supervisory powers pursuant to Article 64 of the Private Enforcement Agents Act (PEAA), did their best to fully assist the Board, given the difficult environment. The chairman of the Control Committee participates in the meetings of the Chamber's Board and in the working group at the Ministry of Justice.

The Control Committee believes that **the activities of the newly elected Chamber's Board are legitimate, effective and in the spirit of continuity**. It held 14 meetings, adopted 660 decisions in total, including 105 on current operational and economic issues and 555 on complaints received. Meetings are held on a regular basis and in the required quorum, while decisions are taken in strict accordance with the Chamber's Statutes and Internal Rules. The Board members are divided into committees, assigned with the relevant portfolio of responsibilities. At each meeting, they are informed of the implementation of earlier decisions adopted, ensuring compliance with the terms of the implementation thereof.

During the reporting period, **the Chamber continued to operate as an autonomous and financially viable organisation**. Revenue of the Chamber in 2013 totalled BGN 696,426.32. Revenue from business activities amounted to BGN 203,235.37.

Following analysis of the costs incurred, the Control Committee concluded that **costs incurred are reasonable and appropriate**, consistent with the budget for 2011 adopted and enacted by the Chamber's General Meeting and in accordance with decisions of the Chamber's Board. All costs incurred amount to BGN 371,265.18, whereas the main costs are allocated for payroll expenses to pay wages of the Chamber's administrative staff, maintenance costs of the Chamber's office, consumable supplies, subscription services, secondment trips, website maintenance, contractual subscriptions, etc.

The remainder of BGN 325,161.14 forms a reserve for the new financial reporting period of 2014, which is several times more than the preceding reporting period.

**Accounting and financial records are maintained in accordance with the national accounting standards.**

The Chamber of Private Enforcement Agents (CPEA) is a financially stable organization and develops upstream, which is indispensable to enable it to better protect the rights and interests of our profession, the citizens, businesses and the community in general.

**Georgi Dichev,**



Chairman of the Control Committee  
Chamber of Private Enforcement Agents

**6.1. PROFIT AND LOSS ACCOUNT OF THE CHAMBER OF PRIVATE  
ENFORCEMENT AGENTS (CPEA) OF NON-PROFIT ACTIVITY FOR 2013**

**Appendix No. 2 to balance sheet 9  
Report**

**Profit and loss (bilateral) account of the chamber of private  
enforcement agents  
As of 31 December 2013**

| Expenses sub-paragraph                            | Amount in thousand<br>levs |                  | Revenue sub-paragraph                              | Amount in thousand<br>levs |                  |
|---|----------------------------|------------------|--|----------------------------|------------------|
|   | Current<br>year            | Previous<br>year |  | Current<br>year            | Previous<br>year |
| A   | 1                          | 2                | A  | 1                          | 2                |
| <b>I. OPERATING EXPENSES</b>                      |                            |                  | <b>I. REVENUE FROM OPERATIONS</b>                  |                            |                  |
| <b>A. Expenses for regulated activity</b>         | 293                        | 210              | <b>A. Revenue from regulated activities</b>        |                            |                  |
| 1. Donations                                      | 8                          | 5                | 1. Revenue from donations with reservation         |                            | 3                |
| 2. Other expenses                                 | 158                        | 103              | 2. Revenue from donations without reservation      | 87                         | 8                |
| <b>Total for A:</b>                               | 166                        | 108              | 3. Membership contributions due                    | 371                        | 185              |
| <b>B. Administrative expenses</b>                 | 101                        | 102              | 4. Other revenue                                   | 14                         | 30               |
| <b>Total for I:</b>                               | 267                        | 210              | <b>Total for I:</b>                                | 472                        | 226              |
| <b>II. FINANCIAL EXPENSES</b>                     |                            |                  | <b>II. FINANCIAL REVENUE</b>                       |                            | 26               |
| 3. Expenses for interest                          |                            |                  | 5. Revenue from interest                           | 23                         | 26               |
| 4. Losses from transactions with financial assets |                            |                  | 6. Revenue from participations                     |                            |                  |
|   |                            |                  | 7. Revenue from transactions with financial assets |                            |                  |
| 5. Losses from forex rate changes                 |                            |                  | 8. Revenue from foreign exchange                   |                            |                  |
| 6. Other financial expenses                       | 1                          | 1                | 9. Other financial revenue                         |                            |                  |
| <b>Total for II:</b>                              | 1                          | 1                | <b>Total for II:</b>                               | 23                         | 26               |
| <b>III. EXTRA EXPENSES</b>                        |                            |                  | <b>III. EXTRA REVENUE</b>                          | X                          |                  |
| <b>IV. BUSINESS LOSSES</b>                        |                            |                  | <b>IV. BUSINESS PROFITS</b>                        | 119                        | 39               |
| <b>V. TOTAL LOSS</b>                              | 268                        | 211              | <b>V. TOTAL REVENUE</b>                            | 614                        | 291              |
| <b>VI. RESULT</b>                                 | 346                        | 80               | <b>VI. RESULT</b>                                  |                            |                  |
| <b>TOTAL (V+VI)</b>                               | 614                        | 291              | <b>TOTAL (V+VI)</b>                                | 614                        | 291              |

