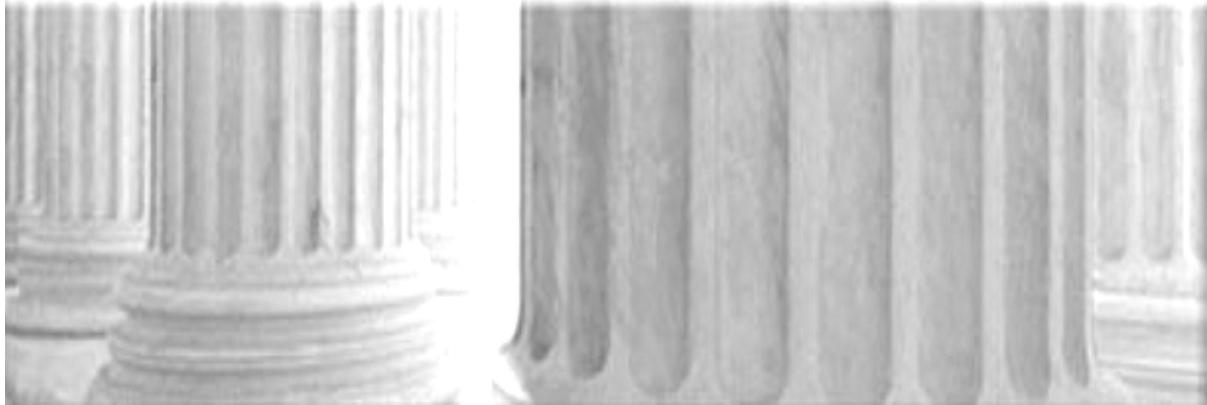




The Republic of  
Bulgaria



***CHAMBER OF PRIVATE ENFORCEMENT AGENTS***



**ANNUAL REPORT**

**2 0 1 1**



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

Blagoevgrad	6	Kyustendil	4	Sliven	4
Bourgas	12	Montana	2	Targovishte	2
Varna	10	Pernik	4	Haskovo	3
Vratsa	3	Pleven	5	Shoumen	4
Vidin	1	Plovdiv	16	Yambol	1
Veliko Turnovo	7	Rousse	4	Sofia City	38
Gabrovo	4	Razgrad	2	Sofia District	4
Dobrich	6	Stara Zagora	10		
Kardzhali	2	Silistra	2		

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Totko Kolev - Deputy Chairman

Elitsa Hristova - Deputy Chairman

Ivan Hadjiivanov

Nikola Popov

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Militsa Veleva

Rositsa Stoyanova

Vassil Nedyalkov

Gueorgi Tsekleov -

alternate member

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## ADDRESS OF THE CHAIRMAN



Dear colleagues, ladies and gentlemen,

The presentation of the annual report of the Chamber of Private Enforcement Agents for 2011 turned out to be not so easy from an emotional point of view, because this year marked the end of a new three-year cycle for our business, or a total of 6 years since the Chamber's inception! It is very difficult at such a moment to keep thinking on current issues of the day, thoughts tend to stagger and pose questions - where were we, what have accomplished, have we fulfilled our objectives, have we met the expectations of people and society, where are we going to and is it the true direction?

We are unlikely to forget the beginning in 2006 - working alone or with a couple of assistants, and now we have offices with more than 50 employees in some of them!

Public institutions used to refuse us access to information and assistance, third parties failed to execute the required distraint orders, even some banks looked at us with great distrust and wanted us to enclose to every single distraint order a certificate of competency, debtors refused to pay until they were sure we were "real", as funny as it may sound today! For each reference we had to write an inquiry letter waiting the answer for weeks, while most of these are now conducted electronically and immediately and we discuss the imposition of injunctions and distraints through an electronic signature!

In 2006 creditors confided in us assigning 37,000 cases, while in 2011 the number of cases is already over 180,000! In 2006 we completed 5,500 cases, while in 2011 this figure is 40,000! In 2006, we collected BGN 95 million, while in 2011 our collectibles amounted to over BGN 700 million!

In the beginning people did not have much trust in the Chamber of Private Enforcement Agents (CPEA), thinking that will rule us in the "dog does not eat dog", but now they know that the Chamber has considered 83 disciplinary proceedings against Private Enforcement Agents (PEAs), imposing 46 enforceable penalties, including 8 reprimands, 33 fines varying from BGN 100 to BGN 10,000, 2 warnings to suspend certification and 3 cases of legal capacity deprivation for a period from 3 months to 5 years.

In 2006, inspections in law enforcement offices used to be performed only after a complaint was lodged, while today the Chamber exercises permanent control over all Private Enforcement Agents (PEAs) through specially designed questionnaires and software, which in 2012 will be significantly improved.

In the beginning, we trained only Private Enforcement Agents (PEAs), now training involves all assistants and employees, and only in 2011 15 training workshops took place.

In our maiden years, information about scheduled public sales could not reach the maximum potential buyers, because it was disclosed only on paper and in few locations as stipulated by law, while today, through the website of the Chamber of Private Enforcement Agents (CPEA), every citizen, regardless of its location around the globe, can click on it and be informed what is on for sale! The Register of Public Sales is followed by media, which almost daily publish information and analysis based on data from it. Moreover, in 2011 the Chamber invested in the design of an entirely new website, modern and user friendly, providing very useful information and statistics. It was launched in 2012.

Citizens, banks, businesses and government agencies have previously not had the opportunity to check whether there are ongoing enforcement proceedings against a litigant with any Private Enforcement Agent (PEA). To meet this need the Chamber established a national Register of Debtors where all enforcement cases in the country are entered. In 2012, it will be further improved to enable also remote access.

In view thereof, it seems logical to summarize that private enforcement agents in Bulgaria have gone a long path for a short time, a path that leads to where our colleagues from Western Europe already are, but we should not forget that private enforcement has a long history in these countries, not for by years but for centuries.

2011 was another difficult year for Bulgarian Private Enforcement Agents (PEAs) and this is largely due to the ongoing economic stagnation in the country resulting from the global economic crisis. The financial problems of both businesses and citizens, apart from increasing the negative effects on enforcement efficiency and debt recovery, put on a huge emotional burden and stress on Private Enforcement Agents (PEAs) and. On one side creditors push hardily to receive their due as soon as possible as for most of them these funds are vital, while on the other side debtors no less insistently try to slow this process down, and some to thwart implementation. As never before Private Enforcement Agents (PEAs) are required to act, among other things, as psychologists, frequently burdening themselves with personal problems of litigants.

In times of crisis, rapid debt recovery to creditors is even more important because it will save some of them from imminent bankruptcy, will not only let others survive but also develop by increasing wages, investment, and hence revenue to the Treasury and contribute to the economic growth as a whole. Unfortunately, in 2011 amendments to the Civil Procedure Code became effective, according to which each debtor's statement requires the creditor to pay in advance the statutory stamp duty or local tax. As we have warned, this has a very negative impact on the expedition and effectiveness of judicial enforcement. Despite talks we had with the Ministry of Justice last year, no solution of the matter was found. We hope that the new decision-making factors in the Ministry of Justice will find a way to solve this serious issue.

Throughout the year the Chamber of Private Enforcement Agents continued to pursue its priorities - expedition, efficiency and legitimacy of judicial enforcement in Bulgaria. We have had numerous meetings and discussions with the Ministry of Justice, the Ministry of Interior, the Registry Agency, the Geodesy, Cartography and Cadastre Agency, the National Revenue Agency, the National Association of Municipalities, the Association of Banks in Bulgaria, as well as business organizations. On July 2, 2011 the Chamber of Private Enforcement Agents (CPEA) organized a conference with

representatives of the National Revenue Agency (NRA) and ADSI on the topic of "Private and public enforcement agents for increased expedition, efficiency and revenue to the Treasury," on the sidelines of which an Agreement on electronic interaction and information exchange was signed between the Chamber of Private Enforcement Agents (CPEA) and the National Revenue Agency (NRA). This agreement secured the highest protection of the Treasury's interests and Private Enforcement Agents (PEAs) now receive certificates and reports from the National Revenue Agency (NRA) much faster and within the statutory terms, which in addition to increased expedition and efficiency of enforcement, increase revenue to the Treasury.

Currently the Chamber of Private Enforcement Agents (CPEA) is closely cooperating with the Association of Banks in Bulgaria (ABB) to introduce electronic distraint of bank accounts and we see no objective reason for this process to be completed in 2012. With regard to remote access of Private Enforcement Agents (PEAs) to notary deeds kept in the Registry Agency's database we have been promised by the Agency's responsible officers it will be implemented this year. The Chamber will not spare efforts insisting to put an end to this shameful paradox - Private Enforcement Agents (PEAs) requesting notary deeds from the Registry Agency only to return them, requesting once again in writing, the entry of foreclosure! Moreover - it is imperative that in the 21<sup>st</sup> century and in the spirit of e-Justice, foreclosures are levied electronically. Our ultimate goal is that the entire debtor's dossier becomes accessible from all state authorities through remote access, as well as enforcement of all precautionary measures such as distraints and foreclosures take place electronically.

The problem with the entry of foreclosures in districts with approved cadastral map due to the statutory requirement of presenting a sketch from the cadastre in 2012 will finally be eliminated as the amendments to the Cadastre and Property Register Act drafted by the Ministry of Regional Development and Public Works this condition has been dropped.

Whatever assessments and analysis we make, they will always tend to be more or less subjective, unlike statistics - from 2006 until 2011 the number of new enforcement cases with Private Enforcement Agents (PEAs) in Bulgaria is 601,000, those suspended number 154,000, and the amount collected totals BGN 2.400 billion, including about BGN 200 million transferred to the Treasury!

**Georgi Dichev,**

Chairman



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

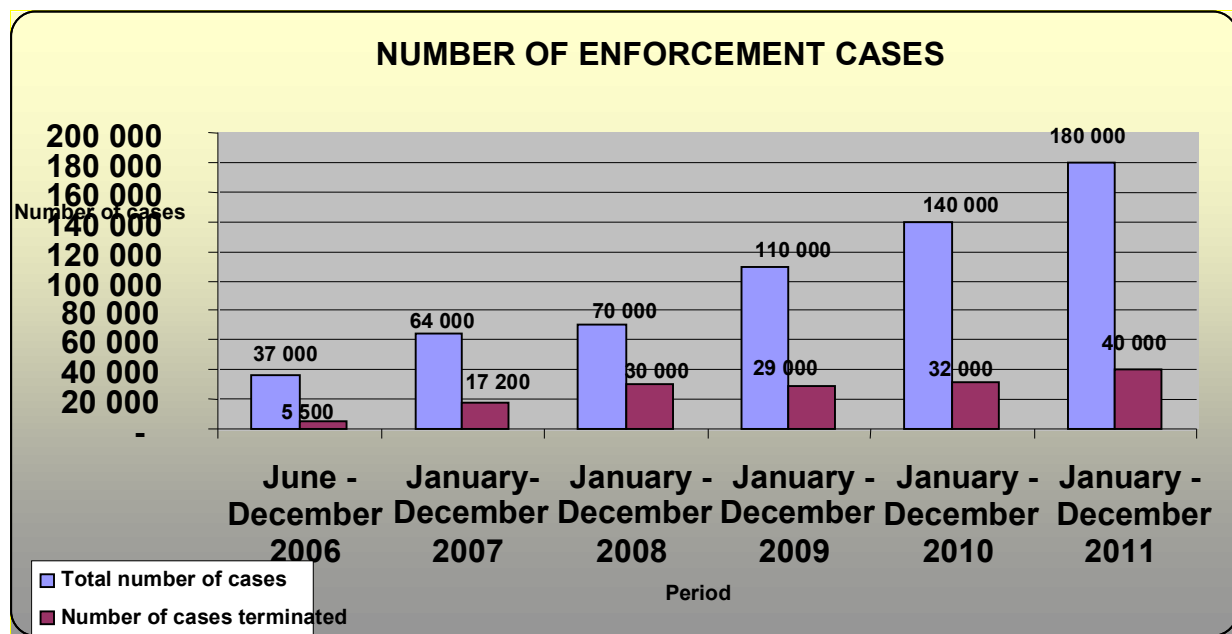
At the end of 2011 a total of **158** offices of Private Enforcement Agents (PEAs) are operating with over 1000 employees working in them. The status and development of the private law enforcement system is presented with the following statistics by year:

