

Power transition in Georgia and its effect on media environment was an important indicator in terms of Georgia's democratic development following the 2012 parliamentary elections. It is worth noting that following the elections, Imedi and Iberia TV channels were returned to their previous owners. Moreover, not a single media outlet has disappeared from the market, except Channel 9, which was the property of then Prime Minister Bidzina Ivanishvili's family and was closed of its own accord eight months after the elections.

However, with the 2016 parliamentary elections looming, some ownership disputes have erupted creating an impression that the ongoing developments were related to an attempt of media market redistribution ahead of elections. In 2015 two ownership disputes erupted with respect to Rustavi 2 and Maestro TV channels.

3.1. RUSTAVI 2 TV CASE

Rustavi 2 TV, which before the 2012 parliamentary elections pursued the pro-government editorial policy and subsequently turned into a media outlet critical of the authorities following the elections, with the Rustavi 2 TV management numerously declaring about it, became the object of special observation in 2015.

Top officials were constantly expressing their discontent with the channel's editorial policy and were accusing the TV channel of bias in favor of the formerly pro-governmental and now opposition National Movement party. They were frequently pointing at the TV channel's ownership issue.

Ex-Prime Minister Bidzina Ivanishvili, who was frequently slammed by a number of local or international observers for his informal rule, was especially critical towards Rustavi 2 TV. Ivanishvili expressed hope for multiple times that the rules of the game would have changed on media market. When announcing about a new TV talk-show called "2030" to be aired by GDS (Georgian Dream Studio), Tbilisi-based television channel owned by his son Bera, Ivanishvili said that the new talk-show will help the society "see

developments correctly” in a media landscape, where UNM party and its “propaganda and lie machine” Rustavi 2 TV are still setting the agenda.

Bidzina Ivanishvili said: **“UNM’s propaganda machine of lies, Rustavi 2 TV, is unfortunately dominating in the media space; other media outlets are also backing it, making it very difficult for the population to understand what is going on. I think that this project and 2030’s daily programs will make it possible to provide balanced analysis and correct accents, which is so needed for the society... the population should have a clear understanding about the elections, whom they can support and so on. Media analysis plays a huge role in it. And this project [2030 TV program] just aims at offering a qualified analysis to the population that will help them make a good choice during the elections”¹.**

In the interview with Imedi TV, Energy Minister and Deputy Prime Minister Kakha Kaladze expressed hope that Rustavi 2 TV would be returned to its real owner, and on May 11, 2014, he promised the population “to put an end” to Rustavi 2 TV:

Kakha Kaladze: **“It is very bad that Rustavi 2 TV still continues its nine-year shameful activity and propaganda of dirtiness. It should be ended once and forever in this country and we promise the population of our country that it will definitely come to an end”².**

Amid numerous public statements made by the government against Rustavi 2 TV, it was highly anticipated that certain steps would be taken against the TV channel. The entry of the Finance Ministry’s Revenue Service into TVMR GE, the only television viewership measurement company in Georgia, in late 2013 and accelerated adoption of new advertising regulations to the Law on Broadcasting was condemned by the Rustavi 2 TV management as an act directed against the TV channel and an attempt of market redistribution³. Legal proceedings related to ownership dispute were launched against the TV channel in August 2015, a year before the parliamentary elections.

Rustavi 2 TV Owners

On August 4, 2015 Kibar Khalvashi and his company Panorama Ltd filed a lawsuit against Rustavi 2 TV in the Tbilisi City Court. The claimants were reclaiming ownership of the broadcaster. Kibar Khalvashi was a majority shareholder of Rustavi 2 TV in 2004–2006. According to the report of Transparency International Georgia⁴, on June 16, 2004, Paata Karsanidze, a businessman with no public profile, bought 60% of