Date: 20 January 2014

Prepared by:

Head: (signature: illegible)

**Appendix No. 2 to Balance Sheet 1**

| <b>PROFIT AND LOSS ACCOUNT</b>   |                              |                  |   |                           |                  |
|--|------------------------------|------------------|---|---------------------------|------------------|
| <b>CHAMBER OF PRIVATE ENFORCEMENT AGENTS</b>   |                              |                  |   |                           |                  |
| <b>FOR 2013</b>  |                              |                  |   |                           |                  |
| Expenses sub-paragraph   | Amount<br>(thousand<br>levs) |                  | Revenue sub-paragraph   | Amount (thousand<br>levs) |                  |
|  | Current<br>year              | Previous<br>year |   | Current<br>year           | Previous<br>year |
|  | 2                            | 3                | 1   | 2                         | 3                |
| <b>A. EXPENSES</b>   |                              |                  | <b>B. REVENUE</b>   |                           |                  |
| 1. Decrease in inventories of finished commodities and work in progress                    |                              |                  | 1. Net sales, including:  | 230                       | 75               |
| 2. Expenses for raw materials and external services, including:                            | 76                           | 24               | a) production   |                           |                  |
| a) raw materials and materials   |                              |                  | b) commodities  |                           |                  |
| b) external services   | 76                           | 24               | c) services   | 230                       | 75               |
| 3. Staff expenses, including:  | 30                           | 0                | 2. Increase in inventories of finished commodities and work in progress                           |                           |                  |
| a) wages and salaries  | 24                           |                  |   |                           |                  |
| b) expenses for social security, including:  | 6                            |                  | 3. Acquisition expenses of constructed assets   |                           |                  |
| - Insurance relating to pensions   |                              |                  | 4. Other revenue including:   |                           |                  |
| 4. Depreciation, amortization and impairment, including:                                   | 5                            | 8                | - Revenue from financing  |                           |                  |
| a) Depreciation, amortization and impairment of tangible and intangible assets, including: | 5                            | 8                | Total revenue from operating activities   | 230                       | 75               |
| - depreciation losses  | 5                            |                  | 5. Revenue from investments in subsidiaries, associates and joint ventures, including:            |                           |                  |
| - impairment losses  |                              |                  | - Revenue from shares in group enterprises  |                           |                  |
| b) impairment losses of current (short-term) assets  |                              |                  | 6. Revenue from other investments, loans, recognized as non-current (long-term) assets including: |                           |                  |
| 5. Other expenses, including:  | 0                            | 0                | - Revenue from interest; group enterprises  |                           |                  |
|  |                              |                  | 7. Other interest and financial revenue, including:   | 0                         | 0                |
| a) book value of assets sold   |                              |                  | a) revenue from group companies   |                           |                  |