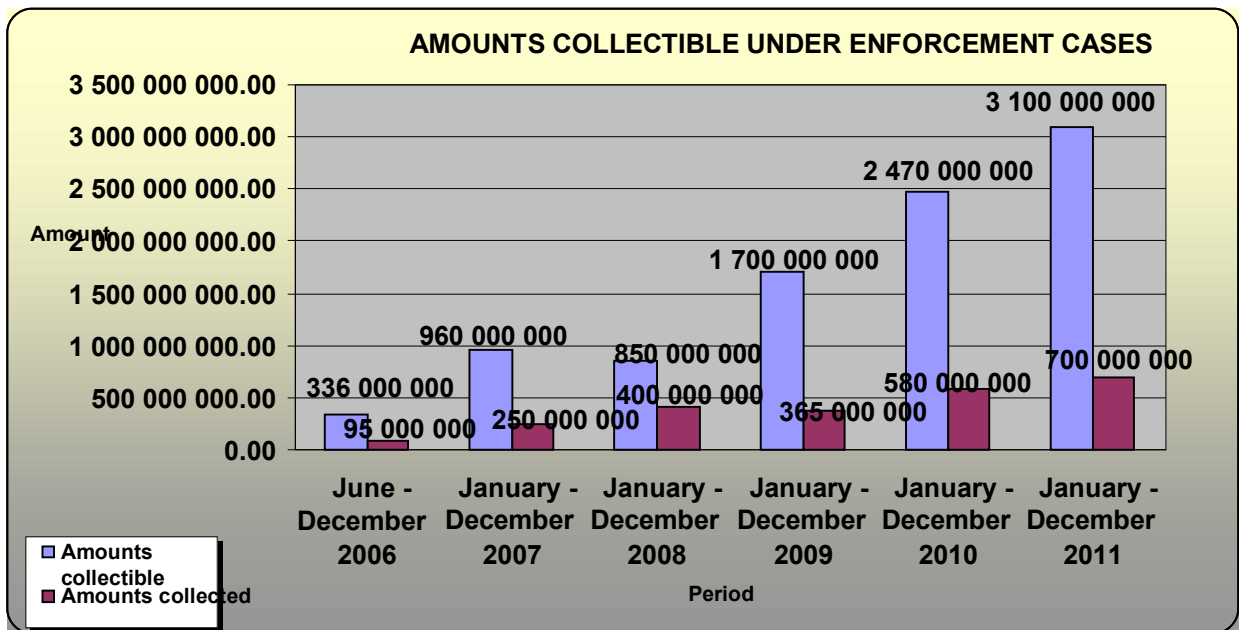
<u>Initiated cases:</u>	<u>Completed cases:</u>
2006 - 37,000	2006 - 5,500
2007 - 64,000	2007 - 17,200
2008 - 70,000	2008 - 30,000
2009 - 110,000	2009 - 29,000
2010 - 140,000	2010 - 32,000
2011 - 180,000	2011 - 40,000

**Total amount 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

For six years since the inception of private law enforcement, **601,000** cases were initiated with judicial officers, **154,000** cases were closed, and the amount collected exceeds **BGN 2.400 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 2011, complaints submitted through Private Enforcement Agents (PEAs) to district courts exceed 2600, including around 250 upheld by the relevant court.

The law enforcement system follows an upward trend of operation and development and private enforcement offices enlarge their staff. The majority of Private Enforcement Agents (PEAs) in Bulgaria has authorized their assistants - currently 142 Assistant Private Enforcement Agents (PEAs) work throughout the country.

Although all this was not intended to be the basic goal of reforms, which aimed exclusively at ensuring the efficiency of the judiciary system and the rule of law, it turned out that the direct fiscal benefits of it are considerable, since Private Enforcement Agents (PEAs) have transferred to the state budget around BGN 200 million from public debts recovered, VAT from public auctions and stamp duties due under enforcement proceedings, taxes and social security contributions as a result of the activities of law enforcement office. It is hard to measure the indirect financial benefits from prompt and effective enforcement for both the business and the national, and hence for the Treasury. According to creditors, supported with statistical data on new cases, Private Enforcement is the most effective system for law enforcement in the country and not accidentally many public institutions and increasingly often municipalities, including the largest ones, assign the collection of public debts to private enforcement agents.

Meanwhile, 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 few.

Banks form the target group, which is mostly satisfied with the services of Private Enforcement Agents (PEAs). With banks, there is an average collection rate of 50-60%, while with public creditors it is even up to 80%. Both banks and lawyers say their work was greatly expedited with the introduction of private enforcement in the country.

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) 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), 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 Bulgaria cover almost all district courts, except Lovech District Court and Smolyan District Court. Given the number of vacancies in these districts, including for the territory of Pazardzhik District Court, on June 14, 2011 the Minister of Justice issued Order №LS-I-248/14.06.2011 scheduling a competition with written and oral exams for appointment of Private Enforcement Agents (PEAs) to job places created by virtue of Section 1 of Order №LS-I-76/14.04.2006 by the Minister of Justice as follows: for the judicial district of Pazardzhik District Court - 8 positions; for the judicial district of Lovech District Court - 4 positions; and for the judicial district of Smolyan District Court - 4 positions. Subsequently, 14 (fourteen) days before the written exam, the Minister of Justice issued Order №LS-I-552/20.10.2011 amending Order №LS-I-248/14.06.2011 in the part regarding the scheduled date and venue of the written exam within the competition for appointment of private enforcement agents.

Omitting consultation with the Council of the Chamber of Private Enforcement Agents (CPEA), in violation of the provisions of Article 10, paragraph 1 of the Private Enforcement Agents Act, the Ministry of Justice adopted Ordinance amending Ordinance №1 dated 06.02.2006 on the terms and conditions of competition for private enforcement agents (promulgated in State Gazette, issue №16 of 2006, amended and supplemented, issue №56 of 2009), which was promulgated in the State Gazette, issue №90 of 15.11.2011, without informing the Chamber of Private Enforcement Agents as required by law. On this occasion the Chamber of Private Enforcement Agents (CPEA) wrote a letter to the Ministry of Justice explaining that the statutory procedure for amendment of the law was not followed and asking for official

notification of the reasons for such emergent, unduly made amendments to the Ordinance. We have not received any response to our letter yet.

A total of 243 applications were submitted to take part in the competition and 174 applicants were admitted to sit the exams. The written exam took place on 03.12.2011 and 28 would-be enforcement agents passed the written exam. At the end of December, the Supreme Administrative Court, through the Ministry of Justice, received a complaint against the announced competition for Private Enforcement Agents (PEAs). To date the court is expected to rule on the appeal, which will decide the outcome of the examination procedure for private enforcement agents.

Currently, the functioning Private Enforcement Agents (PEAs), which are members of the Chamber, number 156, including 76 men and 80 women.

During the reporting period, two Private Enforcement Agents (PEAs) lost their capacity under Article 31, paragraph 1, subparagraph 4 of the Private Enforcement Agents Act.

One private enforcement agent has lost his capacity under Article 31, paragraph 1, subparagraph 1 of the Private Enforcement Agents Act.

One private enforcement agent has lost his capacity under Article 31, paragraph 1, subparagraph 2 of the Private Enforcement Agents Act.

Each member of the Chamber has its personal dossier properly kept at the administrative office of the Chamber. Dossiers are sorted in ascending order by registration number of Private Enforcement Agents (PEAs) and are regularly updated, while data from the notification of any change in the circumstances under the Private Enforcement Agents Act 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 four people. The Chamber of Private Enforcement Agents is financially independent and receives no funding from the state.

### **3. REVIEW OF THE ACTIVITY**

In order to outline an objective picture and properly evaluate the reporting period, in 2011 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 organizational 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! We were very pleasantly surprised by the fact that **this year 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:

Please, assess the Chamber's the activities, according to its contribution to your work and its usefulness in response to your needs and expectations	Below the expectations (1-3)	Beyond the expectations (4-6)
	Average score	Percentage of satisfied expectations
<b>Are you satisfied with the activities of the Chamber of Private Enforcement Agents as your professional organization?</b>	5.32	88.69%
How do you assess the services, rendered by the Chamber?	5.31	88.54%
Administrative services	5.57	92.82%
Training	5.00	83.33%
<b>How do you assess the governance of the Chamber of Private Enforcement Agents?</b>	5.30	88.33%
Activities	5.00	83.33%
Readiness to communicate with its members	5.00	83.33%
Communication with the media	4.85	80.91%
<b>How do you assess the administrative staff of the Chamber of Private Enforcement Agents?</b>	5.71	95.15%
Activities	5.63	93.92%
Communication with the members	5.67	94.44%
In due time	5.63	93.75%
To the extent needed	5.64	93.99%
Overall attitude	5.66	94.35%
<b>Overall assessment of the Chamber's activities according to the needs, expectations and usefulness to its members</b>	5.27	87.91%
<b>What is the quality of materials produced by the Chamber of Private Enforcement Agents?</b>	5.21	86.78%
Website	5.17	86.20%
Collection „Case Law“	4.90	81.69%
Miscellaneous	5.08	84.70%
<b>How do you assess the training organized by the Chamber of Private Enforcement Agents?</b>	5.12	85.38%
Lecturers	5.06	84.39%
Content of educational materials	5.10	84.92%
Price	4.97	82.80%
Number	4.78	79.72%
<b>How do you assess your personal</b>	3.97	

<b>participation and contribution to the activities of the Chamber of Private Enforcement Agents?</b>		66.12%
<b>Do you have clear expectations about your professional conduct?</b>		
On behalf of the Chamber	5.08	84.75%
On behalf of the Ministry of Justice	4.28	71.35%
On behalf of the society	4.42	73.73%

All Private Enforcement Agents (PEAs), which completed and returned the questionnaires (67 colleagues) 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 **5.32**, as per the six-grade scale, whereas the administrative services rendered to the Chamber's members is given the highest score - **5.57**. The publication of "Case Law Collection" has received an average score of **4.90**. This is a relatively low score, which is rather not attributable to the quality of materials published in the collection set, but to the fact that last year we could not publish the book of collection. However, to the date of the Chamber's General Assembly, issue №1/2011 of "Case Law Collection" has been out of print and distributed among its members, partners, and available for sale in the market.

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 2011 compared to 2010, nearly all survey participants responded affirmatively. Five enforcement colleagues believed that there was no progress due to objective reasons rather than because of internal problems and incompetence of the Chamber's governing bodies. Respondents in the survey have identified key factors such as extremely unfavourable political environment and in particular the negative attitude of the Ministry of Justice towards the private enforcement business and profession as a whole.

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 of praised for its work. *The average score assessing the activities of the Chamber's governing bodies in 2011 is **5.30*** (for comparison, the score in 2010 was 4.97, in 2009 - 5.00, in 2008 - 5.32, in 2007 - 5.36 and in 2006 - 5.05), while *the administrative staff is assessed with the score **5.71*** - the highest score for all the reporting years so far (for comparison: 5.40 in 2006, 5.63 in 2007, 5.66 in 2008, 5.51 in 2009, 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 2011 were the following: the functioning of the Register of Debtors; organized and conducted training workshops and the opportunity provided during these events for colleagues from all over the country to meet, confer and share best practices; access to electronic records by the National Revenue Agency (NRA); the analysis prepared by the Tariff of Fees and Expenses to the Private Enforcement Agents Act; operation of the closed forum to the website of the Chamber of Private Enforcement Agents (CPEA); the competition for Private Enforcement Agents (CPEA); communication with state

institutions, informing members of the Chamber of Private Enforcement Agents (CPEA) for obligations arising from the law, sending reminders of changes in laws and practices addressing issues of individual Private Enforcement Agents (PEAs); meetings with the media; filing of timely information concerning activities of the Private Enforcement Agents (PEAs), etc. It is important to note that many judicial officers already share the belief that, on the one hand, they meet a proper, objective and human respect and empathy for their problems in the face of the Chamber's team and governance, and on the other hand, it contributes to better communication between themselves and the implementation of very good initiatives in general - a spirit of collegiality, which lacked in preceding years. Highly appreciated are also the timely control on the part of the Chamber's governing bodies in the event of bad practice and the efforts of the Chamber's Council to clear the path for professional perfection 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 are mixed as usual. Most of surveyed Private Enforcement Agents (PEAs) considered that membership fees are well balanced in terms of the Chamber's activities. Others, however, believed that the amount should be substantially increased by introducing different rates for different enforcement offices, under objective criteria. Last but not least important, many colleagues indicated that the financial independence of the Chamber would additionally boost the organization's profile. Some Private Enforcement Agents (PEAs) expressed the opinion that it may be high time for the Chamber to consider the option of purchasing its own property. Currently, the Chamber's administration occupies office premises and uses office equipment in extremely poor condition.

An essential part of the criteria in the questionnaires refers to the expectations of professional conduct on the part of Private Enforcement Agents (PEAs). Opinions of colleagues in this regard can be grouped into three main categories. **First**, the need to clarify the relationship of state institutions to private enforcement agents - here the score is higher for the reporting period - **4.28** (versus 3.93 in 2010). Secondly, the Chamber, as a professional organization of Private Enforcement Agents (PEAs), should ensure timely and comprehensive feedback to its members about the processes and activities, summarizing the best practices in the country and abroad, and formulating general advice to institutions on important issues related to law enforcement - score **5.08** (versus 4.87 in 2010). Thirdly, the public attitude towards the profession of enforcement agent should be formed through a more extensive media and public awareness campaign about the role and duties of private enforcement agents - score **4.42** (versus 4.37 in 2010).