¹ Media.ge, March 16, 2015. <http://www.media.ge/ge/portal/news/303517/>

² <http://rustavi2.com/ka/news/23857>

³ Media.ge, March 19, <http://www.media.ge/ge/portal/news/302383/>

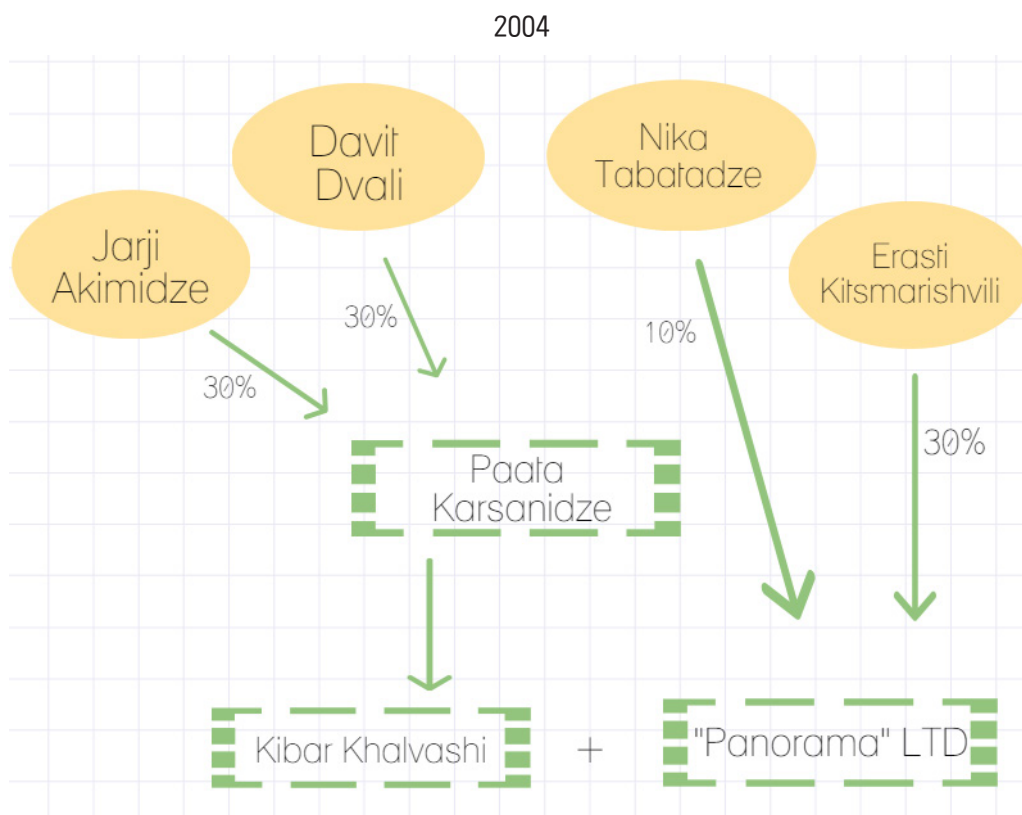
⁴ The TV Station of ‘Victorious People’: The Story of Rustavi 2, <http://www.transparency.ge/en/blog/tv-station-%E2%80%98victorious-people-story-rustavi-2>

the debt-stricken Rustavi 2 (30% from Davit Dvali and 30% from Jarji Akimidze) only to sell his shares to Kibar Khalvashi the same day. Khalvashi's company, Panorama Ltd, also acquired Nika Tabatadze's 10% of shares in Rustavi 2 and Erosi Kitsmarishvili's 30% of shares.

In that period Kibar Khalvashi was a friend of Defense Minister Irakli Okruashvili. In December 2005, Sak-Cementi acquired 22% of Rustavi 2 from Khalvashi's company Panorama. Robert Bezhuashvili, father of Davit Bezhuashvili of the National Movement and Gela Bezhuashvili, the Foreign Minister in 2004-2008, held 100% of SakCementi. Later in 2006, after Irakli Okruashvili resigned from the Economy Minister's position, Kibar Khalvashi and his Panorama Ltd sold 78% of shares to GeoTrans Ltd.

Kibar Khalvashi, whose sister Pati Khalvashi has been a lawmaker from the GD ruling coalition since 2012, claims that he was coerced into selling of shares and the price for which he had to sell his shares was in fact far lower than actual value of the asset. In addition, Khalvashi claims⁵ that in case of winning the lawsuit, he will return 50% of shares to two co-owners of the TV channel – Jarji Akimidze and Davit Dvali. Kibar Khalvashi bought a 60% share from these persons in 2004 through a physical person, Paata Karsanidze. In turn, following the 2012 parliamentary elections Jarji Akimidze and Davit Dvali also claimed the ownership⁶ saying that despite preliminary statements they have not applied to the court.

Chart 1. Buying the shares of Rustavi 2 by Kibar Khalvashi and Panorama Ltd in 2004



⁵ Radio Liberty, November 6, 2015, <http://www.radiotavisupleba.ge/content/droebiti-mmartveloba-rustavi-2-shi/27348837.html>

⁶ Media.ge, October 5, 2012. <http://www.media.ge/ge/portal/news/50277/>

Erosi Kitsmarishvili, the third founder and former owner of Rustavi 2 TV, also reclaimed his shares during a press conference in 2012. He said that Rustavi 2 ownership dispute could not have bypassed him⁷.

