

In terms of the global financial crisis, in particular the trends of increasing unemployment and more reduced consumption by the general Bulgarian consumers, an increase is established in the crime related to misappropriation of property and this type of crime is carried out by a wide range of individuals /from lawyers and large businessmen to uneducated persons, including by minority groups handling fake documents with very bad quality/.

The following cases have been identified during the work of the National Police Directorate General under Property Frauds Section, that can be conditionally divided into several main groups:

I. This group includes cases of acts or omissions to act both of legal entities /investors and/or contractors under residential buildings construction projects/ and of officials at the public administration, which deal with the approval of architectural projects, development plans, etc. The reasons for the formation of this group are the ignorance of local laws, bad practices of the companies involved in the mediation in the implementation of purchase and sale deals and the full advance payment of the real estate to the agents before the performance of the deal at the notary's office. In terms of the abovementioned persons, the cases primarily concern violations of the spatial planning legislation and/or civil law, in which the Ministry of Interior is not competent to rule.

In cases of ascertained administrative violations made by officials and when the Ministry of Interior was approached to investigate particular circumstances, the options are limited to alert function, i.e. the unit that has established the violations will alert the competent state authority.

II. The second group includes individuals, both foreign and Bulgarian citizens, affected by the actions of persons who have unlawfully acquired or disposed of the properties of bona fide owners.

Regarding the foreign legal entities/individuals who have made investments in purchase of real estate in the country with the purpose to acquire the so-called second homes or homes for renting out through tour operators and the acquisition of funds from their operation, the predominant majority of cases involve misuse of personal data and preparation of false documents, used for the "acquisition" of the property. Here a division into two subgroups is applied, where depending on the form and manner of acquisition of the property, the fraudsters undertake actions in several directions:

1. Regarding the group of individuals who invest funds in the acquisition of property, the unscrupulous persons usually resort to some fraudulent activities. In these cases, the foreigners were misled about the intentions of the other party, using their ignorance of the Bulgarian legislation.

Besides, the foreigners often rely on individuals, their countrymen /part of the fraud scheme/, who perform the functions of brokers in the implementation of transactions and negotiate with the prospective owners. The "brokers" frequently submit documents on behalf of the Bulgarian investor and also indicate their bank accounts to which the bank transfers /payments/ to be made for the acquisition of a particular property. The buyers often rely on the broker without undertaking any actions to investigate the investor/builder but instead they trust the "broker". After making the payments for the purchase usually there is a long period of time and just then the new owners decide to check what happens to their property. Then they actually understand that either the money have not reach the investor or the terms of the transaction are quite different from what has been agreed with the "broker." Just then the victims alert the authorities

that they have been affected by a crime. These circumstances greatly complicate the detection of this type of crimes because of the long time passed and the difficulty of establishing the crime perpetrators.

2. This subgroup includes foreign nationals who have registered companies that do not develop real business but have been established with the purpose to acquire property that is recorded as an asset on the balance sheet of the company. In almost all cases, the owners do not check the status of the company /in the Commercial Register/ because it is not really active. This fact itself favours the implementation of property frauds. A major problem in these cases is the free access to the information in the Commercial Register, where the fraudsters obtain the number of identity documents, UCN/PNF, addresses and other data and most paradoxically – the signatures of the partners/managers from the scanned documents included in the Commercial Register. Subsequently, these data are reproduced in false documents such as minutes of general meetings of shareholders with decisions to sell the properties or to change the manager /by means of a fictitious person/ with delegated authority to take decisions on sale and contracts for transfer of shares /again by means of fictitious persons/. There are also cases where after the transfer of ownership, the company is again "returned" to its "previous" owners. The owner or manager should check in the Property Register in order to determine that the property has been transferred, which is often made only by chance or in the performance of a deal with the involved real estate.

III. The property frauds based on false documents in most cases are implemented by the preparation of one or more false documents which subsequently facilitate the provision of other /real/ documents, namely:

Will/donation – widely used for acquisition of property of deceased or mentally ill individuals.

Death Certificate/Certificate of Inheritance - also in most cases used to acquire the complete documentation for further transaction with property of the deceased persons.

Mentally ill persons who are not under guardianship and are in a psychiatric institution. In many cases, the documents are signed by the persons themselves, as the fraudsters take advantage of their mental state and create trust relationships with them.

Various documents relating to changes of managers of companies-legal entities with subsequent disposal transaction with the property of the company /minutes of general meetings of shareholders with a decision to change the manager, who is part of the fraud scheme/.

Change of partners through false contracts for the sale of company shares with a subsequent disposition transaction with the property of the company performed by the "newly accepted partner".

Court judgments for awarded ownership/claim.

Court judgments for recovery of ownership rights.

Promissory note /often false document/, used to file enforcement proceedings at private bailiffs and enforcement of injunctions on the property of the debtor. In the event that the claim cannot be secured, the debtor's property is exported at a public auction, and in some cases the property is acquired by a fictitious person at prices several times lower than the market prices.

Pursuant to the Regulation on the access of the notaries to the National Automated Information Fund for Bulgarian identity documents, approved by Council of Ministers Decree No. 312 of 17 December 2009, the Communication and Information Systems Directorate at the Ministry of

Interior developed an electronic service for access to data (status and photo) of Bulgarian identity documents. The system for connection of notaries to the National Automated Information Fund for Bulgarian identity documents aims at prevention in case of attempts for execution of real estate deals using false identification documents. Separately, the notaries have remote access to the Property Register of the Registry Agency and access to the National Database "Population" /regarding data on successors of deceased persons/.