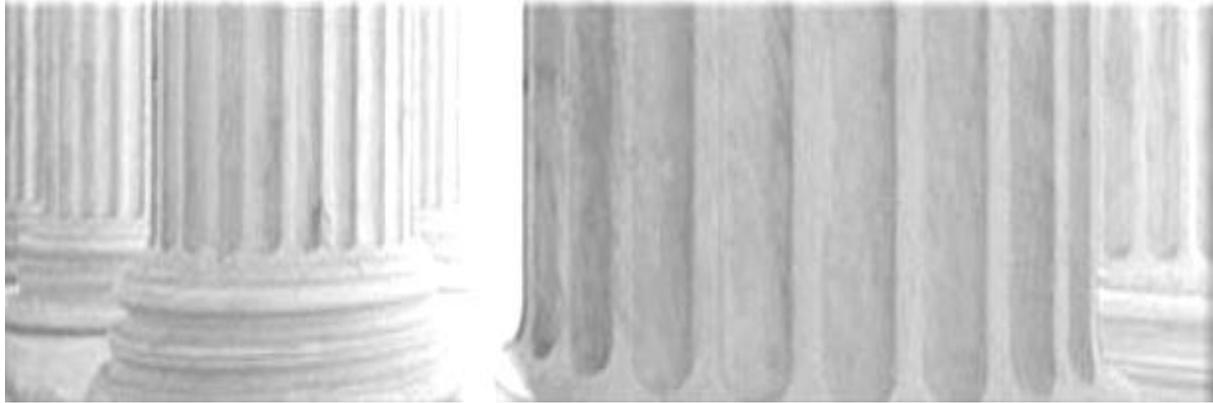




REPUBLIC OF BULGARIA



*BULGARIAN CHAMBER OF PRIVATE ENFORCEMENT AGENTS*



**ANNUAL REPORT**

**2 0 1 6**



Distribution and number of private law enforcement agents /202/ within the territory of the Republic of Bulgaria as per legal areas of action in 2016

Blagoevgrad	8	Lovetch	3	Smolyan	4
Burgas	12	Montana	2	Sofia City	42
Varna	14	Pazardzhik	8	Sofia District	7
Vidin	2	Pernik	4	Stara Zagora	10
Veliko Tarnovo	8	Plevan	8	Targovishte	1
Vratsa	5	Plovdiv	21	Haskovo	4
Gabrovo	4	Razgrad	3	Shumen	5
Dobrich	6	Ruse	5	Yambol	2
Kardzhali	3	Silistra	2		
Kyustendil	4	Sliven	5		

**CHAMBER BOARD**

**Gueorgui Dichev – Chairperson**  
**Hadzhiivanov –**

Elitsa Hristova – Deputy Chair

Totko Kolev – Deputy Chair

Stoyan Yakimov

Tanya Madzharova

Alexandar Dachev

Vasil Nedyalkov

Mariana Kirova

Gueorgui Gueorgiev

Natalia Dangova

Gueorgui Tsekleov

Irina Hristova – alternate member

Maria Glushkova – alternate member

**DISCIPLINARY COMMITTEE**

**Maria Tsacheva – Chairperson**

Daniela Zlateva

Nikola Popov

Maria Nikolova-Angelova

Viktor Gueorguiev

Tatyana Kirilova

Zhana Sharankova

Daniela Radoevska

Liliana Kuzmanova

Daniela Georgieva

Grigor Todorov

**CONTROL COMMITTEE**

**Ivan**

**Chairperson**

Stefan Gorchev

Gueorgui Mihalev

Miroslav Kolev

Nikolay Gueorguiev

Slavi Serbezov –

alternate member

Eleonora Dimitrova

## TABLE OF CONTENTS:

ADDRESS OF THE CHAIRPERSON	page 4
<b>1. GENERAL REVIEW OF THE PRIVATE ENFORCEMENT SYSTEM</b>	page 10
<b>2. BACKGROUND OF THE CHAMBER</b>	page 12
<b>3. REVIEW OF THE CHAMBER'S ACTIVITY</b>	page 13
3.1. NATIONAL CONFERENCES AND WORK MEETINGS	page 19
3.2. INTERACTION WITH INSTITUTIONS	page 20
3.3. PUBLIC RELATIONS	page 28
3.4. CONTROL ON THE ACTIVITY OF PRIVATE ENFORCEMENT AGENTS	page 32
3.5. INTERNATIONAL COOPERATION	page 34
3.6. SERVICES RENDERED TO CHAMBER MEMBERS	page 41
3.6.1. DEVELOPMENT OF ELECTRONIC ENVIRONMENT AND TECHNOLOGY	page 41
3.6.1.1. REGISTER OF PUBLIC SALES	page 42
3.6.1.2. REGISTER OF DEBTORS	page 43
3.6.1.3. BCPEA FILING SYSTEM	page 44
3.6.1.4. ELECTRONIC DISTRRAINTS	page 45
3.6.2. TRAINING	page 45
3.6.3. EUROPEAN SCHOOL OF ENFORCEMENT	page 48
3.6.4. ELECTRONIC DATA EXCHANGE WITH THE NATIONAL REVENUE AGENCY (NRA)	page 49
3.6.5. INFORMATION AND ADMINISTRATIVE SERVICES	page 50
3.6.6. SERVICES UNDER DEVELOPMENT	page 52
<b>4. REPORT OF THE DISCIPLINARY COMMITTEE AT THE BULGARIAN CHAMBER OF PRIVATE ENFORCEMENT AGENTS FOR 2016</b>	page 54
<b>5. REPORT OF THE CONTROL COMMITTEE AT THE BULGARIAN CHAMBER OF PRIVATE ENFORCEMENT AGENTS FOR 2016</b>	page 61
<b>6. FINANCIAL REPORT FOR 2016</b>	

## ADDRESS OF THE CHAIRPERSON



Dear Colleagues, Ladies and Gentlemen,

It is my pleasure to present the activity report of the Bulgarian Chamber of Private Enforcement Agents for 2016. I would not evaluate the past year clearly, as expected, on the one hand, to materialize the huge effort and work that we put in the previous 2015 in terms of changes in the Civil Procedural Code (CPC) and the project "Information Services" to

set up a unified electronic platform, and on the other hand, to build and run the following tasks of our program. Beyond our control, especially the totally surprising political situation, changes so important to people and businesses were put off for the next National Assembly. Beyond that, however, we achieved a lot in other directions, standing out the introduction of an electronic filing system of the Chamber and the creation of the European School of Enforcement (ESE) due to their significance.

The file-keeping program, except that enhancing the quality of work of the Chamber administration and bodies, represents the database, which collects and summarizes the case-law of the enforcement process, the Disciplinary Committee and the Supreme Cassation Court case law in many disciplinary cases and systematizes information for each PEA operating in the country. It will also support the activities of the supervisory authorities and that of PEAs and workers in offices that will have rapid access to information of interest to them.

We are extremely pleased that after more than 11 years of just discussing and talking, we were able to create and register the European School of Enforcement (ESE). It has the legal form of a public non-profit foundation. The school's main objectives are:

- Training, maintenance and qualification of judicial and public enforcement officers, employees in the PEA offices, and trustees;

- Training of legal and other professionals on the key issues and practical problems of law enforcement, the application of EU law in cases of cross-border enforcement of judicial acts and acts to absorb public revenue;

- Training of legal professionals to implement EU law, familiarization with international law and the right of other countries in the field of enforcement;

- Development and support of research and publications on legal and related sciences, particularly in the area of law enforcement.

The ESE is open to all who wish to acquire knowledge in the area of enforcement at home and in Europe, whether they are legal or not.

As a result of the Chamber efforts in 2016, the external environment has been far from strong negativity and hostility from previous years. Sporadic outbreaks of populism and politicking on the issue

was, but away from the seriousness and intensity of past periods. The BCPEA policy of complete transparency and openness, constant work with institutions and media awareness campaign jointly with the National Association of Municipalities has been fruitful. The Chamber will continue the same way in the future, because we are convinced that one of the main reasons for the fertile soil of negativity towards the profession is precisely the ignorance of the PEA function and role as a self-supporting entity, but performing public functions in the field of implementation subject to detailed rules and procedures, supporting unlimited civil, criminal and disciplinary liability, and under the permanent control of many state bodies and institutions.

The BCPEA supervisory function is always a top priority in our activities, especially in the last two years, during which we have performed checks on all firms in the country, produced recommendations to correct deficiencies and violations, and in the few cases of complete or partial failure we have initiated disciplinary proceedings. We have repeatedly stated that the law and the rules must be respected by all PEA and have no place among us people who do not realize the responsibility to perform public functions with very important people, business, the judiciary, the state and municipalities. For zero tolerance offenses and determination of the Chamber bodies to expose, punish and intersect any act of lawlessness, eloquently and statistics of the disciplinary action.

In 2016, the Chamber Board has asked to initiate 30 disciplinary proceedings against PEAs, compared with 19 requests in 2015, 18 in 2014 and 12 in 2013. The Council Decisions for disciplinary responsibility in 2016 are more than double those of the Ministry of Justice, which refutes the argument of detractors for a lack of control of the "dog does not pull". In turn, the Disciplinary Committee which, although formally part of the BCPEA, is virtually an entirely independent body, has established a total of 63 decisions, including 4 reprimands, 38 penalties, 2 warnings for disqualification and record 6 disqualifications. I take advantage to thank the Disciplinary Committee members for the tremendous amount of work done, and for their impartiality and responsibility.

The trend to increase the incoming complaints to BCPEA, which in 2016 totalled 620, for comparison: 2015 - 522, 2014 - 449, and 2013 - 484. The Chamber is extremely serious about their supervisory activities, devote significant resources to carry out an inspection on each complaint. Much of each Council meeting is dedicated namely to the examination of signals and complaints received. Some populists is often speculated topic complaints against the PEA. A significant portion of the citizens are unfamiliar not only with the rights and procedures, but also with the PEA functions and powers (surveys of the information campaign once again prove it) by unfairly blaming PEAs for the actions of the other party in the process of judicial decisions and arrest proceedings for accrued interest and expenses for legal fees, lawyers and legal advisers to liens imposed on social benefits, pensions and wages in bank accounts, etc. On the other hand, enforcement in general is a highly confrontational activity in which we are forcibly entering into the privacy of one of the parties in the process and is normal to produce unhappiness. There was such when the enforcement was carried

out only by enforcement agents within the Regional Court, there will be such in the future, as in other European countries, some with functioning private enforcement for centuries. For the number of complaints it is of great importance to limit the possibilities of the new Civil Procedural Code (CPC) to appeal the actions before the court. The BCPEA statistics indicate just that - since 2009 complaints sharply increased, double more at the time. Therefore, the Chamber proposes to widen the circle of the contested acts under the Civil Procedural Code (CPC). Last but not least it should be recognized that on average annually in the country about 200,000 executive cases are formed. The rate of all 620 complaints referred to them is only 0.31%, but the ratio is correct to refer complaints to all pending cases (complaints are not only for newly formed cases). Pending cases are around 900,000, which means that only 0.07% of the cases lodged are associated with any complaint. If only legitimate complaints are transformed as a percentage, it will be clearly seen that the topic is subject to absolutely unjustified speculation. Of course, for the BCPEA any legitimate complaint is of great importance, any victim of any offense deserves all our attention and therefore we devote so great resources and efforts to control our activities.

On one of the topics in our program, although there is some progress, we still have not achieved the result that we pursue. Unfair competition between PEAs in its various forms is distorting "the market", reflects negatively not only creditors but the debtors and has a demoralizing effect on the whole system. So in 2017 we should devote more attention and effort on this issue.