Erosi Kitsmarishvili said: **“I want to tell Ivanishvili to look into my eyes when he talks about Rustavi 2 because both of us know a lot of things and if those things are disclosed, many people will suffer. I also call on him, if, as he said, Kibar Khalvashi and he know something that I do not know, he should either say what he knows or keep silence forever.”**

On July 15, 2014 Erosi Kitsmarishvili was found dead in his own car. The investigation, which is still ongoing, treats the death as a suicide, but Kitsmarishvili’s family questions a suicide version and indicates at doubtful circumstances.

Rustavi 2 TV was founded in 1994 by Erosi Kitsmarishvili, Jarji Akimidze and Davit Dvali. Since November 2012 the TV channel has been owned by brothers, Giorgi and Levan Karamanishvili. Levan Karamanishvili owns 22% of shares and Giorgi Karamanishvili – 18%. 51% of Rustavi 2 TV is owned by TV Company Georgia, where Levan Karamanishvili owns 60% of shares and 40% belongs to Giorgi Karamanishvili. The remaining 9% belongs to Giorgi Gegeshidze. One of the owners of the TV channel, Levan Karamanishvili is also an owner of the shares in a mobile operator Beeline.

During 2004–2012 Rustavi 2 TV changed hands 20 times and non-governmental organizations have voiced much criticism about non-transparent nature of the entire process⁸.

Procedural History of the Dispute

Asset Freezing

Kibar Khalvashi filed a lawsuit in the Tbilisi City Court on August 5, 2015 seeking to claim back his shares in the broadcaster. Four days later, on August 8, the court heard the motion without oral hearing and ordered asset and account freeze, which banned Rustavi 2 TV’s current shareholders to sell shares, as well as to sell or rent out broadcast equipment, vehicles and other property owned by the company; executive powers of its general director and chief financial officer were also limited.

The non-governmental organizations slammed the August 8 court ruling as lacking substantiation and being unjustified⁹. In particular, the ruling fails to meet the standard of reasonable assumption and caus-

⁷ December 25, 2012. <http://geonews.ge/geo/news/story/34226-erosi-kivmarishvili>

⁸ The TV Station of ‘Victorious People’: The Story of Rustavi 2, August 2, 2013, Transparency International Georgia, <http://www.transparency.ge/en/blog/tv-station-%E2%80%98victorious-people-story-rustavi-2>

⁹ NGOs respond to the Rustavi 2 asset freeze; August 10, 2015. <http://www.transparency.ge/en/post/general-announcement/ngos-respond-rustavi2-asset-freeze>

es disproportionate restriction of right; when applying the measure to secure the claim, the court did not refer to the circumstances indicated by the claimant; the court did not deliberate on obligating the claimant to provide certain security to appropriately compensate the damage that the defendant may incur as a result of application of the measure to secure the claim.

In addition, public interests in freedom of media, freedom of speech and expression, rights to receive and disseminate information are very important in the case, since their partial restriction will irreversibly be caused by claim security measures. Thus, the court should have considered the balance between these interests and the claimant's property right. The court created technical and financial difficulties to full-fledged functioning of the influential TV channel, restricted the management's executive powers and significantly damaged the interest of freedom of expression without substantiating what the objective of such decision was.

OSCE Representative on Freedom of the Media, Dunja Mijatović, said that “disproportionate and excessive” court order to freeze Tbilisi-based Rustavi 2 TV's assets in a dispute over the broadcaster's ownership may pose a threat to free media and media pluralism¹⁰.

Rustavi 2 TV appealed against the court ruling. It was noted in the request on annulling the measure to secure the claim that asset freeze would create problems to the liquidity of the company's cash assets. In particular, the TV channel would lack an opportunity to get prepared for new programs. According to the authors of the lawsuit, the court actually did not clarify whether there were any real threats of alienating the property designed to secure the claim or reducing its value. In addition, the principle of proportionality was violated; in particular, the cost of disputable property, which was subject to securing measures, was 40 times more than those claim requirements, which might have become the basis for securing measures. This request was also rejected by the Tbilisi City Court on September 14, 2015.

On October 1, 2015 the court ordered to freeze 100% of shares of TV Company Georgia upon Kibar Khalvashi's request, citing an intention to sell the shares of this company. According to the data available at the public registry, Levan and Giorgi Karamanishvili, who own 100% of shares, planned to sell the TV Company Georgia to Dimitri Chikovani, brother-in-law of Davit Kezerashvili, the former Defense Minister at USD 400 000. The latter vowed to invest USD 6 million in Rustavi 2 TV.