|   |            |           |  |            |           |
|---|------------|-----------|--|------------|-----------|
| b) provisions   |            |           | b) revenue from transactions with financial instruments  |            |           |
| <b>Total operating expenses</b>   | <b>111</b> | <b>32</b> | c) revenue from foreign exchange   |            |           |
| 6. Impairment losses on financial assets, including investments recognized as current (short-term) assets, including: |            |           | <b>Total financial revenue</b>   | <b>0</b>   | <b>0</b>  |
| - Losses from foreign exchange  |            |           |  |            |           |
| 7. Interest expense and other financial charges, including:   | <b>0</b>   | <b>0</b>  |  |            |           |
| - Expenses associated with businesses from Gruhl  |            |           |  |            |           |
| - Losses from transactions with financial assets  |            |           |  |            |           |
| <b>Total financial expenses</b>   | <b>0</b>   | <b>0</b>  | <b>Total revenues from ordinary activities</b>   | <b>230</b> | <b>75</b> |
| <b>Total operating expenses</b>   | <b>111</b> | <b>32</b> | <b>8. Loss from ordinary activities</b>  | <b>0</b>   | <b>0</b>  |
| <b>8. Profit from ordinary activities</b>   | <b>119</b> | <b>43</b> | 9. Extraordinary revenue   |            |           |
| 9. Extraordinary expenses   |            |           |  |            |           |
| <b>Total expenses</b>   | <b>111</b> | <b>32</b> | <b>Total revenue</b>   | <b>230</b> | <b>75</b> |
| 10. Accounting profit (total revenue-total cost)  | <b>119</b> | <b>43</b> | 10. Accounting loss (total revenue - total expenses)   | <b>0</b>   | <b>0</b>  |
| 11. Costs for tax profit  |            |           |  |            |           |
| 12. Other taxes, alternative corporate tax  |            |           |  |            |           |
| <b>13. Profit</b>   | <b>119</b> | <b>43</b> | 11. Loss (line 10 + Central Register of Debtors (CRD) (line 10 + line 11 and line 12 of Section A) | <b>0</b>   | <b>0</b>  |
| <b>All (total cost + 11 + 12 + 13)</b>  | <b>230</b> | <b>75</b> | <b>Total (Total revenue + 11)</b>  | <b>230</b> | <b>75</b> |

Compiled on: 20 January 2014  
Prepared by: (signature: illegible)  
Head: (signature: illegible)

(Round stamp)  
Chamber of Private Enforcement Agents, Sofia

**6.3. BALANCE SHEET OF THE CHAMBER OF PRIVATE ENFORCEMENT AGENTS  
(CPEA) FOR 2013**

| Appendix No. 1 TO ACCOUNTING STANDARD 1  |                              |                  |   |                              |                  |
|--|------------------------------|------------------|---|------------------------------|------------------|
| BALANCE SHEET  |                              |                  |   |                              |                  |
| CHAMBER OF PRIVATE ENFORCEMENT AGENTS  |                              |                  |   |                              |                  |
| As of 31 December 2013   |                              |                  |   |                              |                  |
| ASSETS   |                              |                  | LIABILITIES   |                              |                  |
| SECTIONS, GROUPS,<br>FUNCTIONS   | Amount (in<br>thousand levs) |                  | SECTIONS, GROUPS,<br>FUNCTIONS                        | Amount (in<br>thousand levs) |                  |
|  | Current<br>year              | Previous<br>year |   | Current<br>year              | Previous<br>year |
| A  | 1                            | 2                | A   | 1                            | 2                |
| A. Subscribed but<br>unpaid capital  |                              |                  | A. Equity   |                              |                  |
| B. Non-current (fixed)   |                              |                  | I. Subscribed capital                                 |                              |                  |
| <b>ASSETS</b>  |                              |                  | II. Share premium                                     |                              |                  |
| I. Intangible assets   |                              |                  | III. Revaluation reserve                              |                              |                  |
| 1. Research and<br>development products  |                              |                  | IV. Reserves  |                              |                  |
|  |                              |                  | 1. Statutory reserves                                 | 357                          | 273              |
| 2. Concessions,<br>patents, licenses,<br>trademarks, software<br>products and other<br>similar assets and<br>liabilities |                              |                  | 2. Reserves relating to<br>own shares bought back     |                              |                  |
|  |                              |                  | 3. Reserve under its<br>statutes                      |                              |                  |
| 3. Goodwill  |                              |                  | 4. Other reserves                                     | 346                          | 84               |
| 4. Advance payments<br>and intangible assets<br>under construction   |                              |                  | <b>Total for Group IV:</b>                            | <b>703</b>                   | <b>367</b>       |
| <b>Total for Group I:</b>  |                              |                  | V. Retained earnings<br>(loss)                        |                              |                  |
| II. Fixed assets   |                              |                  | From previous years,<br>including:                    |                              |                  |
| 1. Land and buildings,<br>including:   |                              |                  | - Retained earnings                                   |                              |                  |
| - land   |                              |                  | - Accumulated losses                                  |                              |                  |
| - buildings  |                              |                  | <b>Total for Group V:</b>                             |                              |                  |
| 2. Machinery,<br>manufacturing<br>equipment and<br>apparatus   | 7                            | 5                | VI. Current year profit<br>(loss)                     |                              |                  |
|  |                              |                  | <b>Total for Section A:</b>                           | <b>703</b>                   |                  |
| 3. Facilities and<br>other   |                              |                  | B. Provisions and similar<br>obligations              |                              |                  |
| 4. Advance payments<br>and fixed assets under<br>development   | 41                           |                  | 1. Provisions for pensions<br>and similar obligations |                              |                  |
|  |                              |                  | 2. Provisions for<br>taxation, including:             |                              |                  |
|  |                              |                  | - Deferred Tax  |                              |                  |
| <b>Total for Group II:</b>   | <b>48</b>                    | <b>5</b>         | 3. Other provisions and<br>similar obligations        |                              |                  |