Although significant amendments to the Civil Procedural Code (CPC) remained for the next National Assembly, in 2016 the legislative framework for enforcement has been improved. Amendments to the Special Pledges Act (SPA), the Commercial Act (CA) and the Civil Procedural Code (CPC) in terms of legal adviser wages on the one hand, assign additional functions to the PEAs and on the other hand, solve serious problems of litigants and of PEA as a body for implementation. Enforcement proceedings will now continue against the property of third parties that have secured obligation wherever the trader previously was subject to deletion from the Commercial Register. Claims filed in the bankruptcy proceedings wherever is collateral from third parties will not be deleted, the private enforcement agents will be able to make entry into possession of Article 35 of the Special Pledges Act (SPA) in both execution proceedings against the whole enterprise as well as in pledged enterprise with real estate inclusive. It has refined the regulation on the pledgee accession in enforcement proceedings, ways of establishing follow-up stakes, competition between enforcement under the SPA and the Civil Procedural Code (CPC), etc. The repeated position of the BCPEA in terms of legal adviser remuneration, namely, given that it is not actually paid to fellow lawyers, and with them systematically abused, they have become a hidden form of profit not only to financially strong entities, but to companies whose sole purpose is to gain huge profits from small obligations on the back of debtors. The Chamber has been in a year-long battle to suppress these ugly schemes, but they are constantly changing and improving. The negatives are on the account of each PEA and the profession as a whole, because people mistakenly think that their

debts increase several-fold because of PEA fees. Therefore, we publicly announced that those lawyer royalties should be removed from the Civil Procedural Code (CPC). The Ombudsman and the lawmakers did not dare to get that far, but amendments to the Civil Procedural Code (CPC) should reduce the size of this obvious abuse of procedural rights.

Since the beginning of 2017, a register of all bank accounts and safe deposit boxes will go operational with the BNB. This register will solve other problems of debtors, creditors and the PEA system. Pledges will no longer be garnished blindly, respectively to charge extra, sometimes disproportionate to the amount of debt costs and this method will be used as a form of unfair competition among the PEA.

In 2016, the Chamber continued the excellent cooperation with the Ministry of Justice at all levels, including the Inspectorate under the Receivables Act and financial inspectors under the Law on Private Enforcement Agents (LPEA). There were many meetings between the institutions on various issues and problems. The Chamber will continue to work closely with the Ministry inspectors, because this is the way to achieve full and effective control over the law offices. It is not an end in itself but a means for all PEAs to strictly comply with the law and rules.

At the request of the BCPEA, a very important working group was set up to analyze, assess and improve the regulations to LPEA. After nearly 11 years of work, we can clearly highlight weaknesses in the regulations and should remove them. The group will continue work in 2017 and we hope to have it completed successfully within a few months.

In 2016, in all PEAs from the latest competition were sworn in, the profession is already working at full capacity, the number of private enforcement agents reached 202 people. I take this opportunity to congratulate the new colleagues in our profession, to wish them success and never deviate from the oath they swore: "I swear to strictly abide by the Constitution and laws of the Republic of Bulgaria to perform honestly, conscientiously and impartially my professional duties ..."

Last year the Chamber continued to pursue a consistent policy of active interaction with institutions - ministries, National Assembly, National Revenue Agency, Ombudsman, BNB, various agencies, Supreme Judicial Council (SJC), courts, municipalities, businesses and banks, the Bar Association and the Notary. There were dozens of meetings with their representatives. An important point in the talks is the government's award of public debts to PEAs, which proved to be the most effective legal instrument for receivables recovery in Bulgaria. Indicative for this are results of collaboration with municipalities, which significantly and sometimes at times increased collection of public receivables. Not accidentally, the National Association of Municipalities accepted our invitation and we became a partner in the information campaign "How to protect your rights as debtors and creditors", for which we particularly thank them. In 42 municipalities, from the largest to the smallest ones, PEAs met people and answered their questions. Over 500 people attended the reception where besides talking with PEAs they were given free brochures with answers to many questions related to their rights as

creditors and debtors. For us feedback from people is very important and by filling anonymous questionnaires with 15 questions. Results are indicative, confirming our previous observation that a significantly larger proportion of people who do not know their rights and obligations of the parties in the enforcement process. The percentage of respondents did not know or know only imperfectly rights and obligations is 70 people. Only 21% are estimated to be familiar. At the same time a large group of citizens respond that it would take time to be informed about these issues - 82%. Legislative proposals of BCPEA were appraised by the citizens. And it is definite, not tentative approval. We asked for feedback on four proposals - electronic distraints, electronic auctions, out-of-court debt collection with the introduction of free procedure, legal guaranteeing of social benefits. It can be seen from the figures themselves that in all cases they enjoy the support of more than 2/3. A special court for collection of small debts - the idea that the Chamber launched this year - has reaped almost maximal approval.

Especially I would like to thank all colleagues, PEAs and lawyers in their offices who devoted not only their busy time, but engaged with the whole organization of the reception offices.

We pay special attention to the implementation of the agreement with the Supreme Judicial Council. We will continue to work actively in this direction, because in addition to fiscal objectives and prevention for payment obligations, we believe that there can be no rule of law where the rules, respectively sanctions for their violation, are not respected and applied effectively. The actual collection of receivables of courts is of utmost importance to us, in many cases it comes to fines, including criminal convictions. What punishment has the convict received on an offense if the pronounced fine remain only on paper? The PEA results in 2016 in cases of collection of receivables of courts will be known after the preparation of this report, but we will pay special attention and make them public. However, worth noting are legislative and practical attempts to artificially create job for public enforcement agents. Instead of following the principle "to find someone to do the job", they apply the notorious principle, known for decades to all Bulgarians, "to find a job for this guy." And it is so, provided the most objective criterion for the efficiency of private enforcement agents - assessment of creditors, including public ones, explicitly and at times in favor of the PEA, provided that the collection of court receivables by the PEA is free for the budget and taxpayers, while for public enforcement agents they paid all expenses from the budget of the relevant court for paper supplies, postage and etc., which may exceed the amount of the claim itself. Not to mention the legal and moral aspect - how impartial and objective could a public enforcement agent could be when collecting receivables from the same court, which pays their salary.

As a summary of the role and importance of the PEA work with public institutions, I dare quote the answer of a local mayor, posted on the website of the municipality. Asked "Why the municipality contracts a PEA instead of a public agent to collect public receivables?", the answer is: "The PEA activities resulted in collection of receivable on municipal cases worth of millions of leva that flowed into this budget in order to do good things for the

city and region as a whole and to implement the social policy of the municipality."

The Chamber continues to have an active policy of close cooperation and collaboration with our colleagues from Europe, while maintaining very close relations with the International Union of Judicial Officers, which unites 87 countries worldwide. Our representatives participated in a number of international forums, including in Kazakhstan and Russia. For the needs of electronization in our work and the enforcement process, Bulgarian colleagues visited the Baltic countries where they were introduced on field with their outstanding achievements. In November last year, we organized a visit of delegations from Lithuania, Latvia and Estonia in the country, held roundtable meetings and our guests, namely Minister of Justice Mrs. Ekaterina Zaharieva and MPs from the Committee on Legal Affairs. The experience of the three countries is of great importance for improving the Bulgarian system. It was impressive to see not only electronic auctions conducted by colleagues and the single electronic system for access to all information on debtors, but the overall legislative framework. In all three countries there is no state enforcement, only private agents operate, and in one of them public agents do not even exist. All receivables - public and private - are collected by the PEAs which are highly appraised in their work by the state and the society and they have been commissioned functions of serving any papers, fact-finding, acting as receivers in civil bankruptcy proceedings, out-of-court debt collection, etc.

In the past 2016, we closed a record number of enforcement cases - 105,000 and after the downward trend of new cases in recent years they have again increased - 210,000. Compared with 2015, when the submitted cases were 175,000, the increase is by about 17%. The growth is mainly due to the PEA assigned public debts of the judiciary and municipalities. The amount collected for another year exceeds BGN 1 billion, and worth noting is the continued downward trend of cases in favor of banks and retaining businesses, citizens and the state as the primary user of the PEA system.

Some of the key priorities for the Chamber's development next year were mentioned above - adoption by the National Assembly of our proposals for improving the legislation, the draft electronic platform for access to information, increasing efficiency, quality of performance and professionalism of private enforcement agents in collection of public receivables, optimization of monitoring for compliance with the law and the Code of Ethics, including in respect of unfair competition and enhanced cooperation with the institutions and the media.

**GEORGI DICHEV,**



CHAIRPERSON OF THE BOARD OF BULGARIAN CHAMBER OF PRIVATE ENFORCEMENT AGENTS

## 1. GENERAL REVIEW OF THE PRIVATE ENFORCEMENT SYSTEM

Private enforcement operates in Bulgaria since 2006. It was introduced by a special law after political consensus, support from the judiciary and the approval of the banks and all business organizations. For eleven years now, private enforcement has been functioning effectively as it was the result of joint efforts of the representatives of various legal communities, and it was founded on political, expert and public consensus that we have seldom seen in modern times. The reform of law enforcement was then carried out with the support of the US Agency for International Development (USAID) and the Institute for Market Economics. As a result, the World Bank defined the law enforcement reform and the introduction of private enforcement agents among **the 10 most successful reforms worldwide for 2006.**

Today we have on the agenda is a comprehensive reform of the judiciary. The Bulgarian Chamber of Private Enforcement Agents supports the efforts of the executive and of the judiciary, so that it protects the public interest. For 11 years ago we have demonstrated how a part of the judicial system can be reformed and t effective years to partner successfully not only in business but to even a larger extent the state, municipalities and citizens. This is proof that wherever there is a will and common action among the political spectrum, judiciary, NGOs, business organizations and international partners, then things are feasible.

Today it is clear that the private enforcement system has managed to become an effective regulator of the business, a source of revenue for state and municipal budgets, a tool for solving problems with amounts due to employees, citizens, households. Statistics and figures on our activities are adamant - without PEAs, return of debts, stability and security of the economy and citizens would be at risk. For 11 years PEAs have recovered to citizens and businesses over BGN 7 billion. For 11 years we have contributed directly to the state budget BGN 700 million. Today the PEA law offices employ several thousand officers. In the first years of our profession, there has been a lot of talk about the PEA role as a business regulator. For the billions of levs we have recovered to the business and the state budget. Now, in addition to this function, another one is easily detectable - the social one - allowances, claims under employment contracts, transfer of children. This is also part of this profession. Therefore the recognition they receive from Bulgarian institutions, courts, businesses, academics and other legal professions comes as no surprise.

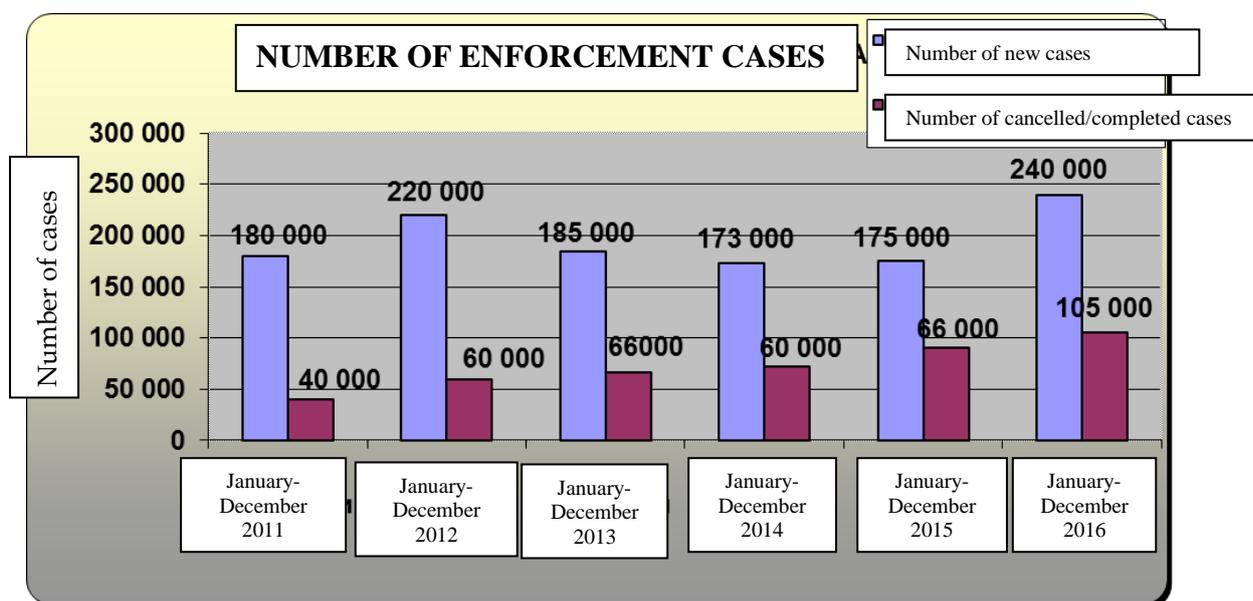
At the end of 2016, a total of **202** law offices of PEAs operated in our country, employing over 2500 employees.