Recusal of the Judge and Request to Hear the Case by the Panel of Judges

Rustavi 2 TV lawyers filed a motion for recusal of Judge Tamaz Urtmelidze twice; the TV channel also demanded that the case be heard by a three-member panel of judges. The both motions were rejected.

¹⁰ Civil.ge, August 11, 2015, <http://www.civil.ge/eng/article.php?id=28492>

The respondent's motion for recusal of the judge was based on two main arguments. The one was a criminal case that was filed just recently against Judge Tamaz Urtmelidze's mother. Another one was related to several negative comments posted by the judge's wife on her Facebook account about Rustavi 2 TV and its chief executive Nika Gvaramia.

On October 12, 2015 the prosecutor's office filed criminal charges against Judge Urtmelidze's mother in connection with a domestic incident that occurred on January 7, 2014 and that involved inflicting minor bodily injuries to her son-in-law. Filing criminal charges a year and nine months after the incident prompted allegations that the authorities wanted to exert pressure on the judge using possible prosecution of his mother.

On September 14, 2015, the Tbilisi City Court rejected the motion to hear the case by the panel of judges. Rustavi 2 TV claimed that the dispute was politicized that was confirmed by open discontent expressed by top officials and attempts to exert pressure on the company. In addition, the case was characterized by both factual and legal complexities that created the basis for hearing the case by the panel of judges.

According to Georgian legislation, the judge who hears the case alone may determine that the case is to be heard by a panel of three judges, if: a) the hearing and resolution of the case is essential to judicial practice; b) the case is especially complex in its factual or legal aspects.

The authors of the motion claimed that incorrect decision might have created problems to the channel's smooth operation and would have affected the quality of freedom of expression in the country. When substantiating his refusal, Judge Urtmelidze explained that although a media outlet was a respondent, the legality of ownership of intellectual and property wealth represented the subject of dispute that is a narrow explanation of the issue, because the issues of media ownership is directly linked with the medium's editorial policy. The judge rejected the ruling citing reviewing of the issue within reasonable timeframe that is an irrelevant argument with respect to the issue of high public interest. Hasty hearing of the Rustavi 2 TV case in the court of first instance (3 months) raised additional questions about the entire process. In addition, hearing of the case by the panel of judges would have ensured distribution of responsibilities among the judges and would have increased trust towards the court ruling.

Constitutional Lawsuit

On October 26, Rustavi 2 TV lodged a complaint with the Constitutional Court, in which the claimants questioned subparagraph "g" of part 1 of article 268 of the Civil Procedure Code of Georgia, according to which at the request of the parties, the court may, in full or in part, order immediate enforcement of decisions on "all other matters, if the delay of enforcement of the decision caused by extraordinary circumstances may inflict substantial damage to the party requesting payment, or if the delay may make the enforce-

ment impossible.” In other words, based on this article, legal implications of court ruling may be enforced before expiration of the term of appealing against the decision in higher instance.

Lawyers of Rustavi 2 TV pointed at shortcomings in the clause on immediate enforcement of a decision and demanded to abolish those articles, which the court would apparently use in case of satisfying the lawsuit on ownership dispute.

The Constitutional Court ordered on November 2 a temporary suspension of the application of a clause in Georgia’s civil procedure code, which allows a court of first instance to order an immediate enforcement of a decision even if the verdict is appealed.

The Constitutional Court supposed that in this particular case, a disputable norm might cause irreversible violation of a claimant’s right and it would be impossible to rectify the consequences even in case of recognizing the norm unconstitutional.

Court Appoints Temporary Managers

On November 3, three months after filing a lawsuit, Judge Tamaz Urtmelidze satisfied Kibar Khalvashi’s lawsuit. According to the court ruling, 60% of shares in the TV channel were returned to Kibar Khalvashi and 40% – to Panorama Ltd, also belonging to Kibar Khalvashi. In addition, the judge annulled the purchase agreements concluded by Khalvashi coercing the latter to give up his shares in Rustavi 2 TV.

Since the Constitutional Court suspended immediate enforcement norms, the respondent and Rustavi 2 TV decided to move the case to higher instance court supposing that the claimant would not be able to receive property in factual ownership. But on November 5, Judge Urtmelidze signed the judgment on enforcement of the ruling, according to which temporarily management was appointed in the TV channel replacing the broadcaster’s current managers. Revaz Sakevarishvili, a former chief executive of Tbilisi-based Imedi TV, and Davit Dvali, former co-owner of Rustavi 2 TV, were appointed as temporary managers.