|  |          |          |  |           |          |
|--|----------|----------|--|-----------|----------|
| <b>III. Long-term financial assets</b>                               |          |          | <b>Total for Section B:</b>  |           |          |
| 1. Shares in group enterprises                                       |          |          | <b>C. Liabilities</b>  | <b>15</b> | <b>4</b> |
| 2. Loans to group enterprises  |          |          | I. Bonds with a separate indication of the convertible, including: |           |          |
| 3. Shares in associates and joint ventures                           |          |          | 1 year   |           |          |
| 4. Provided loans to associates and joint ventures                   |          |          | Over 1 year  |           |          |
| 5. Long-term investments   |          |          | 2. Liabilities to financial institutions, including:               |           |          |
| 6. Other loans   |          |          | 1 year   |           |          |
| 7. Own shares bought back  |          |          | Over 1 year  |           |          |
| Nominal value.... thousand, levs                                     | <b>X</b> | <b>X</b> | 3. Advances received including:                                    |           |          |
| <b>Total for Group III:</b>  |          |          | 1 year   |           |          |
| <b>IV. Deferred tax</b>  |          |          | Over 1 year  |           |          |
| <b>Total for Section B:</b>  |          |          | 4. Liabilities to suppliers, including;                            |           |          |
| <b>B. Current (short-term) assets</b>                                |          |          | 1 year   |           |          |
|  |          |          | Over 1 year  |           |          |
| <b>I. Inventory stocks</b>   |          |          | 5. Notes payable, including:                                       |           |          |
| 1 Raw Materials  |          |          | 1 year   |           |          |
| 2. Work in progress - production                                     |          |          | Over 1 year  |           |          |
| - commodities  |          |          | 6. Payables to group enterprises, including;                       |           |          |
| 4. Advance payments  |          |          | 1 year   |           |          |
| Total for Group I:   |          |          | Over 1 year  |           |          |
|  |          |          | 7. Obligations associated with related and joint companies         |           |          |
| <b>II. Receivables</b>   |          |          |  |           |          |
| 1. Receivables from customers and suppliers, including:              |          |          | Enterprises, including:  |           |          |
| Over 1 year  |          |          | 1 year   |           |          |
| 2. Receivables from group companies, including:                      |          |          | Over 1 year  |           |          |
| Over 1 year  |          |          | Other liabilities, including                                       |           |          |
| 3. Receivables relating to associates and joint ventures, including: |          |          | 1 year   |           |          |
| Over 1 year  |          |          | Over 1 year  |           |          |
| 4. Other receivables, including:                                     |          |          | - To employees, including:   |           |          |
| Over 1 year  |          |          | 1 year   |           |          |
| <b>Total for Group II:</b>   |          |          | Over 1 year  |           |          |
|  |          |          | - social security dues, including:                                 |           |          |
| <b>III. Investments</b>  |          |          | 1 year   |           |          |
| 1. Shares and stocks in group enterprises                            |          |          | Over 1 year  |           |          |