The status and development of the private enforcement system in numbers for the last 5 years looks like this:

<u>Initiated cases:</u>	<u>Completed cases:</u>	<u>Amounts collected:</u>
2012 - BGN 220,000	2012 - BGN 60,000	2012 - BGN 1 billion
2013 - BGN 185,000	2013 - BGN 66,000	2013 - BGN 1.135 billion
2014 - BGN 173,000	2014 - BGN 72,000	2014 - BGN 1 billion
2015 - BGN 175,000	2015 - BGN 90,000	2015 - BGN 1.025 billion
2016г. - BGN 210,000	2016 - BGN 105,000*	2016 - BGN 1.030 billion *

**\* Remark: Data for 2016 are estimates, since they are still being collected and summarized.**

For eleven years since the inception of private law enforcement in Bulgaria, **1,500 million cases** were initiated, **520,000 cases** were closed and the total amount collected exceeds **BGN 7 billion**.



In 2016, complaints submitted through Private Enforcement Agents (PEAs) to district courts total approximately 4200, including nearly 425 cases upheld by the relevant court.

The majority of Private Enforcement Agents (PEAs) in Bulgaria have authorized their assistants - in 2016, a total of 201 Assistant Private Enforcement Agents (PEAs) worked throughout the country. Customers of the PEAs are not only companies, banks and businesses in general, but Bulgarian citizens with claims as civil relations and for wages, allowances and child transfer. Given that fees for those debts are not paid by the creditors, but have to be paid from the budget of the relevant court, but that does not happen, in fact PEAs finance on their own such cases, which is a considerable amount.

**Cases of PEA in favor of the state, municipalities and citizens are growing.** According to statistics of the Bulgarian Chamber of Private Enforcement Agents for 2015 and 2016, respectively 175,000 cases and 210,000 cases were initiated. Figures indicate the enhanced social function of PEAs. We recover increasingly more "public money" and in the poor financial situation of Bulgarian municipalities, they prefer to work with PEAs. Almost all of the municipal

administrations already use the PEA services. Since 2014 we have 120% growth in cases of local administrations.

Law offices use modern technology in their secretarial work. Access to information on debtors, a significant part of which is now received electronically, ensures speed, which is key for the process.

#### **Distribution of cases**

Cases in favor of:	I-VI 2016	2015	2014
Traders and other legal entities	60,300	100,500	97,400
Banks	12,500	27,600	36,000
Citizens	12,200	17,700	23,100
State	27,100	23,500	21,200

Private law enforcement in Bulgaria meets all European criteria for a modern, lawful and effective business.

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

Since its inception on November 26, 2005 the Bulgarian Chamber of Private Enforcement Agents (BCPEA) has succeeded, despite many difficulties created by opponents to reforms, to establish itself as a good partner for both Bulgarian and international institutions, while striving to introduce high standards of professionalism and Code of Ethics for Private Enforcement Agents (PEAs), while maintaining effective working relationships with public authorities and institutions, and offering a wide range of services in support of its members. For 11 years we have laid the foundations of private law enforcement and reached the limits at this first stage. The BCPEA is now an institution and plays a key role in the mechanism by which the state and the law fulfil their commitment to the society and the national economy. Any state institution, state structure, community or court would affirm the PEA effectiveness. After 11 years of hard work, although experiencing the undeserved negative effects from the economic crisis, PEAs demonstrated that they operate for the benefit of the whole society by enforcing the rule of law and restoring justice. 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 profession.

PEAs operate on the territory of all district courts in the Republic of Bulgaria, which are currently 202, including 102 men and 100 women. At the end of 2014, the Minister of Justice by Order No. LS-I-1077 dated October 20, 2014 called a contest for PEAs for 68 new vacancies nationwide. The written exam took place in 2015. As a result, 44 colleagues successfully passed both exams and were sworn in with PEA powers. A total of 33 new PEAs were sworn in by the end of January 2016. The results of this contest were partially appealed in the Supreme Administrative Court for some judicial districts - Smolyan, Plovdiv and Varna. As a result of appeals, the inauguration of the new PEA slowed considerably. A total of 33 new PEAs took office in the period from December 2015 to the end of January 2016. One PEA gave up his right to take office, and 10 colleagues in regions Varna and Plovdiv stepped into office at different time in 2016, the Justice Minister's order to take effect for them. Recent

new PEA of winning the competition in 2015 were sworn in on the eve of Christmas and New Year holidays - the last month of 2016.

During the reporting period, three PEAs with area of competence within District Court of Shumen, District Court of Targovishte and District Court of Sofia, lost their powers pursuant to Article 31, paragraph 4 of the Law on Private Enforcement Agents - for a term of 1 year, one PEA for a term of 3 years and one PEA for a term of 5 years. Two PEAs - with area of competence within District Court of Plovdiv have recovered capacity after the end of their penalty pursuant to Article 68, paragraph 1, section 4 of the Law on Private Enforcement Agents - debarment for a period of respectively 3 years and 1 year.

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

The Chamber governance is executed by a Board of eleven primary members and one alternate member, while as of 31 December 2016 the administrative management is entrusted to a team of eight employees on permanent employment contract and three employees on civil contract. The Bulgarian Chamber of Private Enforcement Agents (BCPEA) is financially independent and receives no funding from the state.

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

In order to outline an objective picture and properly assess the reporting period, this year the Chamber has 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.

This year 40% of the total number of private enforcement agents responded to our assessment questionnaire. We sincerely thank all colleagues who participated in the survey and were very objective and critical in their personal assessment as members of the industry, as it is important for the BCPEA management and the administration with a view to correcting and improving activities in future periods. The summary of answers filled in the questionnaires has produced the following results:

<b>Please, assess the Chamber's the activities, according to its contribution to your work and its usefulness in response to your needs and expectations</b>	<b>Below the expectations (1-3) Beyond the expectations (4-6)</b>	
	<b>Average score</b>	<b>Percentage of satisfied expectations</b>
<b>Are you satisfied with the activities of the Bulgarian Chamber</b>	5.28	87.92%

<b>of Private Enforcement Agents as your professional organization?</b>		
How do you assess the services rendered by the Chamber?	5.33	88.89%
Administrative services	5.48	91.35%
Trainings	4.97	82.90%
<b>How do you assess the governance of the Bulgarian Chamber of Private Enforcement Agents?</b>	5.48	91.41%
Activities	5.42	90.30%
Readiness to communicate with its members	5.44	90.72%
Communication with the media	5.48	91.32%
<b>How do you assess the administrative staff of the Bulgarian Chamber of Private Enforcement Agents?</b>	5.58	93.02%
Activities	5.61	93.46%
Communication with the members	5.59	93.25%
In due time	5.58	93.04%
To the extent needed	5.58	92.98%
Overall attitude	5.62	93.64%
<b>Overall assessment of the Chamber's activities according to the needs, expectations and usefulness to its members</b>	5.20	86.67%
<b>What is the quality of materials produced by the Bulgarian Chamber of Private Enforcement Agents?</b>	5.20	86.62%
Website	5.18	86.32%
Register of Debtors	5.43	90.51%
Register of Public Sales	5.31	88.53%
<b>How do you assess the training organized by the Bulgarian Chamber of Private Enforcement Agents?</b>	4.90	81.74%
Lecturers	4.86	81.01%
Content of educational materials	4.90	81.62%
Quality of training materials	4.97	82.91%
Price	4.65	77.43%
Number	4.61	76.79%
<b>Public Relations</b>		
Overall contacts with media	5.25	87.56%
Number of articles published about private enforcement agents (PEAs) in media	5.22	86.97%
Quality of media coverage and their effect on the profession of Private Enforcement Agents (PEAs)	5.04	83.97%
Interaction with the institutions	5.08	84.63%

Computerization of law enforcement procedures	4.77	79.44%
Improving the institutional environment for the work of Private Enforcement Agents (PEAs)	4.82	80.34%
<b>How do you assess your personal participation and contribution to the activities of the Bulgarian Chamber of Private Enforcement Agents?</b>	3.69	61.54%

After processing and analysis of the results, we reached the general conclusion that overall estimates for 2016 remain unchanged compared to previous years. The evaluation of the PEAs given to administrative staff of the Chamber, which is traditionally high, is the same in absolute terms in 2016. All PEAs who have filled in and sent questionnaires /a total of **79** colleagues/, clearly indicated in their responses that they are satisfied with the work of the Chamber and believe that there is progress and development. The overall assessment received for services it provides and its usefulness for the individual PEAs is **5.28** on a six-point scale, performing administrative services for members and this year assessed with the highest score - **5.48**.

A total of 78 respondents have determined the BCPEA activity as generally positive, but 1 PEA did not answer this question. With regard to the question of whether in 2016 there has been progress in the Chamber's overall work in comparison with 2015, the majority of respondents find such progress and it is for good only - appreciated the efforts of the Chamber governance to introduce comprises the electronic proceedings, a positive attitude in society towards the profession and improving and facilitating the PEA work. Several colleagues have shown that we can always strive for more results, and several other or can not judge since they became members in 2016 and have no basis for comparison compared to BCPEA activity in previous years. Two PEAs see no change in the work of the Chamber compared to 2015. It is indicative to mention the opinion of a PEA, who says that over the years all experience gained (in general for the BCPEA and separately for each PEA) brings us wisdom, knowledge and shows us both the mistakes and the positive impact of our overall daily work.

In summary, we should take into account the good results in the Chamber management's work and the excellent testimonials for administrative staff of the Chamber. The average score on the management activities in 2016 is **5.48** (compared to assessments made in 2015 it was 5.33, 4.91 in 2014, and 5.29 in 2013), while the administrative team is rated with **5.58** (for comparison: 5.63 in 2015, 5.63 in 2014, and 5.63 in 2013).

The most useful activities in the service and interest of members during the reporting period, the huge number of respondents suggest:

- Active work on expansion of cooperation with a number of key institutions like SCM, municipalities, government agencies, etc.;

- Active participation of the BCPEA and MJ legislative initiative for changes in the Civil Procedural Code (CPC);
- Excellent and fruitful communication with the team of the BCPEA and immediate responsiveness of administration officials on a request for information and assistance on the activities in offices - comprehensive support, help, understanding and assistance in all problems raised; trust and developed over years of vocational collegial respect;
- Timely notification of any significant changes in legislation;
- Implementation of proper feedback with the BCPEA bodies and stabilizing and raising the BCPEA prestige;
- Information about the actions and communications with the authorities, which would facilitate the PEA work;
- Workshops organized by the Chamber to enhance the professional qualifications and working conferences, and the possibility of them for having meetings between colleagues in the profession;
- Protection of the PEA from populist and incompetent statements and opinions in the media /including clarifying the nature and PEA activity/ overcome the high degree of negativism and aggression against the occupation of the previous year;
- Thanks to BCPEA accessible site for public sale, notices of PEA reach an unlimited number of users, which facilitates the realization of real estate;
- Immediate assistance and logistical support from the Chamber administration for the adoption of new PEAs into the sector, etc.