As a whole, while answering questions of this category, Private Enforcement Agents (PEAs) reported greater satisfaction and clarity about expectations for their professional conduct on the part of public institutions and the society, compared with last year's results. Judging by the outcome of responses, members have no comments in this regard to the Chamber as their professional organization. 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 society are clear and simply their implementation should be sought after. Any failure is subject to permanent control and

sanctions by the Council of the Chamber of Private Enforcement Agents (CPEA), the Ministry of Justice and the society in the face of media. When asked what, in the opinion of each Private Enforcement Agent (PEA), can be done to make clearer the expectations to them by the institutions and the society, the responses tend to the following: formulation of clear criteria to be imposed as a form of code of conduct for all judicial officers (private and public enforcement agents); these criteria to be promoted widely to the public - through the media, through publications in specialized journals or through the website of the Chamber; to notify the Private Enforcement Agents (PEAs) of comprehensive information on the most common violations, which are grounds to initiate pre-court proceedings; to increase the number of national conferences throughout the year to promote and harmonize best practices; to promote open talking about the problems in our business; to ensure regular attendance to workshops organized by the Chamber of Private Enforcement Agents (CPEA); to strengthen cooperation with the Ministry of Justice in respect of monitoring the activities of Private Enforcement Agents (PEAs) and requiring inspectors from the Ministry of Justice's Inspectorate to implement clear and uniform guidance on law enforcement practice; to perform an annual survey with focus groups of users of private enforcement services, because this is the best way to clearly formulate public expectations, which are in fact a complex maze of different private and public interests, etc.

Of course, criticisms can be heard. According to respondents taking part in the 2012 survey, the Chamber's activities should be improved in the following areas: harmonization of practices in law enforcement offices; implementation of stricter self-control by private enforcement agents (PEAs), who should strive to be as transparent, accurate, ethical and honest in their work as possible; to extend positive media coverage; to expand training opportunities and workshops; to ensure closer interaction with the legislative and executive authorities in the country; to promote better communication with the Ministry of Justice, the Supreme Cassation Prosecution's Office and the Supreme Cassation Court; to summarize the best practices and publish more frequently the collection "Enforcement Case Law"; to create an optical archive of the Chamber of Private Enforcement Agents (CPEA); and to improve and optimize the website and the log-in forum of the Chamber of Private Enforcement Agents (CPEA); to expedite and complete the changes to electronic exchange and document flow with institutions; to ensure better planning and implementation of long-term activities, etc.

Despite their constructive criticism and recommendations, Private Enforcement Agents (PEAs) have given a low rating as a whole (**3.97**) for their personal involvement and contribution to the Chamber's activities, which 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 2011, the Council of the Chamber of Private Enforcement Agents (CPEA), in implementing its policy of maximum proximity to the problems of each Private Enforcement Agent (PEA), organized 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 throughout the country.

The first in 2011 National Conference of Private Enforcement Agents (PEAs) took place on 4 June 2011 in the town of Bansko, Kempinski Grand Arena Hotel. The agenda included discussion on a number of important issues concerning the activities of the Chamber's members. Attending participants were presented the results, in summary, and conclusions of meetings held between the governing bodies of the Chamber of Private Enforcement Agents (CPEA) and various institutions. The Chamber's Chairman presented a brief report on the results of the completed second annual monitoring of private law enforcement offices throughout the country. He also made a review of the work of the Register of Debtors, which was actually launched into operation with the issuance of certificates for legal entities and individuals a month earlier. A number of specific procedural issues and problems in law enforcement were also deliberated.

Delegates of the National Conference in Bansko protested with a declaration expressing their strong disagreement with amendments to Article 431 of the Civil Procedure Code, as a result of which access for both private and public enforcement agents to debtor's details has become extremely difficult and slow due to the introduced payment by creditors of "adequate" fees to state and municipal authorities. In their declaration Private Enforcement Agents (PEAs) in Bulgaria responsibly demanded from public institutions to undertake urgent amendments to the law and adopt a new version of the relevant legal texts of the Civil Procedure Code, stating that otherwise law enforcement would become again a problem in our country for hundreds of thousands of creditors, the national economy, the state budget and the judiciary system as a whole.

On October 8, 2011 the town of Hissar hosted the second annual National Conference of Private Enforcement Agents (PEAs), which was also very productive for attending members of the Chamber of Private Enforcement Agents (CPEA). Along with updated information on issues and problems of law enforcement, attending members discussed the upcoming partnership between Private Enforcement Agents (PEAs) and the territorial units of the National Revenue Agency (NRA) across the country, under the signed and effective Agreement for cooperation concerning the order and manner of interaction and exchange of tax and social security data regarding debtors. The discussion also dwelt on other activities regarding ongoing projects of the Chamber - such as the Analysis of the Tariff of Fees and Expenses to the Private Enforcement Agents Act, upcoming competitions for appointment of Assistant Private Enforcement Agents and Private Enforcement Agents, the development of an electronic system for distraint and foreclosures by Private Enforcement Agents (PEAs). Much of the time and work within the conference was devoted to discussions and comments on the uniform practices of Private Enforcement Agents (PEAs) in the implementation of the Civil Procedure Code. Participants discussed a number of controversial cases and the problems resulting thereof in the work of Private Enforcement Agents (PEAs).

The general view shared by Private Enforcement Agents (PEAs) who participated in this year's survey, it will be useful to increase the frequency of such forums, because they are obviously of great benefit to the participants and are highly appreciated by all members of the private law enforcement sector.

During the reporting period regional workshops were regularly held with the attendance of Private Enforcement Agents (PEAs) from bigger districts in the country - Sofia, Plovdiv, Bourgas, etc.

In 2011, we continued the good tradition of holding football matches between symbolic teams of Private Enforcement Agents (PEAs) from Plovdiv and Private Enforcement Agents (PEAs) from Sofia, supported by their colleagues from all over the country. Football matches were organized in the end of the two national conferences - in June in Bansko and in October in Hissar. We are glad to note that every next football match enjoys an increasing number of fans among Private Enforcement Agents (PEAs) and Assistant Private Enforcement Agents (APEAs) supporting both teams. Even when winning and losing teams alternative every next match, sportsmanship and good spirit of collegiality win each time.

Last year marks we launched another positive sporting event. On the occasion of Jurist's Day, April 16, and along with the ongoing international workshop of the Notary Chamber in Plovdiv, mixed teams of the Notary Chamber and Private Enforcement Agents (PEAs) from Plovdiv clashed in a football match. The Chamber of Private Enforcement Agents (CPEA) has continuously tapped into the experience of the Notary Chamber in the organization of sports events promoting professional and personal contacts between Private Enforcement Agents (PEAs) and notaries.

With the organization 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 Council of the Chamber seeks a consistent policy to raise the awareness of all our colleagues, thus keeping them informed of the updated activities and commitments of our professional organization.

### **3.2. Interaction with the institutions**

In 2011, the Chamber of Private Enforcement Agents (CPEA) implemented numerous initiatives, meetings and interactions with institutions of the Republic of Bulgaria.

Since the very beginning of the 2011, the Chamber of Private Enforcement Agents (CPEA) has extended its initiatives from the preceding year to create more opportunities for communication with the institutions and electronic exchange of documents. In January, we sent a letter to the Metropolitan (Sofia) Municipality, Directorate "Revenue and administration of local taxes and fees", offering an electronic exchange of requests for access to information and documents containing debtors' data under enforcement cases and the Chamber even suggested designing and developing the necessary software. To date there is no official response to our proposal yet.

In the same month we stubbornly continued to call to the Registry Agency to finalize talks on the implementation of electronic exchange of documents and hold a meeting where this issue should be finally resolved. The Registry Agency scheduled a meeting on February 15, 2011. However, it did not take place due to failure of the Agency's representatives to come and meet us.

At the end of January 2011, the Chamber of Private Enforcement Agents (CPEA) sent a letter to the National Association of Municipalities in



Bulgaria, with a proposal for joint actions to improve performance and interaction between the Chamber of Private Enforcement Agents (CPEA), respectively its members, and the municipal administrations throughout the country. On February 16, a meeting took place between representatives of both institutions. As a result, some of the problems found their actual solution, while others, including the issue of document exchange electronically - have not yet been solved.

During the same period, the Chamber of Private Enforcement Agents (CPEA) sent a letter to the Ministry of Interior suggesting an electronic exchange of reference documents regarding vehicles owned by debtors. Following January's letter, two more letters ensued in April and a meeting between Deputy Minister Veselin Vuchkov and Mr. Gueorgui Dichev took place on July 6, 2011. In October 2011, two meetings were held between experts of the Chamber of Private Enforcement Agents (CPEA) and the Ministry of Interior in an effort to seek technical solutions to the task. Unfortunately, the latest response of the Ministry of Interior received at the Chamber in late November 2011, stated that currently it is not possible to execute either direct access to databases of the Ministry of Interior, or to introduce electronic exchange of documents between Private Enforcement Agents (PEAs) and Police departments in the country.

In March 2011, the Chamber of Private Enforcement Agents (CPEA) lodged with the Constitutional Court of Bulgaria its written considerations on constitutional case № 2/2011. The Chamber of Private Enforcement Agents (CPEA) has officially supported the arguments of the Ombudsman of the Republic of Bulgaria in the part regarding the unconstitutionality of Article 75, paragraph 5 of the Bulgarian Identity Documents Act; however, regarding the arguments about the unconstitutionality of Article 76, paragraph 6 of the Bulgarian Identity Documents Act, the Chamber of Private Enforcement Agents (CPEA) put forward arguments objecting the suggested thesis.

On 17.03.2011, a meeting took place between Mr. Gueorgui Dichev and Deputy Minister of Justice Mrs. Zhanet Petrova-Bosseva, during which the Chamber introduced the Deputy Minister with the current issues of law enforcement in Bulgaria, the difficulties in relationships with the Registry Agency, and the key issue - amendments to Article 431 § 4 of the Civil Procedure Code. The Ministry of Justice declared its goodwill of support and assistance.

On 18.04.2011, members of the governing bodies of the Chamber of Private Enforcement Agents (CPEA) met with representatives of the Geodesy, Cartography and Cadastre Agency. At the meeting they discussed the main bottlenecks of Private Enforcement Agents (PEAs) in their everyday relationships with the Geodesy, Cartography and Cadastre Agency. The following issues were put forward:

- Providing an opportunity for centralized issuance of drawings and diagrams, not only by regional units of the Geodesy, Cartography and Cadastre Agency;
- Adding a feature to the website [icadastre.bg](http://icadastre.bg) to generate, visualize and print out drawings/diagrams authenticated (signed) with an electronic signature;
- Enabling Private Enforcement Agents (PEAs) to initiate a procedure for amending cadastral maps by region, with the purpose of adding a missing property in the event of debtor's unwillingness to do so;

- Providing services to Private Enforcement Agents (PEAs) with precedence at counters of the Geodesy, Cartography and Cadastre Agency;
- Free issue of drawings and diagrams under lawsuits for allowance and public claims.

Unfortunately, by the end of the year no particular actions have been yet initiated by the Geodesy, Cartography and Cadastre Agency in any of the abovementioned points. Unfortunately, all purposeful efforts of the Chamber of Private Enforcement Agents (CPEA) to achieve any, though partial results, which would ease and rationalize the work of all stakeholders in this process, have been unsuccessful so far.

Following the yearly tradition of the Chamber of Private Enforcement Agents (CPEA) to maintain and develop "warm relationships" with representatives of Bulgarian business to ensure mutual understanding and solution of our common problems, on 20.04.2011 in Sofia Grand Hotel another roundtable was organized to discuss with business representatives on the topic of "Current issues and state of private law enforcement." The roundtable was attended by over 35 representatives of banks and Bulgarian businesses, such as the Bulgarian Industry Association (BIA), the Bulgarian Chamber of Commerce and Industry, the Industrial Capital Association, the Institute for Market Economics, the Bulgarian Leasing Association, the Active Consumers Association, representatives of the Bar Association, etc. The event proved to be extremely useful for attending participants, who used the venue to exchange views and summarize proposals to establish best practices and interaction between Private Enforcement Agents (PEAs) and private businesses in Bulgaria.

On June 4, during the National Conference of Private Enforcement Agents (PEAs) in Bansko, a declaration on behalf of the Chamber of Private Enforcement Agents (CPEA) was voted expressing objections to the amendment to Article 431 of the Civil Procedure Code, which was circulated to public institutions in the country having regard to law enforcement. It clearly states private law enforcement agents' objection to the strongly negative policy of blocking the expedition and effectiveness of private law enforcement in the country.