|                                     |     |     |  |     |     |
|-------------------------------------|-----|-----|--|-----|-----|
| 2. Own shares bought back           |     |     | - Tax dues, including:                             | 15  | 4   |
| Nominal value.....thousand          | X   | X   |  |     |     |
| 3. Other investments                |     |     | 1 year   | 15  | 4   |
| Total for Group III:                |     |     | Over 1 year  |     |     |
| <b>IV. Cash, including:</b>         |     |     | <b>Total for Section C: including:</b>             |     |     |
| - in cash                           | 1   | 2   | 1 year   | 15  | 4   |
| - in demand accounts (deposits)     | 804 | 467 | Over 1 year  |     |     |
| <b>Total for Group IV:</b>          | 805 | 469 | <b>D. Deferred funding and revenue, including;</b> | 113 | 113 |
| <b>Total for Section C:</b>         |     |     | - Financing  | 135 | 113 |
| <b>D. Deferred expenses</b>         |     |     | - Deferred revenue                                 |     |     |
| <b>TOTAL ASSETS (A + B + C + D)</b> | 853 | 474 | <b>TOTAL LIABILITIES (A + B + C + D)</b>           | 863 | 474 |

Compiled on: 20 January 2014  
Prepared by: (signature: illegible)  
Head: (signature: illegible)

(Round stamp)  
Chamber of Private Enforcement Agents, Sofia



|  |   |   |   |     |   |   |     |   |   |   |     |
|--|---|---|---|-----|---|---|-----|---|---|---|-----|
| 11. Balance at end of period                               | 0 | 0 | 0 | 357 | 0 | 0 | 346 | 0 | 0 | 0 | 703 |
| 12 Changes to annual financial reports of companies abroad |   |   |   |     |   |   |     |   |   |   | 0   |
|  |   |   |   |     |   |   |     |   |   |   | 0   |
| 13. Equity at the end of the reporting                     |   |   |   |     |   |   |     |   |   |   |     |
| Period <b>(11+/-12)</b>                                    | 0 | 0 | 0 | 357 | 0 | 0 | 346 | 0 | 0 | 0 | 703 |
|  |   |   |   |     |   |   |     |   |   |   |     |

Compiled on: 20 January 2014

Prepared by: *(signature: illegible)*

Head: *(signature: illegible)*

(Round stamp)

Chamber of Private Enforcement Agents, Sofia

## 6.5. STATEMENT ON DISCLOSURE OF ACCOUNTING POLICIES

(Round stamp)

Chamber of Private Enforcement Agents, Sofia

Approved by: (*signature: illegible*)  
Valentina Ivanova, Chairperson

### STATEMENT ON DISCLOSURE OF ACCOUNTING POLICIES

Bulgarian Chamber of Private Enforcement Agents (BCPEA)  
For the year of 2013

#### I. GENERAL PROVISIONS

##### ACTIVITIES:

The Chamber of Private Enforcement Agents, headquartered in the city of Sofia, was registered on 26 November 2005 under the Private Enforcement Agents Act, with registered seat in the city of Sofia, 7 Pirotska Street.

The Chamber of Private Enforcement Agents is engaged in socially useful activity for private benefit. The Chamber of Private Enforcement Agents was established with the following purpose:

- To represent the interests of its members (by making contact with organizations and institutions, which concern the work of Private Enforcement Agents (PEAs), advocating for the improvement of the regulatory framework for enforcement, etc.);
- To work for uniform, precise and proper application of the law on the part of Private Enforcement Agents (organizing training for Private Enforcement Agents (PEAs), harmonising practices in law enforcement, developing and adopting standards for activities undertaken: exercising control on Private Enforcement Agents (PEAs), etc.);
- To assist its members in their efforts to build their individual practices;
- To establish the highest standards of professional and ethical conduct;
- To build a positive image of the new profession in the public domain.