With regard to the adequacy of the amount of membership dues to the activity of the BCPEA, opinions this year consolidate about indisputable opinion that the dues to the Chamber's activity is proportionate, adequate, fair, reasonable and balanced - unlike in 2015 when they were quite controversial. The questionnaires have no proposals for change in the principles for formation of the annual contribution. Two of all 79 respondents believe that the contribution rate is slightly higher. Last but not least there is a small number of members of the Chamber who believe that the size of the membership fee is low and should be raised for those PEAs who can afford it. In their answers they share the opinion that the Chamber financial independence is very important and would help to implement new and innovative projects, which will enhance the credibility of our organization.

An essential part of the questionnaire criteria refers to public relations, including our media cooperation and the Bulgarian Chamber of Private Enforcement Agents' interaction with the Bulgarian public institutions. Judging by the final result of the respondents' answers, they have comments with regard to the Chamber's status as their professional organization with regard to 2016 compared to the previous year of 2015.

For the criteria "Interaction with Institutions", "Electronics in procedures for enforcement" and "Improving the institutional environment for work" assessments this year are quite positive, although the opinion of the PEA on these indicators remains traditionally skeptical and reduced to other activities and initiatives of the BCPEA. Estimates of colleagues in this field can

be summarized as follows: better and higher than previous years, assessment of interaction with institutions - **5.08** /comparing to 2015 - 4.93; 2014 - 4.14/ and achievements in the field of computerization of court procedures performance - **4.77** /comparing to 2015 - 4.70; in 2014 - 4.21/. Regarding the indicator "Improving the institutional environment for job", satisfaction levels remained the same as in 2015, PEAs gave an overall rating of **4.82**.

Markedly high ratings are given by PEAs in respect of all media work, the quantity and quality of published press materials for the PEA and the effect they have had on the profession. This is largely due to the fact that since the beginning of 2016 the Chamber has employed on employment contract a professional with extensive experience at the position "Public Relations and Protocol." This fact is affirmed by the overall results of the answers to these questions: overall media work for the year is estimated by the sector with a score of 5.25 /significant increase of the assessment under this criterion compared with 2015, when this indicator was of value 4.97, and even more in comparison with 2014 - 4.14/. It should be noted that for the PEA activities during the past 2016 hundreds of materials were released into the media, it is clear that this policy has produced results - objective, informative and useful for people publications are much more than before. Estimates of the quantity and quality of materials published in the media are respectively 5.22 and 5.04 /for comparison, in 2015 these indices were 4.97 and 4.94/. Contributing to this have are two workshops with media representatives during the year, and the BCPEA will continue to organize to reach objective information to citizens.

Overall, a significant portion of respondents share the opinion that the PEA professional conduct and actions are regulated clearly in the legal framework of enforcement. Expectations of the Chamber to its members are clear and just have to be performed. Asked what the Chamber can do, according to PEAs, to assist their work, their answers are very diverse and focused mainly on:

- Legislative initiatives to obtain electronic access to all available information about the debtor. More interaction with institutions and in particular in the field of electronics in procedures for enforcement. Introduction of electronic distrains. Introduction of electronic auctions. Remote access to the records of the traffic and immobilization of the vehicle. Electronic link with databases of regional and municipal agricultural offices on ownership of agricultural land and forestry, agricultural and forestry equipment, drawings and specifications;
- The BCPEA main task is to affect the social environment as regards the public acceptance of PEA activities as necessary and socially significant. To continue to protect the image of the sector. Generalization and uniformity of judicial practice. To provide methodological guidance and comments on the court case law. To work more on the consistency between all the PEAs and standardizing practices across all offices. To have a

uniform view on contentious issues in the PEA activities in order not to avoid contradictory practice and malpractice;

- Fight against bad practices and relationships between colleagues in the sector;
- To deepen work with the Ministry of Justice (MJ) on joint control function;
- Urgent changes in legislation concerning archiving/destruction of closed and completed cases;
- To improve the information base regarding disciplinary practices. Recommendations and best practices to streamline and have easier access through the website. To consult BCPEA members on various issues and to generalize and systematize the information received;
- A large number of training as a whole. Organizing more workshops with practical focus for the PEA and their employees. To improve the selection of training topics on the issue of judicial practices and admire all the good practices of colleagues;
- So far what is done is enough. The rest depends on each individual member.

We thank all colleagues who have openly expressed their critical comments. Responding PEAs have made recommendations in the following areas to improve the Chamber activities as a whole in 2017:

- To improve relations with all institutions - including National Assembly, ensuring that the work of the Legal Committee and is doing everything possible to participate in working groups and submitted opinions on anything that could concern our activities - Ombudsman, Council of Ministers, Association of Banks in Bulgaria (ABB), Association of Debt Collecting Agencies, NGOs, having or commenting on issues related to the PEA activities. Activity of the BCPEA in case law, in particular the Civil Procedural Code (CPC), Tax Insurance and Social Security Code, LPEA, Tariff for the LPEA, etc.;
- It has not overcome the negative attitude of the legal community and institutions to PEA. Changes to the Civil Procedural Code should be more active. To launch ideas and to promote through discussions, conferences, meetings with representatives of different backgrounds - lawyers, judges, municipalities and state institutions;
- To strengthen preventive work with the media and to avoid any sporadic campaigns. More media coverage of the Chamber governance to explain the PEA activities and in particular benefits for the citizens on this activity. To draw more brochures and materials with instructions regarding latest amendments to the laws of the Republic of Bulgaria. Work in social networks via an external agency;

- To purchase urgently a building for the Chamber. Should we buy our own property, the administration would be able to work better;
- More and more diverse workshops. More training in financial problems in our activities. To introduce webinars as a form of training;
- To continue to protect the sector image. To provide methodological guidance and comments on the court case law. Giving practical advice on the operation as a whole. To work more towards unification of the work in all PEA law offices and activities. To show good practices of the PEAs;
- To fight against corruption among certain PEAs and banks;
- To improve communication with new software of BCPEA;
- To extend the electronization of the procedures for enforcement. To improve the functions of the Register of Public Sales: publication of notices, files and photos, with the ability to use previously uploaded listings and photo files that can be changed only dates and prices similar to identical websites offering and sale of property. Ability to automatically backup /download/ of underlying public sales. To add new functionalities - subscriptions to buyers set criterion;
- To consider the creation of common software for PEAs for common use and thus to unify blanks and forms, as well as the overall activity of all members of the Chamber;
- To improve communication with individual members. The guide includes more active members in their work;
- BCPEA performs all actions optimally. To continue in the same spirit. Development in the same direction;
- I can not decide. I have no recommendations.

PEAs this year awarded a slightly lower than usual rating - **3.69** - /compared to 3.84 in 2015/ for their personal involvement and contribution to the work of the Chamber. This upward trend gives hope to the BCPEA management that colleagues realize the importance of personal motivation and commitment of each to the common cause. The overall positive performance of the BCPEA for 2016 in support of this assessment proves that success is due to our common efforts for progress and prosperity of our organisation.

### **3.1. National conferences and work meetings**

In 2016, the Chamber Board continued to organize national conferences of PEAs because they obviously benefit the participants and re appreciated by most members of the industry. The Chamber Board organized two national conferences to discuss current issues and problems arising in the PEAs practice. Forums were taking place in a spirit of open dialogue and active discussion on common problems, exciting colleagues in specific regions and across the country.

On May 28, 2016 National Conference of PEAs was organized in Hotel "International", resort Golden Sands. During the conference it has discussed a bill on amending the Civil Procedural Code. The Chamber Board presented the Chamber proposals - the work of experts in the working group at the Ministry of Justice - and prepared for submission to parliament. The conference agenda included crucial issues related to the daily activities of the PEA offices. They discussed in a number of specific procedural issues and problems of law enforcement, including established divergent practices regarding charging fees and costs of enforcement cases of PEA and violation of local jurisdiction. We presented a report on monitoring activities conducted from March to May 2016 in the offices of 35 PEAs, which in the first stage of checks were found to have deviations from best practices and provided recommendations to refine the activity. The Chamber governance also presented to colleagues a report on meetings with institutions from the beginning of the year and discussed projects BCPEA in action, working with the media, including the conduct of a football tournament between private enforcement agents from the Balkan countries. During the conference, in the presence of their colleagues from across the counts 5 new PEAs were sworn in, with area of operation of District Court of Plovdiv.

On September 17, 2016 in the town of Tryavna an Extraordinary General Meeting of the Bulgarian Chamber of Private Enforcement Agents took place. It was convened due to the need for adoption of amendments to the Statute of the BCPEA and to update the Chamber budget for 2016 in connection with the decision to purchase a new office of the BCPEA and the establishment of the European School of Enforcement. The meeting ended with a vote and adoption of these important decisions that will have an impact on the future work of our professional organization.

The Second National Conference of PEA for 2016 was held on December 3 in Sofia, Park Hotel "Vitosha" and it was dedicated to the celebration of the Day of the PEA and 11<sup>th</sup> Anniversary of the Chamber. On this occasion, President of the BCPEA opened the conference by welcoming colleagues for the holiday and made a brief flashback of successes, achievements, battles and sector issues in their daily efforts to promote the profession's image in society. The conference reported results of the BCPEA in 2016. They presented a report on the BCPEA meetings with Bulgarian and international institutions and implementation of activities under the agreements concluded for recovery of state bodies, such as Supreme Judicial Council (SJC), Financial Supervision Commission (FSC), Council of Electronic Media (CEM). It was officially presented the results of the national information campaign by BCPEA in partnership with the National Association of Municipalities in Republic of Bulgaria, which was conducted by the slogan: "How to protect your rights as debtors and creditors." The Executive Director of the European School of Enforcement, Mr. Dragomir Yordanov, which received its registration on November 17, 2016, to the attention of fellow action program of the school for 2017. During the conference, in the presence of colleagues from country 4 new PEAs with area of operation District Court of Varna.

This year we celebrated properly our professional holiday! On this pleasant occasion and as a logical and deserved consequence of a

busy year, professionally evening after the National Conference had the pleasure to organize the traditional celebration of the feast of a dinner in private, without the presence of foreign guests. Meaningful communication between colleagues across the country is something that is rare in the hectic and busy lives. That's why this format of holding the festival like most of his colleagues and they expressed their desire to continue it in the future.

By organizing national conferences and workshops of the PEAs, and continuous communication that flows by e-mail between the administration of the Chamber and its members, the Chamber Board seeks to pursue a policy of information, so that all colleagues to be constantly aware of the activities and commitments of our professional organization.

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

The Chamber Board's work in the past 2016 with the government, media and public organizations was extremely intense. The activity in this period was primarily determined largely by the development agenda of the Chamber that President and his team say more in their choice during the General Assembly at the beginning of 2015. However, we can not assess the past year clearly as expected on the one hand, to materialize the huge effort and work we make more than the previous 2015 regarding changes in the Civil Procedural Code (CPC), on the other - to build and run the following tasks of our program. Beyond our control, especially surprised all political situation, so important for people and businesses change remained for the next National Assembly.

Throughout 2016 the Chamber continue to pursue a consistent policy of active interaction with institutions - ministries, National Assembly, Supreme Judicial Council, the NRA, BNB, agencies, courts, municipalities, businesses and banks, Bar Association and Notary Chamber. It has implemented were many initiatives, meetings and interactions to create opportunities for constructive legislative changes, effective communication and exchange of documents electronically. An important point in the talks with the government was the award of public debts as PEA proved to be the most effective legal instrument recovery in Bulgaria. Indicative results of collaboration with municipalities, which significantly anywhere and at times increased collection of public receivables.