Despite suspension of immediate enforcement norms, the court relied upon Article 271 of Civil Procedure Code of Georgia and by this it actually came into conflict with the goal with which the Constitutional Court suspended immediate enforcement article.

The court ruling was problematic because of two important factors: 1) interference with editorial independence; 2) conflict of interests of temporary managers.

The court ruling notes the following: **“During the coverage of information related to the issues of public interest, the method of objective and fair reporting should be used. Under the management**

of the defendant (Broadcasting Company Rustavi 2 Ltd., Partners), this issue is questionable. Neglect of the indicated purposes consequentially jeopardizes the fundamental purpose of media in a democratic society.”

By such assumptions, the court has gone beyond the ownership dispute and interfered with the editorial policy of a media outlet. The court touched the issues of impartiality and fairness that not only did not represent the subject of dispute, but generally it is not the issue that under Georgian legislation should be discussed by court.

In addition, according to the judge’s order, temporary managers of the Rustavi 2 TV, among other executive powers, will also have the right to carry out the broadcaster’s staffing policy and reorganization, as well as to control its programming. This latter, along with “impartiality test” offered by the court, enabled temporary managers to change the channel’s editorial policy through dismissing the TV channel’s editorial team or its separate members.

Besides the fact that Georgian legislation does not recognize the institute of a temporary manager under the norms relevant to a particular dispute, the court itself questioned those criteria, under which the temporary managers were appointed.

The court noted in its ruling that “a temporary manager shall be a neutral, independent person, who will not be directly involved in the dispute and will have no personal ownership interests towards the subject of dispute; the primary and major goal of temporary managers is to protect and preserve the property in the course of a dispute.”

By the ruling released on November 5, the judge appointed Revaz Sakevarishvili, a former chief executive of Tbilisi-based Imedi TV, and Davit Dvali, former co-owner of Rustavi 2 TV, as temporary managers. As it was confirmed later at a press conference, a verbal agreement was reached between Khalvashi and Dvali on redistribution of shares in case of winning the court case by Khalvashi. Thus, it is beyond any doubt that the temporary managers fail to meet the criteria set by the court.

Local and International Reactions

Rustavi 2 TV learnt about the decision on the appointment of temporary managers from the public registry’s website, where it was posted at 5:45pm on November 5. There was a high probability of enforcement of this decision during non-work hours. Therefore, round-the-clock protest rallies were launched outside Rustavi 2 TV’s headquarters. A part of the society claimed that they were ready to resist the enforcement of the court ruling.

A group of non-governmental organizations¹¹ condemned the ruling as “a clear violation of the fundamental rights of a fair trial and access to court”, as well as “intervention in the editorial policy of an independent broadcasting company.”

In a joint statement¹² the U.S. embassy and diplomatic missions of the EU-member states in Tbilisi expressed “concern” over the appointment of a temporary management in Rustavi 2 TV. A separate statement was released by U.S. ambassador to Georgia, Ian Kelly, which said that “the Embassy is deeply concerned about developments late Thursday night related to Rustavi 2 management and ownership.” “Attempts to change the management of the station, in advance of the appeal process, have profound political implications,” according to the statement. A month earlier, on October 7¹³, U.S. State Department’s deputy spokesperson Mark Toner also spoke about the challenges facing media pluralism in Georgia and Rustavi 2 TV case. He also focused on the same issue on October 23¹⁴.

Appeal

On November 12, 2015, the Civil Cases Panel of Tbilisi City Court reinstated Rustavi 2 TV’s top management, including its director general Nika Gvaramia and financial director Kakha Damenia, until the enforcement of the November 5 ruling.

At the same time, Rustavi 2 TV lodged the second lawsuit with the Constitutional Court demanding to recognize as unconstitutional those norms, based on which Judge Urtmelidze delivered his ruling.

The Constitutional Court ordered to suspend application of those clauses in the civil procedure code based on which judge ordered appointment of temporary managers in Rustavi 2 TV.

On November 30 the Court of Appeals annulled the November 5 ruling delivered by Judge Urtmelidze through which temporary managers were appointed in the TV channel. In addition, the decision under which the company was restricted to rent the property needed for studio functioning was also annulled. Rustavi 2 TV appealed against the Tbilisi City Court’s decision related to its property in the Court of Appeals.