On 6 June 2011, the Chairman of the Chamber of Private Enforcement Agents (CPEA) held another meeting with Deputy Minister of Justice Zhanet Petrova-Bosseva to discuss once again the main issue: the amendment to Article 431 of the Civil Procedure Code. The Ministry pledged to revise the legal text and made suggestions to eliminate the problem. No result has been registered so far.

On 14 June 2011, a meeting took place between the governing bodies of the Chamber of Private Enforcement Agents (CPEA) and the Association of Banks in Bulgaria (ABB), aimed at discussing the Association's proposal for changes in the Tariff of Fees and Expenses to the Private Enforcement Agents Act. The Chamber presented its reasoned considerations on the matter; however, the proposal was left without any real consequences on the part of the Ministry of Justice.

The Chamber of Private Enforcement Agents (CPEA) organized on July 2, 2011 in the small village of Bozhentsi a conference on the topic of "Private and public enforcement agents for more expedition, efficiency and revenue to the Treasury." The conference was attended by Deputy Director of the National Revenue Agency (NRA) Ms. Dimana Miteva, directors in the National

Revenue Agency (NRA), public enforcement agents and all members of the governing bodies of the Chamber of Private Enforcement Agents (CPEA). The forum produced an agreement for cooperation and exchange of information, which was actually a success in our efforts to implement electronic document exchange. Almost all Private Enforcement Agents (PEAs) in the country work successfully with the regional units of the National Revenue Agency (NRA) under the provisions of this Agreement. At the end of 2011, on December 14, there was another meeting between the governing bodies of the Chamber and the National Revenue Agency (NRA) to discuss the practical aspects of implementing the agreement and we have decided to update it given the need for a removal of the real technical and other problems encountered during its actual implementation. Another very positive result of the joint meeting of the two institutions was achieved in the form of a decision under which the National Revenue Agency (NRA) assigned to Private Enforcement Agents (PEAs) the collection of private state receivables. Chamber of Private Enforcement highly appreciate the efforts of the management team of the National Revenue Agency to achieve this effective and fruitful cooperation. The diligence and commitment that was demonstrated during the intense work at our common forums make us believe that our joint actions will be successful for the state budget and that we will continue with joint and constructive efforts to deal responsibly and successfully with all challenges of our work.

In July 2011, the Chamber sent for consultation to the National Revenue Agency a project for amending the Cadastre and Property Register Act, a draft amendment to the Value Added Tax Act and a bill amending the Tax and Social Security Procedure Code.

In the light of the past six years since the start of judicial enforcement reforms and on the occasion of a proposal by the Association of Banks in Bulgaria (ABB) for review of the Tariff of Fees and Expenses to the Private Enforcement Agents Act, on 1 August 2011 the Chamber of Private Enforcement Agents (CPEA) contracted an external organization - Institute for Market Economics (IME) - the execution of an independent **"Analysis of the circumstances and impact of the Tariff of Fees and Expenses on the activities of Private Enforcement Agents Act with recommendations for the improvement thereof."** The study, based on the principle of representative sample, involved 15 law enforcement offices in the country - 5 small, 5 medium-sized and 5 large offices. Differentiation into these categories was based on the criterion "number of employees." All participants in the study were required to submit online a completed questionnaire developed and approved by the Chamber's Council. The analysis is now ready and some of its recommendations provide for no downward updating of the Tariff, introduction of a common fixed fee upon initiation of an enforcement case, free negotiation of a success fee and revision of Section 26 of the Tariff by introducing new percentage steps. The governing bodies of the Chamber of Private Enforcement Agents (CPEA) wishes to express its gratitude to Private Enforcement Agents (PEAs), who took responsibility and actively participated in this initiative, and to the extremely professional team of the Institute of Market Economy (IME), under the governing bodies of Mr. Krassen Stanchev, who tirelessly and selflessly worked to complete the project within the agreed deadlines.

In August 2011, the Chamber issued a formal proposal to the Prime Minister, the Ministry of Justice and Sofia Municipality to amend the Municipal Property Act suggesting that rulings of the administrative court regarding the amount of indemnification in case of expropriated property for the

state may not be enforceable titles. None of the institutions addressed in this proposal has come out with an official statement on the issue.

In October, the Chamber sent a letter to the National Revenue Agency (NRA) with a proposal and a request for access for Private Enforcement Agents (PEAs) to the special register of civil servants kept with the National Revenue Agency (NRA). The Agency responded this information was classified and access can only be granted under the Protection of Classified Information Act.

In early October 2011, the Chamber initiated a meeting with the Ombudsman of the Republic of Bulgaria, which took place on 5 October. The two parties discussed issues generally submitted for consideration by the Ombudsman in connection with the actions of Private Enforcement Agents (PEAs) and the main problems facing law enforcement in Bulgaria. In response to one of the questions put forward by the Chamber, the Ombudsman sent a letter to the Minister of Justice stating that there are serious problems in the implementation of the Ordinance on the terms for payment by the State of alimony as decided by court.

In November 2011, the Chamber of Private Enforcement Agents (CPEA) sent its considerations to the Prime Minister and the Chief Prosecutor of the Republic of Bulgaria, on the increasing incidence of Private Enforcement Agents (PEAs) being summoned for interrogation by police authorities on occasion enforcement cases they had initiated. The Chamber has made several suggestions for interaction, which were regrettably neglected by the Ministry of Interior, and we have not received a response to our letter from the Prosecutor's Office either.

At the end of 2011, namely in December, the governing bodies of the Chamber of Private Enforcement Agents (CPEA), together with the Association of Banks in Bulgaria (ABB) and Bankservice, laid the foundations of a long-awaited project named "Development of an information system for electronic exchange of distraint notifications." The Joint Working Group held its first meetings. Our representatives prepared for approval by the Chamber's Council "Basic principles, process organization and types of forms for online distraint." The project is developing as planned and we have all reasons to believe that it will be successfully completed in 2012.

Representatives of the Chamber have been part of the European Judicial Network (EJN) on civil and commercial cases. This is a flexible structure operating informally and aimed at strengthening the judicial cooperation between EU Member States. Its main goal is to help people involved in cross-border civil and commercial litigation 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 counseling during the adoption of future ones; opportunity for addressing questions about procedures, regulations, legal and technical details in another EU Member State. During the reporting period two meetings of EJN Member States took place in Brussels - on January 21-22, 2011 and on May 17, 2011. Both events were attended by representatives of our Chamber - namely Mr. Deliyar Nikolov and Mr. Katilin Popov.

### 3.3. Public relations

For 6 years the media has been a good and reliable partner of the Chamber of Private Enforcement Agents (CPEA) in its efforts to inform the society about the activities of Private Enforcement Agents (PEAs) and to protect the public interest.

During the reporting year, journalists from various national and regional media (TV, press and radio) attended various forums organized by the Chamber - workshops, conferences, workshops, etc. As a result of hard work by our colleagues in the Council's Chamber responsible for "Communication and Advocacy Policy" and in particular thanks to the head of this department, dozens of positive articles were published on the topic of Private Enforcement Agents (PEAs) in 2011, mainly in regional and national newspapers. This activity demonstrates the willingness of the Chamber of



Private Enforcement Agents (CPEA) to keep an open and active dialogue with the media, which are a major factor in forming the public opinion.

An example of this was a traditional workshop with media representatives, which took place on 29-30 April 2011 in Grand Hotel Velingrad, town of Velingrad, on "Current issues of private enforcement." The event was organized by the Chamber of Private Enforcement Agents (PEAs), together with the project "Strengthening the system of private law enforcement in

Bulgaria" (funded by MATRA programme of the Dutch government). The first day of the forum was devoted to presentation of the results of the preceding year's activities performed by the Chamber of Private Enforcement Agents (CPEA), and trend analysis of developments in our profession. The Chairman of the Chamber of Private Enforcement Agents (CPEA) informed the media about the outcome of the survey, held by the Chamber of Private Enforcement Agents (CPEA) and under Matra project, on debtors and creditors in the law enforcement process, assessing the activities of Private Enforcement Agents (PEAs). The results of the internal monitoring on activities in law enforcement offices performed at the end of 2010 by the Commission on Professional Ethics with the Chamber of Private Enforcement Agents (CPEA) were also presented. Media were particularly interested in the announced results from the progress review and the results of completed disciplinary proceedings against private enforcement agents - most frequent violations, types and amount of penalties imposed on them, judgments of the Supreme Cassation Court on appealed decisions of the Disciplinary Commission with the Chamber of Private Enforcement Agents (CPEA), number of effective sanctions, etc. The second day of the workshop was devoted mainly to discussion aimed to identify measures to overcome negative public attitudes towards Private Enforcement Agents (PEAs) in times of crisis and individual interviews in press, television and radio with representatives of the Chamber's governing bodies. Attending participants were informed of the Chamber's upcoming activities and events in 2011. Media representatives who were present at the workshop were provided written materials related to the topics discussed.

The workshop was attended by members of the Chamber's Council and more than 20 leading Bulgarian journalists, who in the follow-up provided media coverage of the achievements in the work of Private Enforcement Agents (PEAs) through more than 50 extensive publications, interviews and TV broadcasts. That workshop reaffirmed the permanent trend for positive and fair media coverage of private law enforcement in Bulgaria, as a counterpoint to the usual assumption that only negative information about them is news.

In 2011, the successful cooperation between the Chamber of Private Enforcement Agents (CPEA) and the weekly newspaper "Banker" was extended, resulting in regular interviews with the Chairman of the Chamber of Private Enforcement Agents (CPEA) and their publication in the economic newspaper.

Litigants in the enforcement process, as direct or indirect participants in it, have also played an important role in the overall awareness and public communication - 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 and its statutes, the Chamber is standing firmly behind the principles of protecting the public interest. The Chamber and its members highly estimate the supremacy of the law and are working responsibly, transparently and with due professional diligence. One of the most important obligations of the Chamber's Council is to practice an effective control on the observance of the law and the statutes by its members. This activity is crucial to the success of our profession, so the Council pays particular attention to it by making efforts to improve the control on activities in order to ensure greater efficiency and transparency.

The Ministry of Justice and the Chamber's Council have conducted independently from each other a strict policy of control and supervision over the activities of Private Enforcement Agents (PEAs) and monitor the application of the law, the statutes and the Code of Ethics. Inspections are 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 exercised through the Ministry of Justice (legal and financial inspectors) and self-control exerted through inspections in law enforcement offices and consideration of complaints by the Chamber's Council, as evidenced by the number of disciplinary proceedings. In 2006 they were 5, in 2007 - 4, in 2008 - 15, in 2009 - 21, in 2010 - 21, and in 2011 - 17. The penalties range from a reprimand and a fine, including the maximum amount of BGN 10,000, to deprivation of legal capacity in the case of two Private Enforcement Agents (PEAs) - for a period of respectively three years and one year.

A nine-member Committee on Professional Ethics (CPE) operates as a subsidiary body to the Chamber's Council, characterized with its own organizational framework and rules of operation. In 2011, 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; monitoring and control of law enforcement offices; collection, systematization and analysis of information obtained through monitoring, inspections and complaints lodged 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 2011, the annual monitoring on law enforcement offices was performed through an online form, distributed in the period between November 21 and December 15. For this purpose, an online questionnaire was drawn up and approved by the Chamber's Council. It was completed by all Private Enforcement Agents (PEAs) and sent to the Committee on Professional Ethics (CPE) for summary and analysis.

### **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 71 countries. In the near future, the International Union of Judicial Officers will adopt as members several other countries, which currently enjoy the status of observers and associate members.