#### **THE NATIONAL ASSEMBLY**

The activity of the governance of the Chamber in 2016 was largely related to the legislative initiatives by the National Assembly on the Civil Procedural Code, which are in the interest of citizens, government and business, namely:

##### **1. Creating a guarantee for inaccessible receivables on bank accounts:**

- children, hospital, social benefits
- pensions and wages for work

##### **2. Extending the scope of contested actions, including:**

- refusal of enforcement to stop, suspend and complete enforcement case
- refusal to carry out a new assessment by experts in contesting the fixed price of the property
- costs of implementation, whether private enforcement agent held an explicit act for them
- decrees awarding movable property, when sold under real estate

**3. Creating guarantees of objectivity and fairness of the assessment of movable and immovable property:**

- obligatory participation of an expert, except in small amounts obligations where appreciation is not economically justified
- in contesting the price, no new assessment to another or more experts is necessary
- the starting price at the first public sale can not be lower than the assessed value of the property

**4. Creation of additional safeguards for the rights of defense of debtors:**

- initiation of enforcement cases of residence or domicile of the debtor
- aggravated transfer of enforcement cases between private enforcement agents in the same area
- mandatory appointment of a special representative when the debtor can not be found
- stopping the public sale at importation not 30, but 20% of debt

**5. Increasing the final prices of the ongoing auctions and eliminating opportunities for manipulation by bidders:**

- public sale of groups of objects, not just individual ones
- participation only with one bidding proposal and the irrevocability thereof
- extending the deadline for submitting price opportunity to participate with a bank loan

Increasing the auction starting price of 75% to 90% of the value of the property at first sale and from 80% to 90% of the initial price of the previous sale on subsequent sale;

**6. Computerization of the enforcement process:**

- Introduction of electronic distraints

**7. Introduction of electronic auctions, voluntary sales and an option to purchase real property with credit:**

- The Ministry of Justice establishes and maintains an online platform for electronic public tenders
- movable and immovable property subject to enforcement should be sold without the participation of PEAs at electronic auctions.
- the purchase of property can be financed by a bank or credit institution registered under the Credit Institutions Act
- at the written request of the property owner to enable it to be sold through the platform - a voluntary sale.

- complete reliability and transparency of the procedure

**Changes that lead to real fulfillment of the obligations of personal relationships and transmission of child:**

- If the debtor fails to comply voluntarily, the private enforcement agent can impose a fine pursuant to Article 527, paragraph 3 for each default and with the assistance of police and the mayor of the municipality, region or town hall to take a child and forcefully to submit it to the creditor

**8. After the entry into force of the decree imposing a fine, the same shall be sent to the National Revenue Agency, which gives the same private enforcement agent its collection under the Civil Procedural Code (CPC).**

**9. Proposed amendments to the Ordinance on the payment of State awarded maintenance**

- In favor of people who receive alimony awarded by state.

We, at BCPEA, are aware of the shortcomings in law enforcement and therefore insist on legislative changes in the Civil Procedural Code (CPC) to restore the balance between debtors and creditors, without fear about the speed and efficiency of the process. With a lot of work and transparency strive to achieve our goal - institutions, businesses and citizens are convinced that enforcement in our work in public service.

All these proposals were drafted and prepared by the Bulgarian Chamber of Private Enforcement Agents (BCPEA) with the active assistance of experts from the Ministry of Justice. We hope that the National Assembly will support and adopt them as soon as possible in 2017.

Although significant amendments to the Civil Procedural Code (CPC) remained for the next National Assembly, in 2016 the legislative framework for enforcement has been improved. Amendments to the Special Pledges Act (SPA), Commercial Act (CA) and CPC in terms of legal adviser wages on the one hand, assign additional functions of the PEA and the other, solve serious problems of litigants and PEA as a body for implementation. Enforcement proceedings will now continue against the property of third parties secured obligation in cases where the trader previously was subject to deletion by TP. Claims filed in the bankruptcy proceedings wherever is collateral from third parties, the private enforcement agents will be able to make entry into possession of Article 35 of the Special Pledges Act (SPA) as in execution against the whole enterprise as well as in pledged enterprise included real estate. The regulation is refined regarding the accession of the pledgee in enforcement proceedings, ways of establishing a follow-stakes competition between performance under the Special Pledges Act and the Civil Procedural Code (CPC), etc.

In 2016, the BCPEA was invited to attend meetings of the Committee on Children, Youth and Sport of the National Assembly. The occasion was the chamber's proposals for legislative changes related to violation of the regime of visits with the child stipulated by the court after the divorce. The idea is to adopt a package of measures

- if any breach of stipulated by the court system to be fined and then collecting it be entrusted to a private enforcement agent. So the parent will know that it will be collected. Another measure is the Family Code to record that failure of this regime is grounds for revocation of parental rights and awarding them the other parent. These proposals were submitted to the Committee and discussed at a meeting, which was attended by representatives of many other institutions.

#### **THE MINISTRY OF JUSTICE**

Our partnership with the Ministry of Justice during the first half of the reporting year 2016 passed under the sign of many formal and informal meetings and joint working groups. Thanks to the new governance of the Ministry of Justice, the dialogue was recovered, resulting in intensified work on our proposals for changes in Civil Procedural Code (CPC). The Ministry set up in 2015 a large working group with the participation of many experts - judges from the Supreme Court of Cassation, private enforcement agents, and lawyers. After heavy disputes and discussions managed to convince his colleagues that the offered changes are important and necessary, and they were included in the draft Council of Ministers, which was submitted to the Parliament. But the process stopped there.

At the BCPEA request, it has formed a very important working group to analyze, assess and improve the regulations to LPEA. After years of work it has already clearly highlighted weaknesses in the regulations and it is right they should be removed. We are urgent task to finish the work on preparation of draft amending regulations, especially the Ordinance No. 4 for official archives of the PEA, particularly as regards archiving and destruction of documents in enforcement cases. The Group will continue in 2017 and we hope to several months to be completed successfully as the results will be of particular importance to the PEA activities.

Besides the key working group mentioned during the reporting year the BCPEA participate with its representatives and a few more important ones, namely:

- Interdepartmental Working Group on e-justice at EU level;
- Task Force 33 "Cooperation in the field of justice";
- Interdepartmental Working Group on amendments to the Law on the Judiciary /Promulgated in State Gazette (SG) 62 of 2016/ and provided to optimize the judicial map of the Bulgarian courts and prosecution offices.

The Chamber has been working closely with the inspectors of the Ministry of Justice, because this is the way to achieve full and effective control over the law offices. It is not an end in itself but a means PEAs all strictly comply with the law and rules.

In 2016, all PEAs of the last competition took office, the profession is already working at full capacity, the number of private enforcement agents reached 202. Together with the Ministry did everything right for a fair and objective competition in which profession to enter most prepared most worthy candidates. Winners have every right to be proud of their achievements because in tackling tough test. We greet new colleagues in our profession and

wish them success! Conducting complex competition with such public importance would not be so successful if teams MJ and BCPEA not worked full understanding, cooperation and mutual assistance. We are grateful for the correctness and efficiency as the leadership of the Ministry and in particular my colleagues from the Department "Interaction of the Judiciary."

#### **AGREEMENTS WITH GOVERNMENT INSTITUTIONS FOR COLLECTION OF THEIR PUBLIC CLAIMS**

The Financial Supervision Committee, the Supreme Judicial Council and the Council for Electronic Media are institutions that the BCPEA now officially collaborate with to collect their public debts.

#### **SUPREME JUDICIAL COUNCIL**

We have continued work on the implementation of the agreement signed with the Supreme Judicial Council to collect court fees. We pay particular attention to this agreement, despite some difficulties ahead. Although it was signed in 2015, actually we started to collect receivables last year. The initiative to sign an agreement with the SJC was with the BCPEA. Proposed collection of receivables from courts awarded their expenses amounting to over BGN 35 million, after referral to the problem of media publications and requested a meeting with the SJC governance. In practice, by this act SJC and BCPEA agreed to join forces to implement a joint project to improve the collection of state receivables in favor of the judiciary. This initiative of the Chamber was highly appreciated by the judiciary representatives, whose confession was aired publicly in the face of the Supreme Cassation Court governance, and during his speech of Deputy President Krasimir Vlahov during the celebration of the 10<sup>th</sup> year anniversary of the BCPEA. The SJC has recommendations to the administrative heads of the judicial authorities the possibility to outsource the collection to the PEAs and the order in which to do this. Under the agreement, specific actions by assigning and reporting of recoveries are performed by the administrative heads of every judicial authority and persons authorized by him, depending on the case and the PEAs, entrusted with collecting receivables. In the beginning some administrative heads of courts did not assign enforcement cases of the PEA. Let's hope that this was dictated by ignorance, though they were informed by the SJC. We will continue to actively work in this direction, because in addition to fiscal objectives and Prevention payment obligations, we believe that there can be no rule of law where the rules appropriate sanctions for their violation, not respected and applied effectively. The actual collection of the receivables of the courts is of utmost importance to us, in many cases the fines, including criminal convictions. What punishment he received convicted of an offense if the pronounced fine remain only on paper?

The PEA results in 2016 in cases of collection of receivables courts will be known after the preparation of this report, but we will pay special attention to them accordingly made public. Most remarkable, however, legislative and practical attempts to artificially create jobs to public enforcement agents. Some administrative heads of courts stopped to outsource the collection of court fees of the PEA. The management of the Chamber requested a meeting with the SJC to

identify measures in this direction. The meeting was held in late October with members of the Judiciary Committee of the Supreme Judicial Council, which received an assurance that it would take steps to implement the Agreement.

**COUNCIL FOR ELECTRONIC MEDIA:** On June 11, 2015 the first agreement year for CEM was signed to assign collection of receivables for state fees payable under the Tariff of fees for radio and television activity, and issued criminal orders. Most members of the BCPEA have agreed to initiate enforcement proceedings with creditor CEM. The list of their names shall be deposited with CEM partners. At the end of 2016 we had 120 enforcement cases brought by the Council for Electronic Media as creditor.

**FINANCIAL SUPERVISION COMMISSION:** This agreement was signed on July 10, 2015 with § 82 of the final provisions of the Law on Amending and Supplementing the Public Offering of Securities Act (promulgated in State Gazette, issue 103 of 2012) to make amendments to the FSCA. Pursuant to Article 27, paragraph 7 of the FSCA defined in law fees charged by the FSC that are past due, subject to enforcement by public contractors under the Tax and Social Insurance Procedure Code or by private enforcement agents under the Civil Procedural Code (CPC). According to Article 27a, paragraph 1 of the FSCA, fines and pecuniary penalties enforceable by public contractors under the Tax and Social Security Procedure Code or by private enforcement agents under the Civil Procedural Code. After several more joint meetings in 2014 and a careful analysis of the legal framework, in 2015 the Financial Supervision Committee assigned for collection by PEAs of private and public claims.

**EXECUTIVE FOREST AGENCY (EFA) AND STATE AGENCY FOR METROLOGY AND TECHNICAL SURVEILLANCE (SAMTS)**

The Bulgarian Chamber of Private Enforcement Agents (BCPEA) has an existing agreement signed by the previous period with the Executive Forestry Agency. On June 13, 2014, after preliminary talks and consultations, the BCPEA governance and representatives of the Executive Forest Agency met and signed an agreement for collection of public obligations of the Agency. Then as indicated by the Ministry of Agriculture and Food, the agreement is expected to increase the collection of fines and pecuniary penalties under effective penal provisions.

Such an informal agreement was reached in 2014 at a meeting with representatives of the State Agency for Metrology and Technical Surveillance (SAMTS). The agency has a list of all current PEAs on the territory of Bulgaria.

Analysis of the results of our partnership with all the above institutions could be made over a period of time to have the opportunity to gather information from the PEAs on the number of cases with newly creditor country and recoveries in these cases.