3.2. MAESTRO CASE

Ex-Prime Minister Bidzina Ivanishvili criticized not only Rustavi 2 TV, but also the influence of its information policy on other TV channels. He focused on this issue in the interview with Kviris Palitra in 2014:

¹¹ http://mdfgeorgia.ge/eng/view_statements/235/

¹² <http://www.civil.ge/eng/article.php?id=28754>

¹³ <http://www.tabula.ge/ge/story/100212-ashsh-xelisuflebis-qmedebebi-ashkarad-shemashfotebelia-da-seriozulad-vekidebit>

¹⁴ <http://www.tabula.ge/ge/story/100862-sax-dep-r2-is-daxurva-an-potenciuri-daxurva-mediasivrces-sheavitsrovebs>

Bidzina Ivanishvili: **“For me, the situation is more difficult on other TV channels, such as Channel One, Maestro or Imedi, because willy-nilly, deliberately or not, they repeat and disseminate the news raised by Rustavi 2... I named three TV channels and unfortunately, they do not seem to be independent, to conduct research, analysis and not to repeat what has been “pushed forward” by Rustavi 2.”¹⁵**

Giorgi Gachechiladze, co-founder of Maestro TV, also complained about the similarity between the editorial policies of Maestro TV and Rustavi 2 TV, when arguing about the ownership dispute with other co-owners and current management of the TV channel:

Giorgi Gachechiladze: **“I have an absolutely different imagination about Maestro’s TV programs; however, it is “an imitation” of Rustavi 2 TV and Imedi TV¹⁶,”** Gachechiladze said.

Amid the ongoing ownership dispute, newly appointed director general of Maestro TV, Levan Gachechiladze, Giorgi Gachechiladze’s brother and presidential candidate in the 2008 early elections, said that the main objective of Maestro TV is to attract viewers from Rustavi 2 TV:

Levan Gachechiladze: **“Our main slogan is to attract people from Rustavi 2. I want to outmatch Rustavi 2 TV by ratings,”** Levan Gachechiladze said¹⁷.

Media representatives have also made statements at different times on separate cases of interference in Maestro’s editorial policy.

On May 20, 2014 the Government of Georgia released a statement, involving a biased assessment of a weekly program aired by Maestro TV on May 18 and hosted by journalist Vakho Sanaia.

Statement of the GOG: **“In the course of the program, the journalist tried to portray a picture as if not a single promise of the authorities has been fulfilled. In an attempt to support this lie, he resorted to interviewing people in the streets and selected those responses, which would have reinforced the main line of the entire program”¹⁸.**

On September 28, 2014 Vakho Sanaia quit Maestro TV citing his conversation with the management as the reason behind his decision¹⁹. Sanaia claimed that Maestro TV’s director told him that his “programs

¹⁵ Kviris Palitra, September 15, 2014 . <http://bit.ly/1SPOCV6>

¹⁶ Interpressnews, September 22, 2015 <http://bit.ly/1ogOEYx>

¹⁷ Interpressnews, February 4, 2015 <http://www.interpressnews.ge/ge/sazogadoeba/364869-levan-gachechiladze-chemi-mthavari-lozungia-gadmvrthoth-adamianebi-grusthavi2q-dan.html>

¹⁸ <http://civil.ge/geo/article.php?id=28206>

¹⁹ Tabula, December 22, 2014 <http://www.tabula.ge/ge/story/91116-sanaia-gadabadzem-mitxra-rom-arxs-xelisuflebastan-problemebs-shevuqmnidi>

may lead to Maestro TV's confrontation with the authorities and create problems." Director of the TV channel, Baia Gadabadze cited controversy as the reason behind Sanaia's quitting the TV channel.

On December 22, 2014, Nino Zhizhilashvili, deputy director of Maestro TV and anchor of TV station's flagship news program at 9pm, as well as a group of journalists from the TV channel's newsroom quit Maestro TV. Zhizhilashvili cited her disagreement over editorial issues with the husband of co-owner of the channel, Koke Gogelia as the reason behind her quitting²⁰. In particular, the question was about Gogelia's vision, who wanted Maestro to be ideologically driven and "pro-Georgian," as well as about meddling of Koka Kandiashvili, who was communications consultant for the government, in the channel's editorial issues and the decision to scrap her program. Maestro's management rejected these allegations and announced reorganization. Labor rights of 14 employees dismissed from Maestro TV are protected by Transparency International Georgia.

In early 2016, Maestro TV suspended cooperation with Studio Monitor, whose investigative programs were aired by the channel for seven years.