The International Union of Judicial Officers is established to represent its members before international organizations and to ensure better cooperation with national professional organizations. The Union 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 Council. 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 Council 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) 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 3-5 March 2011, a Bulgarian delegation participated in a series of official forums and workshops that took place in the Estonian capital Tallinn. On the visit's first day of the, the annual meeting of the EURODANUBE states took place and in the next two days the Estonian Chamber of Private Enforcement Agents (CPEA) celebrated officially and in a very emotional manner its 10th anniversary. The EURODANUBE meeting in 2011 was held under the headline "The position of private enforcement agent within

the judiciary system." Participants were able to exchange information about the current state of law enforcement systems in their countries. Deputy Chairman of the Chamber of Private Enforcement Agents (CPEA) Mrs. Elitsa Hristova presented to counterparts in Europe a report on the achievements of the Bulgarian Chamber of Private Enforcement Agents (CPEA). At the same time, she introduced her colleagues to the serious problems which, unfortunately, in recent years emerged from poorly made legislative changes, showing a different attitude on the part of the state to both private and public enforcement agents. In fact, these changes represent a significant step-back from the principles of reform and instead of supporting it they oppose it. The Bulgarian experience shows that the liberal model is best and that it should not develop in parallel with state law enforcement. Once again, the member states of EURODANUBE drew the definite conclusion that they had a common history, present and future and face common problems in their legal systems, respectively in practicing the profession of private law enforcement. Given the current economic crisis, uniting and strengthening the process of law enforcement in these countries has become a critical issue. They should adopt as a common goal the strengthening of law enforcement as the primary institution of justice, especially in the struggle and competition with debt recovery companies and intermediary agencies. This can be achieved only by pooling efforts, which is the main purpose and commitment of the organization EURODANUBE. In 2011, the Bulgarian Chamber of Private Enforcement Agents accepted invitations and attended through its representatives the celebrations of three anniversaries since the establishment of professional organizations of our international colleagues - the 10th anniversary of the National Union of Private Enforcement Agents (PEAs) of Romania in May, an international Anniversary Conference of the Dutch Royal Association of Judicial Officers in June and the 5th anniversary of the Chamber of Judicial Officers of Macedonia in November. The regular meeting in 2011 of the global Permanent Council of the International Union of Judicial Officers (UIHJ) was held on 24-25 November at the Paris headquarters of the international organization. The Chairman and the Administrative Secretary of the Chamber of Private Enforcement Agents (CPEA) participated in this year's forum. The agenda of the Permanent Council in Paris included the following main topics: Adoption of the report on the activities of the International Union of Judicial Officers (UIHJ) for 2010; Adoption of a new country for member of the International Union of Judicial Officers (UIHJ) - Serbia; relationship of the International Union of Judicial Officers (UIHJ) with European and international institutions on issues of law enforcement; reports on the activities of UIHJ's subsidiary organizations EURONORD, EUROMED and EURODANUBE; reports on the activities of the Scientific Institute "Jacques Isnard"; financial report for 2010; statements of attending delegations; state and development of activities under ongoing projects of the International Union of Judicial Officers (UIHJ) - e-Justice, analysis of tariffs in various Member States, remote interactive online training, etc. In 2011, the Chamber of Private Enforcement Agents (CPEA) hosted a visit of an international delegation. An extensive delegation led by the Deputy Minister of Justice of Vietnam and the Ambassador of Vietnam to Bulgaria were our guests at the end of September. The visit of the Vietnamese delegation sought to examine the model of private law enforcement in Bulgaria and proved to be extremely fruitful for both parties. During the Vietnamese visit it was very important to share with them the experience and lessons learned by Bulgarian Private Enforcement Agents (PEAs) and their professional organization during the transition from state-ruled to



liberal model of law enforcement. Topics of interest were as follows: the legislative process; adoption and implementation of the Private Enforcement Agents Act; advantages and disadvantages of the "mixed" model (since in Vietnam the idea of a parallel system is also a fact); the role of the Ministry of Justice, the role and activities of the Chamber of the Private Enforcement Agents (PEAs); functioning of private law enforcement offices; structure of the Tariff of Fees and Expenses to the Private Enforcement Agents Act; liability and insurance of Private Enforcement Agents (PEAs); disciplinary process; supervision and control over the activities of Private Enforcement Agents (PEAs); interaction with the court; the public opinion for the new model, etc. On the sidelines of this visit, our Vietnamese guests visited two offices of private enforcement agents in Sofia, where they had the opportunity to learn on spot about the organization and work processes in the office, automation and computerization of these processes, record-keeping and filing procedures with electronic access to information for debtors and servicing litigants in enforcement cases in real time.

On May 19-20, 2011 a solemn conference celebrated the finalization of the "Analysis of the legal framework of law enforcement in Bulgaria and recommendations for its improvement", implemented by a MATRA project of the Ministry of Foreign Affairs of the Netherlands. The event was yet another stage in the integration process of the Bulgarian profession of law enforcement with professional practices and structures of our European colleagues. The high status of the event was highlighted by the presence of first secretary of the Embassy of the Netherlands, Deputy Minister of Justice of the Republic of Bulgaria Mrs. Zhanet Petrova-Bosseva, Chairman of the International Union of Judicial Officers Mr. Leo Netten, Board member of the International Union of Judicial Officers Mr. Jos Uitdehaag, and Mr. Chris Thompson - Senior Consultant to the project for establishment of private law enforcement in Bulgaria within the framework of USAID. The event was attended by eminent enforcement agents from Estonia, Georgia and the Former Yugoslav Republic of Macedonia. The conference culminated nearly five-month hard work in preparation of the analysis of the Bulgarian legislative framework and identification of the issues in need of improvement, as well as the legal shortcomings to be eliminated in the near or long term. While working on this project, the Bulgarian project authors and members of the Chamber of Private Enforcement Agents (CPEA) Alexander Dachev, Katilin Popov and Todor Lukov closely cooperated with international expert Jos Uitdehaag, who works as a judicial officer in the Netherlands, studied in depth a number of legal formulations, and the need to introduce new ones in the light European standards and the established professional practices. The expert proposals and analysis aiming to provoke the development of effective and modern professional practice and future legislative initiatives were published in a special book edition, distributed among the members of the Chamber of Private Enforcement Agents (CPEA) and all professionals interested in these issues.

### **3.6. Services rendered to Chamber members**

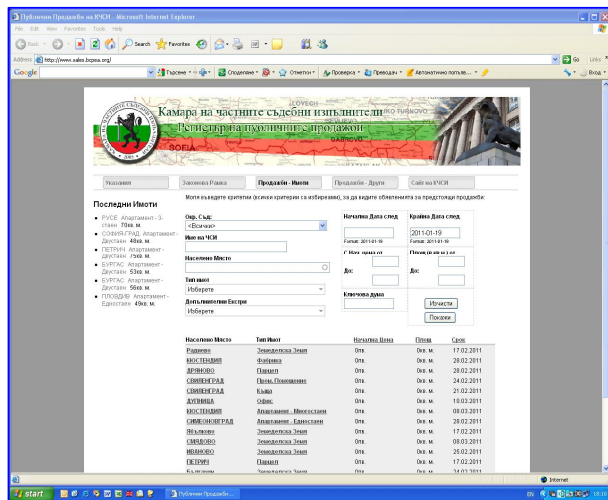
#### **3.6.1. Competition for assistant private enforcement agents**

In the summer of 2011, the Minister of Justice issued Order №LS-I-342/21.07.2011 scheduling a competition dor Assistant Private Enforcement

Agents (APEAs), which took place within the period from 18.10.2011 to 25.10.2011. Documents were submitted by 228 applicants and 227 were admitted to sit the exam. The exam was successfully passed by 183 applicants.

Currently the regularly empowered Assistant Private Enforcement Agents (APEAs), who work in law enforcement offices in all judicial districts in Bulgaria, number 142 people. For comparison, in 2010 regularly working Assistant Private Enforcement Agents (APEAs) totalled 104 people. This trend indicates improving quality of work in the law enforcement, which has always been a key priority for the Chamber.

### 3.6.2. Register of Public Sales



Launched in June 2009, the Register of Public Sales with the Chamber of Private Enforcement Agents (CPEA) has successfully performed its role and functions throughout 2011. The results of its functioning have reaffirmed our belief that it is the only modern and efficient way for effective public disclosure of sales, which is welcomed by all of stakeholders in the civil process. Its existence and operation is no longer news to anyone, so it has established itself as a constant source of information for media, business and citizens in terms of quantity, type and cost of movable and immovable property put for public sale. The Register of Public Sales is regularly referred to by the media for analysis of the property market and the rate of corporate and individual indebtedness. In 2011, the website of the Register of Public Sales published more than 15,000 notices of public sale of real estate and 2500 notices of sale of movable property. The statistics indicates nearly double more notices over the previous period (namely in 2010), both of movable and immovable property. The explanation for this trend is continuing difficulties in the economic life of the country affecting both businesses and citizens and the difficulty in the realization of debtors' assets by way of public auction, which results in repeated announcement of the same property for sale and hence the increase in the number of sale notices.

Over the past twelve months of 2011 the website has been visited by over 307,000 (three hundred and seven thousand) 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 27% in unique visitors to the website over 2010. The indicated number of visitors has recorded almost 1.025 million visits (one million and twenty-five thousand) and more than 25 million (twenty-five million) page views. The average number of pages viewed per visitor is 25 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 3000 (three thousand) visitors, including during holidays when the visit rate is also very high.

According to a decision of the Chamber's Council adopted in January 2011, a competition was announced last year to select a contractor for developing the new website of the Register for Public Sales, which should take into account the positive experience gained so far and introduce new functionality with improved design. In the middle of the year, the successful bidder was selected and with the financial assistance of Matra programme of the Netherlands a new website was designed. The new website successfully passed tests at the end of the year and is ready to replace the current website. With the new website we will improve the way of uploading notices, the search and sort functionality for users, and introduces enhanced functionality for the website administration. The new functionalities of the website aim to collect feedback and number of actual sales, their sequence, and price of property sale. This information is valuable for both the Chamber and much sought after by the media, businesses and citizens.

### 3.6.3. Register of Debtors



In 2011, the Register of Debtors was launched and it is maintained by the Chamber of Private Enforcement Agents (CPEA). After a relatively long period of testing and repeatedly postponing, the website was launched at the beginning of July 2011. Through the Register of Debtors Private Enforcement Agents (PEAs) can obtain information on enforcement cases brought in with other private enforcement agents against persons who are their common debtors. Thus the efficiency of simultaneous work by several Private Enforcement Agents (PEAs) in terms of the

same debtor has improved. The Register of Debtors is a web-based system that can be accessed online and the private enforcement agent shall be identified by electronic signature or a special digital certificate issued by the Chamber of Private Enforcement Agents (CPEA). The Register of Debtors is accessible automatically from existing electronic filing systems used by the Private Enforcement Agents (PEAs). Thus the needed information is quickly available and data from their personal systems and the Register are synchronized automatically.

The second objective of the Register was to issue reports on the presence or absence of pending obligations under pending enforcement cases at the request of persons themselves (individuals and legal entities), as well as to third parties whenever the information relates to legal entities. Since its start through the website of the Register of Debtors 1000 (one thousand) reference checks were made and their number has been growing every day. Reference checks shall be made upon request, accompanied by a receipt for fees paid to any private enforcement agent in the Republic of Bulgaria. The certificates issued are used by persons applying for credit, applicants for public procurement, etc., and to check the reputation of trading counterparts. Currently the volume of reference notes is not

satisfactory to the desired financial result for the benefit of the Chamber, but inquiries submitted are expected to become more. Work continues for the introduction of paid access on subscription for all persons with legitimate interest, such as banks, leasing companies, etc., which will repeatedly increase revenue for the Chamber.

At present the Register of Debtors has uploaded over 618,000 (six hundred and eighteen thousand) enforcement cases by all Private Enforcement Agents (PEAs). The sole problem facing the work of the Register of Debtors is its possible omission to enter or incorrect entries by some Private Enforcement Agents (PEAs), which in fact will be the subject of special inspections by the Chamber, through its competent authorities.

#### **3.6.4. Training**

In 2011, the Chamber of Private Enforcement Agents (CPEA) has very successfully implemented a comprehensive and meaningful training programme, pre-approved and distributed as a monthly schedule in the Chamber's Council. We should admit that we have not conducted our own strength and resources within a calendar year a number of training workshops for Private Enforcement Agents (PEAs), staff in law enforcement offices and external representatives of other law enforcement sectors.