**NATIONAL REVENUE AGENCY (NRA)**

At our initiative and following sent letters to state institutions over the past 2016 they held two formal and several informal meetings of the governance of the Bulgarian Chamber of Private Enforcement Agents (BCPEA) and the National Revenue Agency. The focus of the talks was the signing of a tripartite agreement for the

provision of information received, including under Chapter V of the National Revenue Agency Act, stored and maintained by the National Revenue Agency electronically by the NRA by the processor "Informatsionni Uslugi" AD, BCPEA in the face of its members - acting PEAs and their assistant - private enforcement, including the ability to print a hard copy of the resulting reporting documents. The ultimate goal of the project is to suspend the exchange of paper documents, which in turn will save to offices significant costs for supplies, summons, postal and courier services. The NRA assured the PEAs that it is technically possible to receive electronic reports on debtors' assets in enforcement cases - existing labor contracts and bank accounts of legal entities. Notifications and certificates of Article 191 the Tax and Social Security Procedure Code should also be sent and received electronically. The trend is changing from communication and exchange of information by e-mail between private enforcement agents and the NRA to the web-based portal to work in real time.

The results of the meetings were promising and led to real results - the draft agreement was drawn up by the BCPEA and sent to the parties. At present, coordination procedures in both institutions are under way.

#### **BULGARIAN NATIONAL BANK**

The BCPEA cooperate very successfully with Bulgarian National Bank over the past 2016. From September to December our representatives participated in several joint working groups organized by the Bank in connection with the drafting of "Regulations on the register of bank accounts and safes". The meetings were very fruitful as our motives and notes on the specifics of the PEA work were fully taken into account during the final ordinance wording. Since the beginning of 2017, we will launch a register of all bank accounts and safe deposit boxes to the BNB. This register will solve other problems of debtors, creditors and the PEA system. It will no longer have distrains blindly, respectively to pile up unnecessary sometimes disproportionate to the amount of debt costs and will be used this method as a form of unfair competition among the PEAs themselves.

#### **THE NATIONAL OMBUDSMAN**

The Bulgarian Chamber of Private Enforcement Agents (BCPEA) sees the institution of Ombudsman of the Republic of Bulgaria as an opportunity to discuss legislative and regulatory changes. The governance of our organization considered its work with the Ombudsman in this direction as the realization in practice of leading democratic principle for interaction between professional organizations, NGOs, citizens and the state.

On May 11, 2016 the Bulgarian Chamber of Private Enforcement Agents was awarded "Good Heart" by the National Ombudsman Maya Manolova. The award was presented by the President of the Chamber Board Gueorgui Dichev during a ceremony at the Military Club. The prize was a sign of gratitude to all donors who supported the campaign "Easter for Everyone" - "Give a feast to grandparents", organized by the Ombudsman to help pensioners with the lowest income. The Chamber and separate PEA donated BGN 15,320 for the charity initiative.

Ms. Maya Manolova reported that within 3 weeks they have collected nearly BGN 1 million, including BGN 650,000 cash and food worth BGN 360,000. Cash is converted into vouchers that 32,500 pensioners can shop in 5,000 stores across the country by the end of June.

The ceremony was honored with statues, plaques and medals were awarded mayors, ministers, businessmen, media, heads of public, private and employer organizations, citizens, volunteers and supporters of the noble initiative.

"We have supported the initiative because it drew attention to a generation that is no longer in active age, but it deserves our respect. Today we are active generation - people who work, educate their children. Our turn to show involvement and commitment to their parents," said BCPEA Chairperson Gueorgui Dichev.

This is not the first charitable initiative that supports the BCPEA. The Chamber members are longtime benefactors of the campaign "Bulgarian Christmas" and a number of other donor initiatives to help people affected by disasters and emergency situations.

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

The BCPEA and SANS have traditional cooperation. At least once a year they hold regular meetings as they occur in an environment of goodwill and aim to eliminate gaps that PEAs admitted to not lead to the drawing up of acts for established violations under the Anti-Money Laundering Measures Act.

The SANS has introduced standard information and communication system with protected web portal for e-services of public administration, businesses and citizens in the implementation of measures to prevent money laundering and terrorist financing. A database and a web portal through which 31 categories required by persons under the Anti-Money Laundering Act (including private enforcement) to report suspicious transactions under Article 13, paragraph 2 of the Rules for Implementation of Anti-Money Laundering Act, notices for payments under Article 11a of the Anti-Money Laundering Act and amended or newly adopted internal rules for the control and prevention of money laundering under Article 16 of the Anti-Money Laundering Measures Act.

#### **CENTER FOR LEGAL INITIATIVES**

In 2016, the Bulgarian Chamber of Private Enforcement Agents involved as a partner of the Association "Center for Legal Initiatives" in the project "**Initiative for Enforcement at the Service of Society**". It is implemented under the program to support NGOs in Bulgaria under the Financial Mechanism of the European Economic Area 2009 - 2014. The project was lasting ten months. During this period, our representatives participated in various project activities - workshops, interviews, analyzes of legislation and institutional environment, economic studies, etc. Closing conference, which reported the results of the project took place in spring 2016 in Grand Hotel "Sofia".

### **3.3. Public relations and media**

In the past 2016, The Bulgarian Chamber of Private Enforcement Agents continued regularly and in case of an information occasion to inform the public through the media on its activities and legislative initiatives. Besides sending press releases ad hoc, conferences and workshops to increase the participation of representatives of the Chamber themed shows on several TV and radio.

During the year, the Chamber governance gave four press conferences to national media. This form of communication with the media was undertaken in order to reach a wider public awareness of our activities.

On May 17 at a press conference in Sofia we reported Chamber activities in 2015. It was attended by Chairperson Gueorgui Dichev, Chairperson of the Disciplinary Committee Maria Tsacheva and Stoyan Yakimov - member of the Chamber Board. Journalists were given statistics on the PEA work in 2015 - amounts collected, initiated cases and trends observed. Maria Tsacheva introduced the media with the BCPEA disciplinary practices, as well as increasingly growing control through inspection of the PEA offices. Gueorgui Dichev provided information on the proposals made by the Chamber to change the Civil Procedural Code and the Family Code. Great interest was attracted to the proposal for amendments to the Family Code relating to the transfer of children and failure to pay maintenance. Journalists were acquainted with the BCPEA proposals of the for changes in CPC - the introduction of electronic auctions and distraints, creating guarantees for receivables inaccessible bank accounts, extension be contested actions of the PEA, formation of cases of residence, etc. The press conference was widely covered in newspapers, electronic media and television - about 40 publications.



On August 23 we held a press conference at which Chairperson Gueorgui Dichev presented the Chamber proposal on small claims of the court to collect with the consent of the debtor. This idea found a wide resonance not only in the media but also in society as this will reduce costs in collecting so-called "utility claims" by deleting counsel fee collected by the monopoly. The publications were featured in

over 40 media, such as BNT and Bloomberg Television made special broadcasts on this topic.

Two press conferences were given in conjunction with the opening and closing of the information campaign of the Bulgarian Chamber of Private Enforcement Agents in partnership with the National Association of Municipalities in Republic of Bulgaria. The press conference on November 21 for the opening of the campaign was attended by Ginka Chavdarova, Executive Director of the association. Chamber Chairperson Gueorgui Dichev presented the campaign and its objectives, the journalists were given a list of host municipalities and the information brochure "How to protect your rights as debtors

and creditors." Ms. Chavdarova offer this campaign to continue in the spring in municipalities that have not participated. The same day it was uploaded announcement on the BCPEA website for the start of the campaign was announced schedule reception. The final press conference was held on December 17, when the campaign ended. They were covered again in about 40 media such as newspapers "Monitor" and "Telegraph" reports made by the host in Sofia. BNT2 in special reports presented the campaign in the districts of Dobrich and Ruse.

In 2016, already traditional two workshops were organized on June 17 and December 17 with the journalists that reflect the BCPEA activities. Great interest was attracted on the workshop on "Cross-border enforcement of regulations - implementation of the Bulgarian



acts in Greece and Greek acts in Bulgaria." Guests of the workshop were representatives of the Chamber of Private Enforcement of Greece, led by their Chairperson George Mitsis. Private enforcement agents discussed problems encountered in dealing with cross-border enforcement of judicial acts and united around the idea that change

is needed in domestic legislation of the two countries, which will allow data exchange between the chambers and accelerate the enforcement process. He discussed the idea of a Balkan conference on cross-border enforcement with all Balkan countries. Journalists from the national media participated in the workshop were supplied data works in both countries. BNR and BNT made special broadcasts in their legal headings "Law and Themis" and "Law and Us" with interviews of both chairs Gueorgui Dichev and George Mitsis.

The workshop, held on 17 December, the journalists was presented the concept and objectives of the registered "European School of Enforcement" and Executive Director Dragomir Yordanov. Chairperson of the Chamber Gueorgui Dichev provided statistics on the PEA work for the first six months of last year. Both workshops were covered by more than 35 media journalists said they are a boon for them, giving them the opportunity to get acquainted in detail with the enforcement process.

The round table "e-Justice, Electronic Enforcement and E-commerce", organized with representatives of private enforcement agents from Lithuania, Latvia and Estonia were invited media representatives. Due to the specifics of the matter roundtable was reflected in the specialized media, BNT made a separate broadcast dedicated to electronic auctions and achievements in the three countries.

In 2016, there were hundreds of publications in national and regional media who covered the activities of the BCPEA. Very often requested interviews by the Chairperson and members of the sector on important public issues. It should be noted that these materials no negative attitude towards private enforcement agents. If there was any, it was only in specific cases, but almost always Journalists have sought the Chamber opinion. Negativism and attacks extending to

outright lies are voiced only by specific politicians and a representative of the state organization. It can be concluded that direct contacts with journalists are very useful because they allow them to familiarize themselves with the powers and activities of private enforcement agents, legislative changes offered by the BCPEA, and ask direct their questions. Building mutual trust is essential for independent and objective coverage of the PEA work.

In November and December 2016, the BCPEA held for the second time information campaign "How to protect your rights as debtors and creditors." The first took place in 2014 as "Open Day". The results showed that it is beneficial both for people and for private enforcement agents in their work.

The campaign aim was to facilitate information by citizens when they hand in enforcement proceedings - debtor or creditor. The second important objective was to familiarize citizens with the functions of private enforcement - they make decisions and perform judicial acts as work on laws passed by the National Assembly. The lack of minimum legal knowledge to citizens is one of the main reasons for conducting an information campaign.

For the first time the Chamber turned Partnership at the Association of Municipalities in Republic of Bulgaria. It was extremely important as it shows that the state with its bodies and institutions behind the BCPEA. The partnership of municipalities is useful in the work of mayors in collecting local taxes and fees. This was highlighted by the Executive Director of the Association Ginka Chavdarova.

Besides the "Open Day" campaign, we have prepared the brochure "How to protect your rights as debtors and creditors", which was placed in reception. A total of 42 regional, district and small municipalities joined the initiative, as most were in the region of Vidin, Ruse, Blagoevgrad and Dobrich. Over 500 people attended the reception, which was held on the premises of the municipal administrations. Only in Dobrich the "Open Day" was attended by 120 people.

An anonymous poll was conducted among citizens, which showed that 70% of respondents did not know their rights, and most do not know where to turn if they are debtors or creditors. Most of the visitors at the reception are debtors, apparently people who for financial reasons can not afford a lawyer. Insofar as there are creditors, they are labor cases. But almost 100% of them support the ideas of the BCPEA for change in legislation - social benefits not be frozen, the introduction of the electronic attachment smallest obligations not to go through the court and the introduction of electronic auctions. The most frequently asked questions from citizens were for the costs, the possibility of appealing the ruling on costs, options for deferred payment of duties, rights and obligations of the private enforcement agent, the consequences of non-payment of duties, etc.

The information campaign has shown that citizens do not know their rights and society needs to acquire a minimum of legal knowledge, and that efficiency is greater when different institutions join forces.