##### APPROVAL OF THE REPORT:

The annual financial report shall be prepared annually to reflect all the facts, phenomena and processes occurring and passed within the Chamber of Private Enforcement Agents (CPEA) during the reporting period.

##### FOUNDATIONS FOR PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS:

The annual financial statements for 2013 have been prepared in accordance with the requirements of Accounting Standard 9 "Presentation of financial statements of non-profit companies (NGOs)" in accordance with national standards, which are applicable for the year, including to the date of the balance sheet as stipulated in Article 4, paragraph 1 and paragraph 3 of the Accounting Act. All data in these financial statements are presented in thousand of Levs (BGN).

##### CONTENT OF THE ANNUAL FINANCIAL STATEMENTS:

- a) Balance Sheet - Form Appendix No. 1 to Accounting Standard 1;
- b) Statement of Revenue and Expenses - Form Appendix No. 2 to Accounting Standard 9;
- c) Cash Flow Statement - Form Appendix No. 4 to Accounting Standard 9;
- d) Equity Statement - Form Appendix No. 4 to Accounting Standard 1;
- e) Appendixes, as follows:
  - ✓ Statement on disclosure of accounting policies;

- ✓ Statement on fixed assets;
- ✓ Statement on receivables and payables;
- ✓ Statement on holdings of securities;
- ✓ Statement on shares in the equity of other companies;
- ✓ Statement on revenue and expenses;
- ✓ Statement on employees, payroll funds and other expenses;
- ✓ Statement on the cost of acquisition;
- ✓ Statement on research and development (R & D);
- ✓ Statement on the cost of members and voluntary associates in non-profit enterprises

## **XI. ACCOUNTING POLICIES AND DISCLOSURE OF ACCOUNTING POLICIES IN ANNUAL REPORTS FOR 2013**

### **A. BASIC PRINCIPLES AND REQUIREMENTS**

#### *1. Basic accounting principles:*

a) ongoing accrual - revenue and expenses arising from transactions and events are charged at the time of their occurrence, regardless of the time of receipt or payment of cash or its equivalent and included in the financial statements for the period to which they relate;

b) operational enterprise - the Chamber of Private Enforcement does not provide and does not need to liquidate or limit the scope of its activity in the foreseeable future;

c) caution - performing the evaluation and reporting of suspected risks;

d) matchability of revenue and expenses - it is reflected in the financial result for the period (Result from non-profit activity, accounting chart 125 of the bill of estimates), which is the source of benefit from them, while revenue in the period when the cost of their receipt is reported. Profit (whenever there is a positive result from the activity, the same is not allocated, but the total thereof is generated "transferred" to additional reserves;

e) substance over form - transactions and events are recorded in accordance with their economic substance and nature, regardless of their legal form;

f) preserving, where possible, the accounting policy from the previous reporting period - achieving comparability of reported data and indicators;

g) independence between accounting periods and correspondence between initial and final balance - each period is accounted for its own sake, regardless of its objective relation to the previous and the next reporting period.

#### **2. Elements of the accounting organization:**

2.1. Individual bill of estimates - in accordance with the nature of the activity and the provision of more detailed information, an individual bill of estimates is prepared and administered by the Chamber of Private Enforcement Agents (CPEA).

2.2. Form of accounting - in 2013, the accounting information is processed via the automated software "MICROINVEST DELTA" produced by MICROINVEST, city of Sofia, 225 Tsar Boris III Blvd; the system of double entry is applicable.

#### **3. Accounting policies**

The Chamber of Private Enforcement Agents has opted to apply accounting policies in accordance with the requirements of the Bulgarian legislation - accounting, tax and commercial. Wherever there are no explicit provisions in Accounting Standards and the Accountancy Act, the International Accounting Standards (IAS) shall apply. The form and content of the financial statements comply with the specific activities and are reported in the statutory form as approved for non-profit organisations.

#### **4. Changes in accounting policies**

No changes have been made in the statutes of the Chamber of Private Enforcement Agents (CPEA) in the reporting year of 2013 to affect the currently applicable accounting policy.