#### **IMPLEMENTATION OF TRAINING PROGRAMME FOR 2011**

<b>Month</b>	<b>Date</b>	<b>Training</b>	<b>Number of attending participants</b>
January 2011	14-15 January	Court enforcement under the Tax Insurance Procedure Code - Sofia	53
January 2011	22 January	Service of summons and summoning under the Civil Procedure Code - Training for process servers - Stara Zagora	30
February 2011	26-27 February	Enforcement proceedings under the Civil Procedure Code - Sofia	82
March 2011	11 March	Service of summons and summoning under the Civil Procedure Code - Training for	23

		process servers - Sofia	
April 2011	8-9 April	Current issues regarding pledges. Enforcement proceedings under the Pledges Act - Veliko Tarnovo	36
April 2011	27-28 April	Successful business practices for private enforcement agents. Standards for quality management of law enforcement offices	14
June 2011	25 June	Organization of activities at a private enforcement agent's office. Arrangements for keeping the official archives - Sofia	15
June 2011	26 June	Law enforcement under the Administrative Procedure Code - Sofia	35
July 2011	9 July	Tax liabilities of private enforcement agents under the Value Added Tax Act and the Personal Income Taxation Act. Current issues related to enforcement - Sofia	35
September 2011	17-18 September	Rights, duties, powers and responsibilities of assistant private enforcement agents - Sofia	48
October 2011	1-2 October	Law enforcement	64

		by private enforcement agents. Rights, duties, powers and responsibilities - Sofia	
October 2011	7 October	Practical case studies and issues under the Civil Procedure Code - Hissar	151
October 2011	22-23 October	Law enforcement under the Tax Insurance Procedure Code. Practical case studies and issues - Plovdiv	20
November 2011	19 November	European legislation in the field of law enforcement - Plovdiv	34
			<b>TOTAL: 640 trained participants</b>

Under the general view of colleagues from across the country, the team and the governing bodies of the Chamber of Private Enforcement Agents (CPEA) have done much better with this uneasy task, having to compare the results of satisfaction rate by providing this service for members throughout the years:

<b>Evaluation of training organized 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

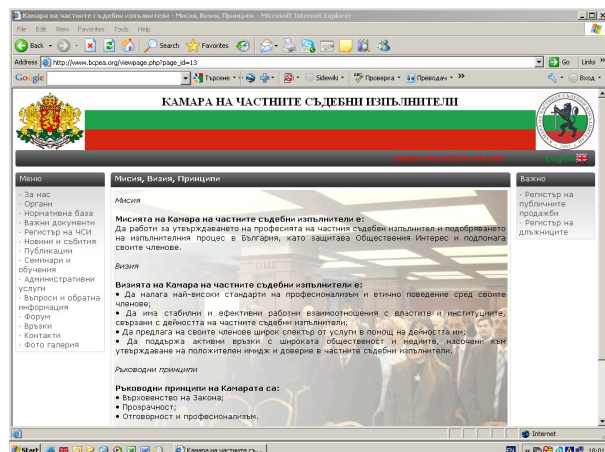
2009	4.52	4.66	4.53	4.34	4.03
2010	4.47	4.72	4.75	4.66	4.31
2011	5.00	5.06	5.10	4.97	4.78

As a natural continuation of our efforts for implementation of the Chamber's training strategy (vision, priorities and objectives), at its latest meeting in January 2012 the Chamber's Council outlined a plan and schedule of training for 2012 for private law enforcement professionals. As a result, the proposed training programme and schedule of workshops for this year are again very diverse and organized with great frequency. More than 12 courses will be carried out on various topics related to the business of Private Enforcement Agents (PEAs), Assistant Private Enforcement Agents (PEAs) and their employees in law enforcement offices - an average of one training each month until the end of the year. Achievements of the preceding 2011 make us believe that this ambitious task, which we have embarked on, will indeed lead to enhanced professional qualification of both Private Enforcement Agents (PEAs) and staff employed in law enforcement offices, hence the quality and satisfaction with this service offered by the Chamber to its members.

Let's not forget that the type and frequency of training courses organized by the Chamber are determined largely by the interest of the private law enforcement sector and of external users. Therefore we strongly urge our colleagues to be pro-active and committed and to feel free to submit their suggestions to the Chamber regarding any new and interesting ideas for their professional training.

### 3.6.5. Information and administrative services

An analysis of the 2011 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 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. **First**, we created a new section "Enforcement Case Law". After six 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 titles. We have published judgments in a brand new section of the website of the Chamber of Private Enforcement Agents (CPEA) seeking to be useful to all parties in the enforcement process and to harmonize the jurisprudence throughout the country. **Secondly**, we have enriched the content of the section "Key Documents" in the part "European regulations." In this section 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 order to raise the awareness of the Chamber's members with regard to the media coverage on the activities of private enforcement agents, 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 2012 as well.

During the reporting period, the Chamber continued to render standard and administrative services for its members - registration and cancellation of entries in the Register of Private Enforcement Agents, changes in the circumstances of 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, organization 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 Council at its meetings and about the results of their implementation, they regularly receive the minutes of such meetings via e-mail.



### 3.6.6. Other services

#### 3.6.6.1. Collection „Enforcement Case Law“



At the end of 2011, the new issue of the collection "Enforcement Case Law" came out of print. As of the date of the General Assembly of the Chamber of Private Enforcement Agents (CPEA), this issue is now ready. In this issue, our authors have developed, both in theory and practice, topics such as: responsibility of the private enforcement agent for damages incurred as a result of unlawful public sale procedure; enforcement of public receivables pursuant to the Tax and Social Security Procedure Code and collection of public municipal receivables pursuant to the Civil Procedure Code. We have published in this issue a number of useful guidelines by European experts on the effective implementation of European standards in law enforcement of judgments as well as opinions of the International Union of Judicial Officers (UIHJ) on

the status and functions of Private Enforcement Agents (PEAs) in Europe.

It is particularly important for the Chamber to ensure the collection, compilation and standardization of law enforcement practice and the main tool to achieve this goal is the publication of "Enforcement Case Law". Since 2007, the Chamber of Private Enforcement Agents (CPEA) started issuing the collection of case law in an effort to supplement them by comments on judgments, opinions and articles prepared by judges, lawyers and teachers on various issues of law enforcement.

The collection of „Enforcement Case Law“ aims to help unify the judicial practice in Bulgaria, which in the part of law enforcement process is quite diverse throughout the country. Ultimately it will result in unification of the current practice of Private Enforcement Agents (PEAs), who are forced to wander between different interpretations of the law, which is neither in their interest nor in the interest of litigants. The main users of this publication are private and public enforcement agents and judges of district courts, but the content of the book stirred considerable interest among lawyers and other legal professions and the general public.

Because of one-instance judicial control over the activities of Private Enforcement Agents (PEAs) ending in its final phase with a decision of the relevant district, law enforcement in Bulgaria suffers from a lack of clear and precise rules and guidelines for law implementation, similar to the interpretative decisions of the General Assembly of the Civil Collegium at the Supreme Cassation Court and judgments of judges on individual cases. Therefore, the idea of issuing a collection, which includes divergent judgments and informed commentary, is part of a broader spectrum of activities carried out by the Chamber over the past five years.

Another positive effect of the collection's publication is the opportunity, through an analysis of judgments collected, to identify the prospects for improvement of the law enforcement process and to make appropriate legislative proposals aimed at improving the legislation and in particular the Civil Procedure Code.

### 3.6.6.2. Project under Matra Programme of the Dutch government



From September 1, 2008 to June 30, 2011 the Chamber of Private Enforcement Agents (CPEA) was a beneficiary under the project "Strengthening the system of private law enforcement in Bulgaria." The project was funded by the Government of the Netherlands under Matra Programme and managed by the Center for International Legal Cooperation - a non-profit organization which represents the entire legal society of the Netherlands and ensures broad and consistent expert assistance. The project focused on the Chamber and its members, staff in law enforcement offices, the legal professions and the general public.

The objectives as set under the project are harmonization of the legislative framework, increase in the professional competence of the private enforcement agents and their employees and improvement of the knowledge and understanding of the private enforcement system among the other legal professions and the public. The project also works for provision of information to the general public. The International Legal Cooperation Centre - the Netherlands, provides consulting assistance by engaging leading legal experts in the field of law harmonization.

The project "Strengthening the system of private enforcement in Bulgaria" was scheduled by the end of February 2011. However, due to a series of objective reasons, the implementation of some of the activities was delayed. At the end of September 2010 the project manager, Mr. Vincken obtained permission from the Dutch government through the MATRA programme to continue and finalize the work already started by the end of June 2011. Therefore, the project was actually wrapped up in the middle of 2011. A lot of work has been successfully done by all partners involved, who reported very good results.

In April 2011, the town of Velingrad hosted the traditional annual workshop for media and the results from this event were sufficiently expressive - more than 60 media publications and broadcasts on electronic media (TV and radio) posting positive materials for raising the public awareness about the activities of the Chamber and its members.

At the same time, we held a long-awaited workshop for Private Enforcement Agents (PEAs) and staff in enforcement offices on the application of the Handbook for Quality Management in law enforcement offices. Participating in the workshop representatives of Private Enforcement Agents (PEAs) and their offices were a few, but all of them provided a positive feedback in their feedback questionnaires.

With the financial support of MATRA programme we have developed the new website for public sales with the Chamber of Private Enforcement Agents (CPEA). Thanks to it, we now have a modern, multi-functional and powerful tool available for publication of notices for public sale by Private Enforcement Agents (PEAs) within the territory of the Republic of Bulgaria. Although the existence of such an instrument has not yet been enshrined as a peremptory norm in the Civil Procedure Code, but only as an obligation of Private Enforcement Agents (PEAs) pursuant to a decision of the Chamber's Council, it is only a matter of time before it really happens and the

Parliament adopts the relevant legal texts in Article 487 of the Civil Procedure Code.

On May 19-20, 2011 Sofia hosted an international conference, which marked the successful completion of a key activity under the project, namely: "Analysis of the legal framework of law enforcement in Bulgaria and recommendations for its improvement." The event was attended by official guests and enforcement agents from all over the country and abroad. The conference ended with an official press conference for journalists on the occasion of the successful completion of the project "Strengthening the system of private law enforcement in Bulgaria."

Partners under the project believe that the implementation of activities therein during the period of two and a half years have contributed for improvement of the private law enforcement system in Bulgaria as a tool to ensure effective application of the law, its stability and sustainability through broad dissemination of project results and boosted public confidence in the benefits of the liberal model of the law enforcement profession.

### **3.6.7. Services in process of development**

The development of the new website of the Central Register of Debtors adding more features and subscription for corporate clients was one of the Chamber's priorities in 2011.

The Chamber will exercise constant control for strict and timely updating of the Central Register of Debtors by all users thereof. Only then it is possible to ensure the accuracy and timeliness of data posted in the Register and to establish it as a precious source of information for all stakeholders in the law enforcement process.

Representatives of the Chamber of Private Enforcement Agents (CPEA) participate in the Working Group under the project "Development of a system for electronic exchange of distraint and foreclosure notices" - a joint initiative of the Chamber of Private Enforcement Agents (CPEA), Borica-Bankservice and several banks. The project is still at a conceptual stage and was effectively launched only at the end of 2011. However, the ambitions of all stakeholders are that the activities under the project are quickly implemented in 2012, so that we can celebrate another milestone in the field of modern, effective and rapid European law enforcement!

In 2012, we plan that the collection „Enforcement Case Law“ be released in at least two issues for the calendar year, so that it compiles the practice and current issues of law enforcement in connection with the provisions of the Civil Procedure Code and with regard to the immediate needs of members of the Chamber of Private Enforcement Agents (CPEA) to unify the practice and in connection with the performance of their duties. The collection will continue to be issued and distributed by the Chamber of Private Enforcement Agents (CPEA).

## REPORT

### On the activities of the Disciplinary Committee Of the Chamber of Private Enforcement Agents for 2011



The year of 2011 has proven to be extremely intense for the Disciplinary Committee with the Chamber of Private Enforcement Agents (CPEA). The total number of disciplinary proceedings during the reporting period was 17 (seventeen), including 9 (nine) initiated at the request of the Minister of Justice and eight (8) by a decision of the Chamber's Council.

Over the past year and throughout the three-year tenure of the Disciplinary Committee, its normal work has been severely hampered due to withdrawal of Private Enforcement Agent Nikolai Zhelev - a regular member, and Milkana Macedonska - alternate member from the quota of the Chamber of Private Enforcement Agents (CPEA), and the excessively busy schedule of Silvy Chernev and Kostadinka Arsova from the Ministry of Justice quota. This required that other members of the Disciplinary Committee - seven in total, to be permanently combined in different configurations, to pay more efforts, to increase the work and their own contribution in order to secure the currently reported achievements.

During the reporting period, sessions were held on all **17 (seventeen) cases**. A total of **6 (six)** decisions were voted, including presently enforced **four (4) and 2 cases pending with the Supreme Cassation Court**. A total of **3 (three)** decisions of the Disciplinary Committee have been appealed under Article 73, paragraph 2 of the Private Enforcement Agents Act. **Two (2) complaints** were filed by Private Enforcement Agents (PEAs) and **one (1)** by the Minister of Justice. At the time of drafting this report, only one of the appeals has been considered by the Supreme Cassation Court, fully confirming the decision of the Disciplinary Committee and upholding the fine imposed on Private Enforcement Agents (PEAs).

Penalties imposed by the Disciplinary Committee are as follows:

- in 4 cases **penalties were imposed** pursuant to Article 68, paragraph 2, subparagraph 2 - **fine**, varying from BGN 1,000 to BGN 10,000;
- **in 1 case** no penalty was imposed;
- **in 2 cases sanctions were imposed** pursuant to Article 68, paragraph 1, subparagraph 1 - **reprimand**. The sanctions were imposed on Private Enforcement Agent Miglena Minkova, registration №768, with judicial area of action within Sliven District Court, and Private Enforcement Agent Zahari Dimitrov, registration №808, with judicial area of action within Varna District Court.