The Chamber members regularly received during the year and reports made by the BCPEA press books /5 in total for 2016/, containing coverage in all media events and activities of the BCPEA, namely:

- "Report of the activities of PEA 2015. Legislative proposals" - 19/05/2016;
- "Cross-border enforcement of judgments in Bulgaria and Greece" - 21/06/2016.
- "Private enforcement and proposed changes to the law" on 25/08/2016
- "How to protect your rights as debtors and creditors" - on 24/11/2016
- "Information Campaign of the BCPEA and NAMB. European School of Enforcement. PEA activity for the first half of 2016 - 20/12/2016.



In the summer of 2016, Standart Daily organized a competition entitled "New Generation: Lawyers." To our great satisfaction young assistant - PEA Petya Valkova and Todor Sofroniev took first prize in the category "Private Enforcement Agents". Call for young attorney were presented on July 14 at a ceremony in Sofia University St. "Kliment Ohridski". The event was dedicated to the 25th

anniversary of the adoption of the Constitution of the Seventh Grand National Assembly. The two assistant PEAs thanked the organizers for the high distinction and said that they very honored to receive this award, which will be an incentive in their work. Petya Valkova's assistant in the offices of PEAs Stoyan Yakimov and Todor Sofroniev at the office of PEA Milen Bazinski. They are the epitome of desired by each employer combination "young professional" and undoubtedly possess all the merits to be honored with this award because society needs to learn and across the profession PEA. As part of the judiciary, this is an important link in public relations and good examples should be promoted.

Awards were both presented by Deputy Minister of Justice Verginiya Micheva, who said that without enforcement agents, best judgment will remain only a piece of paper, stressing that private enforcement agents are best examined by the Minister of Justice.

#### **3.4. Control on the activity of private enforcement agents**

PEA has one of the most regulated professions. Besides the Chamber, control over her apply for another seven institutions - the Ministry of Justice by two kinds of inspectors - Financial and those on JSA, the Interior Ministry and Prosecutor's Office, National Security Agency, National Revenue Agency, district courts, Commission for Personal Data Protection.

The Ministry of Justice and the BCPEA Board conducted independently of policy control and supervision over the PEA activities and enforce the law, Statute and Code of Ethics. Checks are carried out on particular complaints and the overall activity of the PEA offices. Control over the sector exercised by the Ministry of Justice /legal and financial inspectors/ and self-control exerted by inspections at offices and complaint handling by the Chamber Board and its subsidiary bodies - Committee on Professional Ethics (CPE) and Committee on Legal Affairs and Oversight of PEA Activities is strong and robust. We realize that in our sector, and in most professional sectors, individual members do not always follow the rules.

The new governance of the BCPEA elected in 2015 entered its term with strong demand for tighter control in the industry and legal compliance of all firms. The BCPEA started to implement a new programme of internal control activities of private enforcement agents. Within this programme, in April and May 2015 we performed the first round of inspections in all 164 law enforcement offices. The audit purpose was to determine the current status, possible violations and corrupt practices in the profession. All firms with established violations /35 in total/ received recommendations to remedy deficiencies within six months. The second round of checks ran in the period March-July 2016 and focused on the removal of any irregularities found in compliance with good practice. As a result of these revisions, the reviewers found that 32 firms recommendations of the Chamber Board are taken into account and the gaps are eliminated. In 3 of the offices it was found that violations are partially or not removed at all, which is why the Chamber Board requested the opening of disciplinary proceedings for these three colleagues.

**The Committee on Legal Affairs and Oversight of the PEA Activities** is a subsidiary body of the Chamber Board within the meaning of Article 3, paragraph 5 of the Statutes of the Chamber for a term of three years. The Committee consists of 20 members. It is run by chairperson and two deputy chairmen. The Chamber Board shall appoint the chairperson from among its members and is involved in law at Council meetings. The competence of the Committee on Legal Affairs and Oversight of the PEA Activities to perform: Methodological and organizational support of the activities of monitoring and follow up on work in the offices of PEA /in order to set in legislation rules and regulations for operation of the PEAs/; Checks at the offices of PEA - themed or complaints and reports against the PEAs to the Chamber Board and implementation of follow-up; Collection, systematization and analysis of information about the work in the PEA offices; Giving advice to the Chamber Board on general legal issues and those relating to judicial execution.

**The Committee on Professional Ethics (CPE)** is a subsidiary body of the Chamber Board within the meaning of Article 30, paragraph 5 of the Statutes of the Chamber involved in the implementation, interpretation and improvement of the Code of Ethics for a term of three years. CPE act within the Committee on Legal Affairs and Oversight of the PEA Activities. Professional Ethics Committee shall be appointed by the Board of the Chamber and consists of nine members chosen among representatives voted by the General Assembly

of Article 10, paragraph 11 of the Statutes of the Chamber. The competence of the CPE is: To collect, systematize, analyze and summarize information about the activities and behavior of private enforcement agents to update and improve the implementation of the Code of Ethics; Summarize existing professional practices through interviews; Make suggestions for improvement of the Code of Ethics based on the identified practices of private enforcement and changes in the legal, organizational and socio-economic framework of the profession.

Over the past year the Chamber Board has been and will be uncompromising towards colleagues who have intentionally committed offenses. In 2016, the Chamber governing body was asked to form 30 disciplinary proceedings against PEAs, compared with 2015 when requests were 19, in 2014 - 18 and in 2013 - 12. Board decisions of for disciplinary responsibility in 2016 are more than double those of the Ministry of Justice, which refutes the argument of detractors for a lack of control claiming "dog does not pull the dog". In turn, the Disciplinary Committee (DC) also made necessary, requiring multiple solutions by imposing severe penalties, including several cases of "debarment". The Committee, which, although formally part of the BCPEA, is virtually an entirely independent body has determined 63 decisions, imposed 4 censures, 38 penalties, 2 warnings of disqualification and record 6 disqualifications. In 2016, the Disciplinary Committee of the BCPEA completed tremendous work as all its members worked extremely fairly and responsibly. It should note the outstanding trend in the practice of Supreme Cassation Court (SCC) in these cases not to tolerate behavior of PEAs overstepping the law and rules.

The trend to increase incoming complaints to BCPEA that were 620 in 2016, for comparison: in 2015 - 522, in 2014 - 449, in 2013 - 484. The Chamber is extremely serious about their control activities, focusing significant resources to carry out checks on each complaint. Much of each Board meeting is dedicated namely the examination of the signals and complaints received. A significant portion of the citizens are unfamiliar not only with rights and procedures, but also with the functions and powers of PEAs, as unjustly accusing PEA for the actions of the other side in the process of judgments and orders of procedure for accrued interest and expenses for legal fees, lawyers and legal advisers to liens imposed on social benefits, pensions and wages in bank accounts, etc. On the other hand, enforcement by nature is a highly confrontational activity in which we forcibly enter the privacy and personal property of one of the parties in the process and is normal to have unhappy faces. It is of great importance for the number of complaints is strong and limit the possibilities under the new CPC to appeal the actions of private enforcement agents in court. BCPEA statistics indicate namely that - since 2009 complaints sharply increased and at the time the increase is double. Therefore, the Chamber proposes to widen the circle of contested acts under the Civil Procedural Code (CPC). Last but not least it should be recognized that on average in the country about 200,000 enforcement cases are formed annually. The percentage of 620 complaints referred to them was only 0.3. Of course, for BCPEA any legitimate complaint is of great importance, any victim of any offense deserves all our

attention and therefore we devote so great resource and efforts to control our activities.

Beginning of October 2016 was the real start of the new BCPEA filing system. An integral part of it is electronic statistics system, monitoring and control. It allows for the removal of all available information about each private enforcement agent - cases withdrawn from court actions filed against him complaints, disciplinary proceedings violations, penalties, recommendations, etc. The system also includes disciplinary practices, and judicial one and will be used by supervisory authorities, and its individual modules - and all private enforcement agents.

### **3.5. INTERNATIONAL COOPERATION**

The Bulgarian Chamber of Private Enforcement Agents (BCPEA) is a full-fledged member of the International Union of Judicial Officers (UIHJ), which was established in 1952. Today its members are 87 countries from all over the world.

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

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

On April 15, 2016 our representative participated in the Thessaloniki International Conference on the EuroMed (UIHJ EuroMed), with the participation of Greece, France, Spain, Portugal, Morocco, Algeria, Cyprus, Tunisia, and Albania. On the topics of the conference "Establishing Facts", France, Algeria, Morocco presented

reports. The topic of "Debt Collection", focusing imposition of liens on bank accounts presented the representatives of Portugal, Morocco and France. Leading speakers at the third panel of the conference "Administration of Property" were French and Portuguese private enforcement agents. Participants in the conference were addressed by President of the Regional Chamber of Private Enforcement Agents in Thessaloniki, President of the National Chamber of Greece - Mr. Efthymios Preketis and President of Union - Mrs. Francoise Andrew.

This year the Bulgarian PEAs again won the Cup football tournament organized traditionally by BCPEA for colleagues from neighboring countries and representatives of the Bulgarian institutions. Five teams participated in the competition - the team of the BCPEA, Ministry of Interior, Ministry of Justice, colleagues - performers from Serbia and Macedonia. The tournament took place between 12 and May 15, 2016. All participants received special plaques bearing the logo of the BCPEA, as well as photo albums and video games and festive evening of the event.



From 18 to 20 May 2016, a Bulgarian delegation took part in the Spring Permanent Council of UIHJ, which took place in the city of Lisbon, Portugal. Establishment of a European Union of Judicial Officers (UEHJ) as the structure of the International Union of Judicial Officers (UIHJ) has been the main focus in the meetings of the Presidents of European chambers of the Permanent Council. Administrative Director Anelia Glavanova and board member Mariana Kirova confirmed the support of the Bulgarian Chamber for the creation of the European Union of Judicial Officers (UEHJ).



The UEHJ be established as a legitimate organization of European chambers within the international Union but also in response to the rejection by the majority of countries in the European Union Bulgarian Chamber of Private Enforcement Agents. That organization was created against the will of UIHJ by the President of the French National Chamber Patrick Sannino and includes as members only three countries - Belgium, Luxembourg and Italy. Once again the meeting in Lisbon representatives of all Member States present expressed strong support for the UIHJ policies

and actions. During the two days of discussions Italy withdrew its support for the European Chamber. And a decree was voted that all European countries except France, Luxembourg and Belgium agreed to continue the way forward for the establishment of a European Union of Judicial Officers.



In early June 2016, the Chamber Board and responded to the invitation of the Macedonian Chamber of Private Enforcement Agents to participate in the celebration of their 10th anniversary. The forum on the occasion of the Macedonian colleagues was attended Gueorgui Dichev, Elitsa Hristova, Ivan Hadzhiivanov and Vasil Nedialkov. A new law on private enforcement came into force in Macedonia since August 2016. The main change in

the law is the introduction of extrajudicial debt for 'communal' claims without trial directly from the PEA. The distribution of cases between the PEAs will be done by the Chamber and equally among all firms. Reasons set out in the law are saving court costs, attorney and notary fees. Another part of the Balkans - Serbia, has introduced a similar mechanism. Meetings of this nature are always useful for communication among private enforcement agents from different countries, exchange ideas and experiences, and the creation of lasting friendships.

The VII International scientific - practical conference of the Russian office of private enforcement agents on "Procedure for implementing the receivables non-material, problematic issues and the way to solve them" was held in the capital of the Republic of Bashkortostan, Ufa from 9 to 11 June and brought private enforcement agents from 20 countries. The forum was attended by the President of the International Union of Judicial Officers Francoise Andrew and her deputy Mark Schmitz of Belgium and private enforcement agents from China, Germany, Belarus, Iran, the Czech Republic, Slovakia, Finland, Serbia, Thailand, Lithuania, Romania, Hungary, Moldova, Azerbaijan, Armenia, Vietnam, Estonia and Kazakhstan. Guests of the conference were Deputy Minister of Justice of Russia Alu Alkhanov and President of Bashkortostan Rustem Hamitov. The Bulgarian Chamber was represented by Tanya Madzharova, Board member Todor Lukov, Vice Chairperson of the Committee on Legal Affairs and Oversight of the PEA Activities and PEA Delyan Nikolov Burgas. If you are debtor in China and do not pay, you can stop the mobile phone and the internet, and get a ban to leave the country.