History of Legal and Financial Dispute

The dispute on financial and ownership issues erupted between Maestro's co-founders and its management in 2015 and further developed in 2016.

On September 18, 2015 Director of Maestro TV, Eter Gabadadze applied to the Civil Cases Panel of Tbilisi City Court with a request to launch bankruptcy proceedings against Studio Maestro Ltd. The court accepted the suit on October 6.

According to the data posted on the website of the Georgian National Communications Commission, Maestro's advertising and sponsor revenues amounted to 5 123 105 in 2015. However, the management of Maestro TV claims that besides declared incomes, the channel has a credit indebtedness; in particular, an audit estimated Maestro TV's debt at GEL 54 million as of December, 2015 with Maka Asatiani being the largest creditor (GEL 49 million).

Giorgi Gachechiladze, owner of 25% of Maestro TV shares, held a press conference on September 22, during which he said that he did not agree with the decision on launching bankruptcy proceedings against Maestro TV. He accused the management of deliberate attempts to make the channel bankrupt and demanded its transfer to him, pledging to provide financial guarantees in case of consent. Giorgi Gachechiladze appealed against the decision on launching bankruptcy proceedings and the proceedings

²⁰ Tabula, December 22, 2014 <http://www.tabula.ge/ge/story/91111-zhizhilashvili-gogeliam-mitxra-rom-maestro-gaxdeba-ideologizebuli-proqartuli>

were suspended. But on December 8, 2015 the court renewed bankruptcy proceedings and the National Bureau of Enforcement, a legal entity of public law, was appointed as a trustee of Studio Maestro.

This process has aroused doubts from the very beginning about whether bankruptcy procedures were connected with a real reason or were actually associated with disagreement between the founders and represented legal means for changing the configuration of shares.

History of Changing Configuration of Shares

As of February 2, 2016, distribution of shares among Maestro TV's partners looked as follows: Giorgi Gachechiladze – 55%; Mamuka Glonti – 15%; Ekaterine Akobia – 5% and Maka Asatiani – 25%.

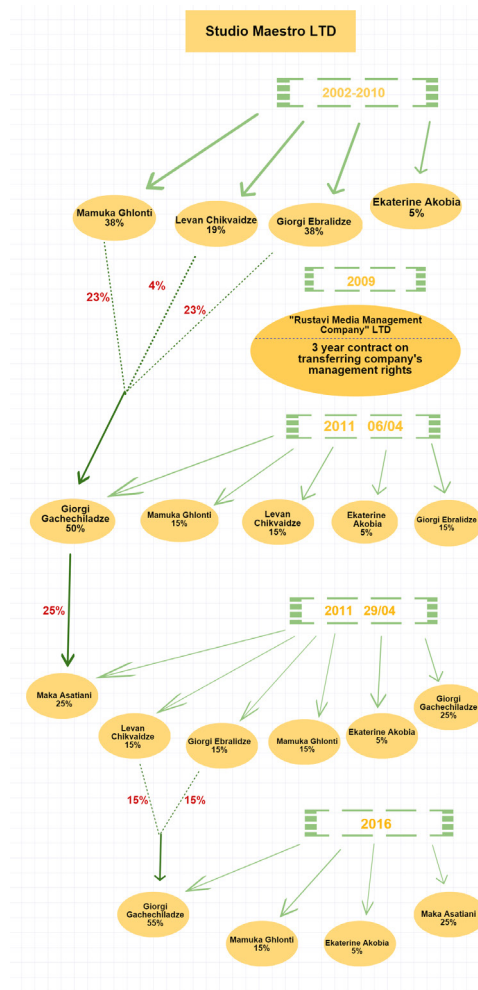
Configuration of shares has been modified after the change was registered at the public registry on February 2, 2016 and it was unveiled that Giorgi Gachechiladze became a majority shareholder (55%), who agreed with two co-owners – Giorgi Ebralidze and Levan Chikvaidze, to buy their shares, 15% from each. The remaining shares are still owned by Mamuka Glonti (45%), Maka Asatiani (25%) and Ekaterine Akobia (5%).

The partners meeting held on February 4, 2016 dismissed Baia Gadabadze, the director of the TV channel, from her position and appointed Levan Gachechiladze, brother of Giorgi Gachechiladze, as new director. However, the public registry did not register the change due to the process of appealing against the decision in court.