In 2013, the Chamber of Private Enforcement adopted a value threshold for reporting of fixed assets set at BGN 700. Comparative information in respect of the

previous reporting period is disclosed to all submitted articles in the current period.

**B. VALUATION BASES APPLIED IN PREPARING THE FINANCIAL STATEMENTS:**

1.1 Assets and Liabilities - In the initial valuation of assets and liabilities, the historical cost is used as a basis, except wherever the accounting standard requires otherwise. In 2013, no subsequent measurement of assets and liabilities was carried out.

1.2 Fixed assets - tangible and intangible assets are classified and recognized as such if they meet Accounting Standard 16 and Accounting Standard 38. They are presented in the balance sheet at book value, according to the requirements of the national accounting legislation.

1.3 Fixed assets at their acquisition are valued at:

a) historical cost, which includes the purchase price of the asset and any directly attributable expenses of bringing it into a state consistent with its purpose;

b) fair value upon receipt of grant, surplus

1.4 Materiality threshold for recognition of fixed assets - BGN 700.

1.5 Depreciation - assets (depreciable and non-depreciable) given that the Chamber of Private Enforcement Agents (CPEA) does not use budget funds and runs its accounting under the general rules (depreciation is charged under the linear method), which is envisaged for all other enterprises. In 2013, the Chamber of Private Enforcement Agents (CPEA) acquired tangible fixed assets worth BGN 5210.56 and intangible fixed assets worth 0.00.

C. Currency assets and liabilities are measured in BGN exchange rate at the date of their occurrence. It is mandatory at the end of the year to re-evaluate the stock and the differences shall be allocated to the respective exchange rate for account differences (account 624 and account 724) as provided for in the individual bill of estimates.

Investment property and biological assets - in 2013, the Chamber of Private Enforcement Agents has no investment property and biological assets, hence it does not report any.

1.1 Commodities and inventories - Commodities and inventories are current assets in the form of materials, except through the purchase of non-profit organisations, often acquired through donation, funding or in a gratuitous form.

1.2 Inventories are valued at their cost, which includes the cost of purchase. Trade discounts and other similar sub-paragraphs are deducted in determining the expenses of purchase.

1.3 The write-off method for inventories in their consumption is the method recommended under Accounting Standard 2 - "Specifically defined value."

The Chamber of Private Enforcement Agents has no materials and commodities in stock at the end of the reporting year.

1.4 The purchase of supplies used directly in the activities of the Chamber is recorded as a current expense in the period when they are incurred.

Revenues - Revenue is recognized when their realization and expenses are accrued in accordance with the principle of comparability with realized revenue. Their reporting is done through the accounts of chart 71 "Revenue of non-profit companies classified according to their origin."

The amount of revenue reported in 2013 from non-profit activity amounted to **BGN 466,024**, and revenues from profit activity stand at **BGN 203,235**.

7. Funding sources: Chamber of Private Enforcement Agents is funded through:

- ✓ Membership fees collected from members of the organization - yearly;
- ✓ Admission Fees;

- ✓ Other revenue related to operations: / Financial - Central Register of Debtors, interest from deposit accounts, fines under the Private Enforcement Agents Act, donations, etc./;
- ✓ Preparing, implementing and conducting of workshops, programs, projects, etc.

8. Expenses - Expenses are accounted for in accordance with the accrual principle. Expenses are accounted for in accordance with the accrual principle. Administrative expenses are classified according to their origin in Chart 60 "Operating expenses." Their current accounting ensures the analytical aspect of projects, programs, events and expenditure items. These standard expenses for various projects and events are distributed according to the needs of their implementation. The amount of expenses reported in 2013 is **BGN 274,269.00** and **BGN 83,731.00** from profit activity.

1. Other disclosures:

2. In 2013, the Chamber has not received government grants.

Claims and liabilities of the Chamber are currently rated at their nominal value. At the end of the reporting year, the Chamber of Private Enforcement Agents (CPEA) has no liabilities to foreign companies and the state.

There are no signed leases in 2013.

In 2013, the Chamber has not granted loans to its members and members of the management bodies.

- No events have occurred following the date of the annual financial statements.

Sofia, 20 January 2014

Prepared by: Lilyana Krasteva (*signature: illegible*)