**None** of the fines imposed during the reporting period was actually paid.

In 2011, the Chamber of Private Enforcement Agents (CPEA) received a total of **359** complaints (versus 321 in 2010 and 282 in 2009). The Council of the

Chamber of Private Enforcement Agents (CPEA) has considered that 7 of them are reasonable and the violations found indeed require imposing disciplinary penalty. In 2011, the Minister of Justice has shown considerable pro-activity in initiating disciplinary proceedings. It is noteworthy, however, to say there is a trend in requests for disciplinary liability of the Private Enforcement Agents (PEAs), while probes have failed to find enough strong evidence to back them up. Almost every financial report of an inspector comes out with a proposal for disciplinary proceedings, without any objective requirements by law to do this, and alleged violations do not constitute culpable violation of the law and the Statutes of the Chamber, but simply gaps in the daily law enforcement routine. For example - according to the Ministry of Justice, Private Enforcement Agents (PEAs) should bear disciplinary liability for not complying with the provisions of Article 373, paragraph 1, subparagraph 1 of the Judicial System Act??, because after an appeal is lodged with a Private Enforcement Agent (PEA) to withdraw an appeal against his actions, he has missed to send the request to the Ministry of Justice. Another very "serious violation", according to the Ministry of Justice, is the charge of costs under Section 26 of the Tariff of Fees and Expenses to the Private Enforcement Agents Act on attorney fees and hence its addition to the material interest of the litigation.

In 2011, the Disciplinary Committee with the Chamber was surprised with a new type of request for initiation of disciplinary proceedings by the Minister of Justice - namely against an assistant private enforcement agent. The Chamber's Council and the Disciplinary Committee advocated the position that assistant private enforcement agents are not subject to disciplinary proceedings under the Private Enforcement Agents Act because they are persons vested in public functions with regard to law enforcement by the state.

The analysis of the Disciplinary Committee's activities during the reporting period indicated outlined several groups of violations:

1. Blatant violation of the procedures for public sale of real estate;
2. Failure to comply with the court's titles - especially with regard to enforcement case suspension;
3. Lack of certificates of encumbrances on the property in question, which should be requested for issuance by the Registry Agency;
4. Lack of information in public sale notices about any current mortgage and the amount thereof on the property;
5. 5. Blatant violation of local competence under Article 427 of the Civil Procedure Code and local jurisdiction for registration of public sales of real estate;
6. There is continuing practice, identified as a violation, over the years - namely non-compliance with the provisions of Article 455, paragraph 2 of the Civil Procedure Code and omission to enter completed installment payments on the back of the writ;
7. Violation of the provisions of Article 79 as the Private Enforcement Agents Act by failing to prepare bills for charges;

8. In many cases, there is violation of the provisions of Article 80 of the Private Enforcement Agents Act and lack of collected and deposited advance payments by creditors;
9. Violation of Article 465 and Article 483 of the Civil Procedure Code - proceeding to enforcement actions before the Private Enforcement Agents (PEAs) has made due checks of the estate rights on the property;
10. Failure to comply with the provisions of Section 26, Remark 4 of the Tariff of Fees and Expenses to the Private Enforcement Agents Act regarding deductibility of fees collected for the inventory of real estate under Section 20 of the Tariff;
11. Systematic failure to administer complaints received in law enforcement offices;
12. Lack of inventory records of the initial price to give the start of bidding at public auction;
13. Systematic and widespread noncompliance with the provisions of Ordinance № 4/06.02.2006 regarding the official archives of Private Enforcement Agents (PEAs).

An extremely alarming trend has persisted over the years in carrying out identical systematic violations and the fact that numerous complaints, usually reasonable, are lodged against the same Private Enforcement Agents (PEAs), and the circumstances thereof may serve as ground to claim disciplinary liability. Although there are several proceedings against the same Private Enforcement Agents (PEAs), violations of this kind continue to be recorded.

A definite conclusion over the past three years is the fact that the Supreme Cassation Court has confirmed decisions adopted by the Disciplinary Committee with the Chamber. The court's decisions also reflect the grounds for claiming disciplinary liability of Private Enforcement Agents (PEAs).

A glimpse into the practice of the Supreme Cassation Court reveals two interesting cases, under which the Court rejected the Ministry of Justice's request to claim disciplinary liability from a Private Enforcement Agent (PEA) because the same had failed to send a copy of the executive writ to the Inspectorate with the Ministry of Justice. Supreme magistrates upheld the thesis it is a violation of Article 22, paragraph 3 of the Private Enforcement Agents Act and that the control body should make due check - personally in the law enforcement office of the Private Enforcement Agent (PEAs) or after requesting and receiving copies of documents regarding the litigation case.

Throughout the three-year tenure of the Disciplinary Committee with the Chamber of Private Enforcement Agents (CPEA) a total of **59** disciplinary proceedings were initiated:

- in **2009** - **21**,
- in **2010** - **21**,
- in **2011** - **17**.

**In 2009**, the ratio was as follows: **15 (fifteen)** cases were initiated at the request of the Council of the Chamber and **6 (six)** cases upon the initiative of the Minister of Justice. **In 2010** - **9 (nine)** cases upon decision of the

Chamber's Council and **12 (twelve)** cases at the request of the Minister of Justice.

For the period 2009-2011, imposed and enforced penalties are as follows:

Reprimand - four (4);

Fine - twenty-one (21);

Warning of legal capacity deprivation - one (1);

Deprivation of legal capacity - one (1) for the entire period of three years;

No penalty was imposed in eight (8) disciplinary proceedings.

Two cases initiated in 2010 are still pending the decision of the Supreme Cassation Court.

For the entire reporting period fines amounted to BGN 102,800, including BGN 48,382 already paid to the budget of the Chamber of Private Enforcement Agents (CPEA).

**Polya Ruicheva,**

Chair of the Disciplinary Committee  
Chamber of Private Enforcement Agents



## REPORT

### On the activities of the Control Committee Of the Chamber of Private Enforcement Agents for 2011



Dear Colleagues,

In 2011, *the Chamber's Council has affirmed the practice of working lawfully, in principle, transparently and to the benefit of its members.* It has improved its *effectiveness.* The number of decisions made rose by 22%. Ten regular meetings were held during which 476 decisions were adopted, including 397 on lodged complaints and 79 concerning operational and business issues. Meetings are held regularly and with the required quorum, decisions are voted pursuant to the Statutes and the Internal Rules of the Chamber. Four minutes are drawn up under Article 60, paragraph 2 of the Private Enforcement Agents Act. Eight decisions were adopted in absence. At each meeting we regularly make analysis and assessment of the implementation of tasks and decisions made earlier.

The main priority of the Chamber is *to improve the profession and support the activities* of Private Enforcement Agents (PEAs). About 35% of the funds this year were allocated for workshops, training, national and regional forums and meetings on topical issues of law enforcement. This is completely logical, although it seems they are not sufficient to enhance the professionalism and raise our responsibility to the society. This year four colleagues lost their legal capacity under Article 31, paragraph 1 of the Private Enforcement Agents Act. It is adamant to consider the idea of developing, according to certain criteria, a register of so-called "risky enforcement offices" in order to provide immediate assistance and permanent monitoring.

*The Chamber has continuously promoted and enhanced relations and cooperation with the public institutions and public organizations* at national and regional level. There is a permanent practice introduced by the governing bodies of the Chamber to conduct business meetings with representatives of the Ministry of Justice, the Ombudsman of the Republic of Bulgaria, the Ministry of Finance, the Ministry of Interior, the Traffic Police, the National Revenue Agency, the Registry Agency, the Cadastre Agency, the Personal Data Protection Commission, banking institutions and international partners. Unfortunately, meetings do not always result in realization of our intentions and efforts to improve the cooperation. The Chamber maintains close liaison with other professional organizations such as the Supreme Bar Council, the Notary Chamber, the Union of Jurists and the Union of Lawyers.

**Financial activity.** In 2011, the Chamber reported revenue of BGN 419,054.52 and its main financial source is the payment of membership fee - BGN 174,613.66. At present the Chamber's finances are based on 156 Private Enforcement Agents (PEAs). At the time of preparing the annual report 77% (namely 120 Private Enforcement Agents) have paid their annual contribution. One of our colleagues had failed to pay membership dues for



three years and owed to the Chamber BGN 3600, but recently he started paying dues at small but regular contributions. It is important to remind that the Chamber is a financially independent organization and receives no funding from any government and other institutions. Timely collection of membership dues will continue to be an extremely important factor for the normal functioning of the Chamber's structure. Income from interest and reserve on the accounts of the Chamber of Private Enforcement Agents (CPEA) is constant and gradually increases the positive financial reserves. Revenues from fees, business activities, advertising, sponsorships and donations are only occasional and can be considered as supplementary rather than basic sources of funding. Revenues from fines in disciplinary proceedings total BGN 15,352, i.e. only 36% of revenue expected from enacted penalties. Outstanding fines and legal advice fees amount to BGN 27,038. Obviously, remission of fines is unthinkable. We strongly urge our colleagues with past dues to be more honest and responsible.

The Control Committee concluded that **costs incurred are reasonable and appropriate**, consistent with the budget for 2011 adopted and enacted by the General Assembly of the Chamber and in accordance with decisions of the Chamber's Council. We also welcome the efforts of the governing bodies for implementation of the playgrounds project. Accounting records are kept in accordance with the national accounting standards. In 2011, seven new contracts were signed, 3 annexes to existing contracts between the Chamber of Private Enforcement Agents (CPEA) and external contractors and 2 cooperation agreements (with the National Revenue Agency and the Institute for Market Economy).

In the past year the Control committee tried to work in accordance with its powers envisaged in Article 64 of the Private Enforcement Agents Act. The positive practice related to participation of the Chair of the Control Committee in the meetings of the Chamber's Council as well as in the working meetings of the management of the Chamber during the national conferences is still preserved.

In conclusion, we wish the new Control Committee **successful and fruitful work to promote the image of private enforcement, for more professionalism and increased responsibility to the society.**

**Valentina Ivanova,**

Chair of the Control Committee  
Chamber of Private Enforcement Agents

**REFERENCE NOTE**  
**ABOUT THE DISCLOSURE OF ACCOUNTING POLICIES OF**  
**THE CHAMBER OF PRIVATE ENFORCEMENT AGENTS**  
**FOR 2011**

**I. GENERAL PROVISIONS**

SUBJECT OF ACTIVITY:

CHAMBER OF PRIVATE ENFORCEMENT AGENTS, city of Sofia, was incorporated and registered on 26 November 2005 pursuant to the Private Enforcement Agents Act, with registered seat and headquarters at: Sofia, 7 Pirotska Street.

The purpose of the Chamber of Private Enforcement Agents is to carry out socially beneficial activities for private benefit. The Chamber of Private Enforcement Agents was established with the purpose as follows:

- To represent the interests of its members (by making contact with organizations and institutions, whose work is in one way or another related to the work of Private Enforcement Agents (PEAs), advocacy for improving the regulatory framework in the field of law enforcement, etc.);

- To strive for uniform, correct and accurate application of laws by Private Enforcement Agents (PEAs) (by organization of training for Private Enforcement Agents (PEAs), uniform practices in law enforcement, development and adoption of law enforcement standards, monitoring the activities of Private Enforcement Agents (PEAs), etc.);

- To assist its members in their efforts to build their own practices;

- To enforce the highest standards of professional and ethical conduct;

- To build a positive public image of this new profession.

APPROVAL OF THE REPORT:

The annual financial statements are compiled on an annual basis and include all the facts, phenomena and processes that have occurred and were completed at the Chamber of Private Enforcement Agents (CPEA) in the reporting period.

BASIS FOR PREPARATION OF FINANCIAL STATEMENTS:

The annual financial statements for 2011 are prepared in accordance with the requirements of Accounting Standard AS-9 "Presentation of Financial Statements of not-for-profit organizations" and in accordance with the requirements of national financial reporting standards applicable for the reference year, including as of the balance sheet date as stipulated in Article 4, paragraph 1 and paragraph 3 of the Accounting Act. All data in these financial statements are presented in thousand BGN (Bulgarian currency).

## CONTENTS OF THE ANNUAL FINANCIAL STATEMENTS:

- a/ Balance Sheet - Form Appendix №1 of Accounting Standard AS-1;
- b/ Income and expenses statement - Form Appendix №2 of Accounting Standard AS-9;
- c/ Cash flow statement - Form Appendix №4 of Accounting Standard AS-9;
- d/ Equity statement - Form Appendix №4 of Accounting Standard AS-1;
- e/ Enclosures:
  - Reference note on disclosure of accounting policies;
  - Reference note on fixed assets;
  - Reference note on claims and liabilities;
  - Reference note on holdings of securities;
  - Reference note on participation in equity of other enterprises;
  - Reference note on revenue and expenses;
  - Reference note on employees, payroll funds and other labour expenses;
  - Reference note on costs of acquisition of tangible assets;
  - Reference note on research and development (R&D)
  - Reference note on costs for members and voluntary staff of not-for-profit enterprises

## II. ACCOUNTING POLICIES AND DISCLOSURES IN THE ANNUAL REPORT FOR 2011

### A. BASIC PRINCIPLES AND REQUIREMENTS

#### 1. Basic accounting principles:

- a/ accrual basis - revenues and expenses arising from transactions and events are charged at the time of the occurrence thereof, 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/ operating enterprise - the Chamber of Private Enforcement Agents (CPEA) does not plan and sees no need to eliminate or limit the scale of its operations in the foreseeable future;
- c/ caution - suspected risk are subject to assessment and reporting;
- d/ compliance between income and expenses - the costs are reflected in the financial result for the reporting period (net result of the activities of the not-for-profit enterprise accounting chart 125 in the chart of accounts), through which they have benefit for themselves, and revenue for the period during which the costs of their receipt are reported. Profit (in case of net result from the activity, the same is not distributed, but all is accrued and "transferred" to additional reserves.
- e/ priority of content over form - transactions and events are recorded in accordance with their economic strength and nature, regardless of their legal form;
- f/ continuation, wherever it is possible, of the accounting policy from the previous reporting period - to achieve comparability of reported data and indicators.
- g/ independence of different reporting periods and value-estimated link between the initial and final balance - each accounting period is treated, in terms of accounting, for itself regardless of its objective relation to the previous and the next reporting periods.