Maka Asatiani's representatives question the decision of the partners meeting and point at the purchase agreement signed between Giorgi Gachechiladze and other partners of Maestro TV on November 26, 2011. Under the agreement, Giorgi Gachechiladze had to transfer his shares to other shareholders no later than December 10, 2012, in the following proportions: 7.5% to Mamuka Glonti; 7.5% to Levan Chikvaidze; 7.5% to Giorgi Ebralidze; and 7.5% to Ekaterine Akobia. Upon the agreement of the parties, total cost of purchase was defined at GEL 400, according to the contract on selling the shares, which was signed by Giorgi Gachechiladze and other partners of Maestro TV on March 23, 2011. Based on the same agreement, Ilia Kikabidze, then director of Maestro TV, received Giorgi Gachechiladze's 25% of shares with management right.

Giorgi Gachechiladze appeared among Maestro's shareholders in 2011. On April 26, he became owner of 50% of shares (23% – from Mamuka Glonti; 4% – from Levan Chikvaidze; 23% – from Giorgi Ebralidze). Three days later, Maka Asatiani became the owner of 25% of shares owned by Giorgi Gachechiladze.

In 2009 Maestro TV signed a three-year contract with Rustavi Media Management Company on transfer of the TV channel with management right. Rustavi Media Management Company was founded and owned by Erosi Kitsmarishvili.



In October 2010 Erosi Kitsmarishvili, Levan Gachechiladze and Kote Gogelia, together with former Defense Minister Irakli Okruashvili, established a new Georgian Party with an aim to normalize relations with Russia. Later, Kote Gogelia, Russian-based businessman and Maka Asatiani’s husband, quit the party citing disagreement as the reason behind his decision²¹.

Imedi TV’s Interests

Under the circumstances when Maestro’s bankruptcy case was being discussed by court, additional questions were raised after a rival TV channel expressed a desire to invest millions in Maestro TV.

A 55% owner of Maestro TV, Giorgi Gachechiladze publicly stated that in order to solve Maestro’s financial problems he contacted the Patarkatsishvili family and his friend, Irakli Rukhadze pledged to assist him²². Irakli Rukhadze is the chief executive of Salford Georgia and remains affiliated with the Patarkatsishvili family. He is even believed to be an informal manager of Imedi TV. TV anchor, Inga Grigolia hints at Rukhadze’s decision when talking about the closure of her program on Imedi TV²³.

²¹ Netgazeti, November 3, 2011 <http://netgazeti.ge/news/11300/>

²² Liberali, February 2, 2016 <http://liberali.ge/news/view/20570/gachechiladze-maestro-rom-gadamerchina-patarkatsishvilebis-ojakhtan-mokhda-chemi-urtiertoba>

²³ <http://www.timer.ge/grigoliam-aseve-misi-da-irakli-rukhadzis-urthierthobaze-isaubra/>

On February 8, 2016 Baia Gadabadze, director of Maestro TV, publicized correspondence, according to which Irakli Rukhadze wanted to buy Maestro in the past and even tried to conclude a deal with Kote Gogelia and Maka Asatiani. Gadabadze said that Rukhadze wanted to obtain Maestro's content, as well as its licenses and frequencies at USD 7.5 million²⁴.

Irakli Rukhadze confirmed that negotiations were underway on commercial issues, but noted disagreement between the parties on the price.

“Kote Gogelia was demanding USD 9.5 million; we were offering USD 7.5 million. Today, Kote is demanding 5.5 million for 30%, if I am not wrong, for Bacho Kikabidze's shares. I talked with Kote 7-8 times during two weeks and if “Ucnobi” [Giorgi Gachechiladze's nickname] had agreed on this sum then, nobody would have learnt about this case at all,” Irakli Rukhadze said²⁵.

It was made public in January, 2016 that Imedi TV bought Maestro's and GDS's commercial airtime. Meanwhile, from 2016 the three TV channels started using the service of a new company, Tri-Media Intelligence LLLC, measuring ratings of Georgian television channels; thus, previous contract with the company TVMR was not prolonged.

On February 8, U.S. Department of State spokesperson, John Kirby made a statement on the developments around Maestro TV and stressed that freedom of media is vital for democracy in Georgia.

²⁴ Tabula, February 8, 2016 <http://www.tabula.ge/ge/story/104418-gadabadze-irakli-ruxadze-maestros-xelshi-chagdebas-adrec-cdilobda>

²⁵ Interpressnews, February 9, 2016 <http://www.interpressnews.ge/ge/politika/365436-irakli-rukhadze-ganckhadebas-gavaketheb-sadac-shevecdebi-yvelaferi-ganvmarto.html?ar=A>