## 2. Elements of accounting organization:

2.1. Individual chart of accounts - according to the nature of activities and for the purpose of providing more detailed information the Chamber's individual chart of accounts is further elaborated.

2.2. Form of accounting - in 2011, the accounting information was processed electronically via software "INFO STAR" developed by the company Aloe Co. Ltd., Sofia 1606, 1 Dospat Street, shall apply the system of double entry bookkeeping.

## 3. Accounting policies

The Chamber of Private Enforcement Agents has selected and applied accounting policies in accordance with the Bulgarian law - in the fields of accounting, taxation and trade. As regards issues whose resolution refer to no express provisions in the Accounting Standards /AS/ and the Accountancy Act the requirements of the International Financial Reporting Standards /IFRS/ shall apply. The form and content of these financial statements comply with the specific activities and are reported in the statutory form that is approved by law for not-for-profit enterprises.

## 4. Changes in accounting policies

No changes were reported in the statutes of the Chamber of Private Enforcement Agents (CPEA) in 2011, which may influence the accounting policies applied to date.

In 2011, the Chamber of Private Enforcement Agents (CPEA) adopted a value-rated threshold of BGN 700 in reporting fixed assets.

Comparative information in respect of the previous reporting period is disclosed for all accounts submitted in the current period.

## B. VALUATION BASES USED IN THE PREPARATION OF FINANCIAL STATEMENTS:

1. Assets and liabilities - In the initial valuation of assets and liabilities the method of historical cost is applied, except when the relevant Accounting Standard /AS/ requires otherwise. In 2011, subsequent valuation of assets and liabilities was not carried out.

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

### 2.1. Fixed assets upon their acquisition are valued at:

a/ historical cost, including the purchase price of the asset and any directly attributable costs required to bring it into a state matching its purpose;

b / fair price for obtaining grants, surplus.

### 2.2. Threshold for fixed assets recognition - BGN 700

2.3. Depreciation - assets /depreciable and non-depreciable/, given the fact that the Chamber of Private Enforcement Agents (CPEA) does not use state budgets, shall be reported under the general rules /depreciation via the linear method/, which is provided for all other businesses. In 2011, the Chamber acquired tangible fixed assets worth BGN 7025.40 and intangible worth BGN 957.60.

3. Currency assets and liabilities are measured in BGN equivalence, under the exchange rate at the date of their occurrence. At the end of the year it is mandatory to reassess the stock and the differences are referred to the respective accounts for exchange rate differences /account 624 and account 724/ in the individual chart of accounts.

4. Investment property and biological assets - in 2011, the Chamber has no such stock available and does not report it.

5. Stock inventories - stock inventories are current assets in the form of materials, which apart through purchase by not-for-profit enterprises, are often acquired through donation or grant funding received.

5.1. Stock inventories are valued at purchase price, which includes the cost of purchase. Trade discounts and similar components are deducted in determining the cost of purchase.

5.2. The recommended approach is selected as a method of writing off stock inventories at the time of their consumption, according to Accounting Standard AS-2 - "a specified value."

The Chamber of Private Enforcement Agents (CPEA) does not report any materials and commodities available in stock at the end of the year.

5.3. Purchase of supplies, which are used directly in the activities of the Chamber, are reported as current expenses in the period of occurrence thereof.

6. Revenue - Revenue is recognized at the time of their realization, and expenses are accrued in accordance with the principle of comparability with the realized income. They are reported through the accounts of Group 71 Revenue of not-for-profit enterprises classified according to their origin.

Revenue from sales is not reported because the Chamber of Private Enforcement Agents is not engaged in business generating profit.

The amount of revenue reported from not-for-profit activities in 2011 amounted to BGN 420,054.52.

7. Sources of funding: the Chamber of Private Enforcement is funded through:

*Membership fee* collected from members of the organization - on an annual basis;

*Other income* related to its activities (financial - interest on deposit accounts, fines pursuant to the Private Enforcement Agents Act, donations, etc.)

Preparation, implementation and provision of workshops, programmes, projects, etc.

8. Expenses - Expenses are accounted for in accordance with the principle of accrual accounting.

Administrative costs are classified according to their origin in group 60, "Operating expenses". Their current accounting is applicable to analytical projects, programmes, events and types of costs. These standard costs for various projects and activities are allocated as needed for their implementation.

The amount of reported expenditures in 2011 amounted to BGN 365,815.89.

9. Other disclosures:

- In 2011, the Chamber did not receive any government grants.
- Receivables and liabilities of the Chamber are currently valued at their nominal value. At the end of the year the Chamber has no debts to external companies and the state.
- The Chamber has no lease contracts signed in 2011.
- In 2011, the Chamber did not provide loans to its members and members of its governing bodies.
- There are no events occurring after the date of preparation of these annual financial statements.

City of Sofia

Date: 21.01.2012

Prepared by: Lilyana Krasteva

Chairman: Gueorgui Dichev



**PROFIT AND LOSS ACCOUNT (bilateral)  
OF THE CHAMBER OF PRIVATE ENFORCEMENT AGENTS  
as of 31 December 2011**

Types of expenditures	Amount in thousands of BGN		Types of incomes	Amount in thousands of BGN	
	current year	preceding year		current year	preceding year
a	1	2	a	1	2
<b>I. OPERATING ACTIVITY EXPENDITURES</b>			<b>I. OPERATING ACTIVITY INCOME</b>		
<b>A. Expenses for regulated activity</b>	<b>366</b>	<b>160</b>	<b>A. Income from regulated activity</b>		
1. Donations			1. Income from conditional donations		73
2. Other expenses	183	160	2. Income from unconditional donations	202	283
<b>Total A:</b>			3. Membership due	175	192
<b>B. Administrative expenses</b>	183	160	4. Other income	15	91
<b>Total I:</b>	<b>366</b>	<b>320</b>	<b>Total I:</b>	392	356
<b>II. FINANCIAL EXPENSES</b>			<b>II. FINANCIAL INCOME</b>	28	
3. Expenses on interest payable			5. Interest income	28	21
4. Negative value adjustments resulting from operation on financial assets and instruments			6. Revenue from participation		
			7. Positive value adjustments resulting from operation on financial assets and instruments		
5. Foreign currency exchange rate loss			8. Foreign currency exchange rate profit		
6. Other financial expenses		1	9. Other financial income		
<b>Total II:</b>		<b>1</b>	<b>Total II:</b>	28	21
<b>III. EXTRAORDINARY EXPENSES</b>			<b>III. EXTRAORDINARY INCOME</b>		21
<b>IV. OPERATING LOSS</b>			<b>IV. OPERATING PROFIT</b>		
<b>V. TOTAL EXPENSES</b>	<b>366</b>	<b>320</b>	<b>V. TOTAL INCOME</b>	420	398
<b>VI. NET RESULT</b>	<b>54</b>	<b>78</b>	<b>VI. NET RESULT</b>		
<b>Total (V + VI)</b>	<b>420</b>	<b>398</b>	<b>Total (V + VI)</b>	420	398

Date: January 20, 2011

Prepared by: /sgd. ill./

Chair: /sgd. ill./

Round stamp of the Bulgarian Chamber of Private Enforcement Agents (BCPEA)

**BALANCE SHEET  
OF THE CHAMBER OF PRIVATE ENFORCEMENT AGENTS  
as of 31 December 2011**

ASSETS			LIABILITIES		
APPORTIONS, GROUPS, ITEMS	Amount in thousands of BGN		APPORTIONS, GROUPS, ITEMS	Amount in thousands of BGN	
	current year	preceding year		current year	preceding year
a	1	2	a	1	2
<b>A. Subscribed outstanding capital</b>			<b>A. Equity</b>		
<b>B. Non-current (long-term) assets</b>			<b>I. Subscribed capital</b>		
<b>I. Intangible assets</b>			<b>II. Capital premium</b>		
1. Products of development activities			<b>III. Reserve of subsequent valuations</b>		
2. Concessions, patents, licenses, trademarks, software products and other similar rights and assets			<b>IV. Reserves</b>		
			1. Legal reserves	219	159
			2. Repurchased own shares		
3. Commercial reputation			3. Reserve according to Constituent act		
4. Advanced payments and intangible assets in process of building			4. Other reserves	54	78
<b>Total of group I:</b>			<b>Total of group IV:</b>	273	237
<b>II. Long-term tangible assets</b>			<b>V. Accumulated profit (loss)</b>		
1. Land and buildings, including:			From preceding years, including:		
- land			- Undistributed profit		
- buildings			- Uncovered loss		
2. Machines, equipment and apparatuses	13	14	<b>Total of group V:</b>		
			<b>VI. Current profit (loss)</b>		
3. Facilities and others			<b>Total of apportion A:</b>		
			<b>B. Provisions and similar liabilities</b>		



4. Advanced payments and long-term tangible assets in process of building			1. Provisions for pensions and other similar liabilities		
			2. Provisions for taxes, including		
			- deferred taxes		
<b>Total of group II:</b>	<b>13</b>	<b>14</b>	3. Other provisions and similar liabilities		
<b>III. Long-term financial assets</b>			<b>Total of apportion B:</b>		
1. Shares and participation in group enterprises			<b>C. Liabilities</b>		
2. Loans to group enterprises			1. Debenture loans with a separate indication of convertible ones, including:		
3. Shares and participation in associate and mixed enterprises			up to 1 year		
4. Loans to associate and mixed enterprises			over 1 year		
5. Long-term investments			2. Liabilities to finance enterprises, including:		
6. Other loans			up to 1 year		
7. Repurchased own shares			over 1 year		
Face value ...thousands of BGN	X	X	3. Advance payments, including:		
<b>Total of group III:</b>			up to 1 year		
<b>IV. Deferred taxes</b>			over 1 year		
<b>Total of apportion B:</b>			4. Liabilities to suppliers, including:		
<b>C. Current (short-term) assets</b>			up to 1 year		
<b>I. Inventory</b>			over 1 year		
1. Raw materials and materials			5. Liabilities to bills, including:		
2. Uncompleted production			up to 1 year		
3. Production and goods, including:			over 1 year		
- production			6. Liabilities to group enterprises, including:		
- goods			up to 1 year		
4. Advance payments			over 1 year		
<b>Total of group I:</b>			7. Liabilities to		

<b>II. Receivables</b>			associate and mixed		
1. Receivables from clients and suppliers, including:			enterprises, including:		
over 1 year			up to 1 year		
2. Receivables from group enterprises, including:			over 1 year		
over 1 year			8. Other liabilities, including:		
3. Receivables from associate and mixed enterprises, including:			up to 1 year		
over 1 year			over 1 year		
over 1 year			- payables to employees, including:		
4. Other receivables, including:			up to 1 year		
over 1 year			over 1 year		
<b>Total of group II:</b>			- payables to security enterprises, including:		
<b>III. Investments</b>			up to 1 year		
1. Shares and participation in group enterprises			over 1 year		
2. Repurchased own shares			- tax liabilities, including:		
Face value ...thousands of BGN	X	X			
3. Other Investments			up to 1 year		
<b>Total of group III:</b>			over 1 year		
<b>IV. Cash, including:</b>			<b>Total of apportion C, including:</b>		
- Cash	1	2	up to 1 year		
- Cash in demand accounts (deposits)	408	391	over 1 year		
<b>Total of group IV:</b>	409	393	<b>D. Financing and deferred income, including:</b>	149	170
<b>Total of apportion C:</b>			- financing	149	86
<b>D. Deferred expenses</b>			- deferred income		84
<b>AMOUNT OF ASSET (A+B+C+D)</b>	422	407	<b>AMOUNT OF LIABILITY (A+B+C+D)</b>	422	407

**Date:** January 20, 2011

**Prepared by:** /sgd. ill./

**Chair:** /sgd. ill./

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