In Germany, meanwhile, for failing to pay dues the debtor faces fines in increasing size. After the third penalty, whether paid or not, if the failure continues, the police is sent an order for a citizen's arrest. These and other examples of the work of private enforcement agents were presented and discussed during the conference. Each country presented a report on the main problems in the implementation of non-monetary claims. The conference was discussed and Global Code of Enforcement was presented. Bulgarian PEAs took advantage of the meeting to hold talks with colleagues about the practice of electronic auctions, which the Chamber has proposed to introduce in our country.

Within the mission of the International Monetary Fund in Bulgaria on September 9, 2016, for the third time at the headquarters of the BCPEA we held a traditional meeting of representatives of the IMF with members of the Board of the BCPEA. Representatives of the Legal Department of the IMF senior advisor Jose Garrido and adviser Natalia Stetsensko set on discussion questions to guide the Chamber. The topics of this year's meeting was set by the IMF as follows: 1) Development (progress) in the field of public sale of real estate due to non-performing loans and recent trends; 2) bankruptcy and individual enforcement carried out by the PEAs, and 3) prospective trends for further development. During the discussion it has presented and discussed major issues of enforcement related to positive and negative trends in public auctions of real estate. It presented the work of the BCPEA institutions. During the discussion we were shared problems facing the PEAs in the execution of their activities - state and municipal administration fees, access to information electronically. We discussed the exchange of documents electronically in line with the e-government initiatives. They were cited best practices in Bulgaria - Register of Public Sales and Central Register of Debtors. During the talks, our representatives noted their views on the necessary developments in the area of enforcement - urgently implemented the system for the electrical attachment access for the PEAs to the property register and copies of the acts; create a registry of liens license, registration/cancellation of foreclosures electronically, etc. The presentation of the BCPEA was in a positive tone, combined with placing particular problems sector to improve the business environment.

At the invitation of the civil service private enforcement agents of Kazakhstan, on 23 and 24 September Alexander Datchev and Todor Lukov participated in a conference on "Legislative support for the enforcement of judgments."

On October 20, 2016 Czech Chamber of Private Enforcement Agents also celebrates its anniversary - 15 years since the establishment of the profession of private enforcement agent in the country and the establishment of a national chamber. Gueorgui Dichev and Vasil Nedialkov were our representatives who attended the event. The celebration was organized in the form of an international conference and an evening cocktail.

From 16 to 19 November 2016, PEAs from Lithuania, Latvia and Estonia paid an official visit to the Bulgarian Chamber of Private



Enforcement Agents. The purpose of the visit was guests to exchange their experiences in the provision of electronic services in enforcement as familiar with this experience Bulgarian institutions. The delegation was received by Minister of Justice Ekaterina Zaharieva, who pointed out that e-justice is a priority for her team and expressed regret that they have not enough time to implement it. The delegation was received by the Legal Affairs Committee in the 43rd National Assembly and its president Daniel Kirilov. He also regretted that to date the National Assembly had not passed amendments to the Civil Procedural Code (CPC), many of which were proposed by the BCPEA and accepted by the government and MPs - to reassure inaccessible receivable on bank accounts, strengthening of the judicial control over the PEA, introduction of electronic auctions, etc.

Electronic auctions, which are implemented successfully in Lithuania, Latvia and Estonia, are just an example of the "digital success" of enforcement in these countries. The introduction of online sales of property in the country, along with the possibility of voluntary auctions are changes that the Chamber provides and protects more than a year. The experience of the Baltic States in enforcement process electronization has been studied in detail by the Bulgarian Chamber and became the basis for changes to the Civil Procedural Code (CPC), which she offered to members of National Assembly and in the working groups of the Ministry of Justice. In July 2016, Deputy Chairperson of the BCPEA Elitsa Hristova, together with PEA Mariana Kirova, PEA Zahari Zapryanov and PEA Delyan Nikolov visited the Baltics and held meetings with the chairmen of the three professional organizations and representatives of their justice ministries.



The visit of the delegation ended with a round table on "e-Justice, electronic enforcement and e-commerce." The roundtable was organized by the BCPEA and was held in the conference room of the Court Palace in Sofia. It was attended by representatives of the legislative, executive and judiciary. The forum was welcomed by Deputy Minister of Justice Mrs. Petya Tyankova. Guests

from Lithuania, Latvia and Estonia made presentations of their systems for electronic auctions, then discussion. The discussion was extremely important and useful for us. The experience of the Baltic States in the electronic enforcement will help a lot for our future actions for its introduction in Bulgaria.



In all three countries, enforcement receivables are assigned to the PEAs. In addition that it has no public agents, Estonia has no public contractors. As in Bulgaria, there is a legal limit to the number of the PEAs. In Estonia there are 47 private enforcement agents in Lithuania - 123, and in Latvia - 101. The powers of private enforcement agents are wider compared to Bulgaria. They perform the functions of trustees in bankruptcy proceedings of merchants and individuals acting in a fact-finding service of any kind of securities, extrajudicial debt

obligations, etc. All countries have a unified software owned by the state, with the exception of Estonia, where it is owned by the national Chamber.

Lithuania first introduced electronic auctions in 2012, two years later they began to be implemented in Latvia and Estonia and they function in the manner described by the Bulgarian Chamber in the draft amendment to the Civil Procedural Code (CPC). Meetings Bulgarian PEA received practical advice on the bill related to the operation of the software. Each bidder can conduct internal correspondence with site administrators and PEAs for the particular auction, which also featured such correspondence is kept in the program. Each notice is attached mandatory expert assessment and photos. In Lithuania, all deposits are collected in an organization that supports the software and it approves the candidates and not the PEA. There payment is made only via bank transfer. In Estonia and Latvia deposits are paid in the PEA and approved candidate has a receipt. In Lithuania and Latvia uploading notice is paid, in Estonia it is free, since the software is the property of the Chamber.

Estonia has Transborder system designed under a European program. **CEPT - Cross Border Enforcement Proceeding Tool** is used for information exchange, securities, sending enforceable orders, tracking of results. It allows the exchange of documents under Regulations 805/2004, 1215/2012, 1896/2006, 606/2013 and 861/2007. If you have a debtor in another country, for example in Greece, there is no need to refer to a PEA in Greece and through a PEA in your country and by CEPT we take out all references of the individual.

From 23 to 25 November, 2016 Deputy Chairperson of the BCPEA Elitsa Hristova and Administrative Secretary Anelia Glavanova took part in the meeting of the Permanent Council of UIHJ and the Council of European presidents which took place in the city of Paris, France. The agenda of the Permanent Council included the following main



topics: establishment of a European Union of Judicial Officers /EUHJ/ and election of its governance; adoption of the report on the activities of UIHJ for 2015; UIHJ ties with European and international institutions on issues of enforcement; cooperation agreements with universities from different countries; reports of the subsidiary bodies Euronord, Euromed and Eurodanube; the activities of the research institute "Jacques Isnard"; financial report for 2015; statements of delegations; state and development activities ongoing projects UIHJ - e-Justice STOBRA; communications and publications of UIHJ, etc.

Deputy Chairperson of the BCPEA Elitsa Hristova delivered a speech to the prestigious auditorium of the global forum, the focus of her speech focused on the BCPEA creation of the European School of Enforcement. Colleagues from European countries greeted us warmly for this wonderful initiative, wished us success and expressed keen interest in cooperation and support in the organization of future joint training-initiative and projects for training and further training of private enforcement agents.

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

In 2016, the Bulgarian Chamber of Private Enforcement Agents (BCPEA) continued to build and maintain the organization's capacity to provide electronic and other services to its members.

#### **3.6.1. DEVELOPMENT OF ELECTRONIC ENVIRONMENT AND TECHNOLOGY**

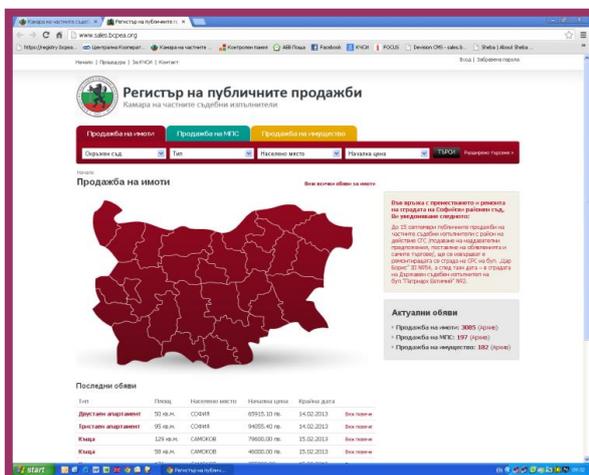
A major priority for the BCPEA since its establishment is the electronic access to information on debtors, as well as carrying out enforcement actions electronically. With its own forces and resources, it has created and continuously develop the Register of Debtors and the Register of Public Sales, which significantly improved transparency, awareness of the business and the final prices of the ongoing auctions. The sales site has millions of

visitors not only from the country by the Chamber even asked by the Mayor of him to publish links and to tenders of Commons, as the prices that are achieved by the PEAs are much higher than those in sale by the municipality. This example is indicative of the adequacy of the new proposals of the BCPEA for changes to the Civil Procedural Code to allow electronic auctions and voluntary sale of debtor property in future electronic platform.

As a confirmation of our goodwill and support of the initiative of the Government of the Republic of Bulgaria for the introduction of e-Justice, in November 2016 at the initiative of the BCPEA we organized and held an international forum with the participation of the leadership of the Baltic States - Lithuania, Latvia and Estonia. The visit aimed at visitors to share their experiences in the provision of electronic services in enforcement and in particular electronic commerce they do. The initiative of the Chamber met good response and full commitment from the executive and legislative branches in Bulgaria represented by the Ministry of Justice and Law Commission of the National Assembly. The leaders of these two prestigious institutions indicated their strong support for the proposed projects for computerization of court case law - implementing procedures, once again stressed that e-Justice is a priority in the work of their teams.

Last year we spent considerable human and financial resources to automate processes and work information in the BCPEA, including in terms of statistics, disciplinary and judicial practice, the activities of both the administration and the authorities but also of each individual member of the Chamber. Since the beginning of 2016, the Bulgarian Chamber of Private Enforcement Agents (BCPEA) has put into operation Centralized Information System for integrated processing of statistical information every 6 months and annual reports of PEAs. The electronic system of statistics on the activities of PEA relieves tremendous work in our organization. For the PEAs and the Chamber administration we completely eliminated the need for drafting, sending and accordingly manual processing of reports of PEA on paper. In October 2016 it has already implemented a real-functioning unified BCPEA filing system. The project was implemented in its entirety. A huge archive of BCPEA documents for the past ten years has been digitized and transferred as a database system.

### 3.6.1.1. REGISTER OF PUBLIC SALES (RPS)



Launch of the website "Register of Public Sales" took place in the summer of 2009. At the end of 2011, a new web-based register was successfully implemented corresponding to the growing demands of consumers PEAs and enjoying it outside clients. After its establishment, the Chamber continued monitoring of its work and by the start of 2014 it has led to several enhancements to improve its functionality. An important success for BCPEA

ensures its successful development was achieved in late 2012 and early 2013. By decision of the Supreme Judicial Council (SJC) regarding the amendment of Article 487, paragraph 2 of the Civil Procedural Code (CPC), the Central Register of Public Sales has become a major and indispensable for keeping electronic database conducted under the Civil Procedural Code (CPC) sales of private enforcement in the country. In 2016 the Chamber team continued to monitor its work and correct completion of data by private enforcement agents. As a result of this monitoring at the end of the reporting year, the Chamber Board commissioned the designed of a new package of adjustments to the Register of Public Sales to be completed and will begin operating in early 2017.

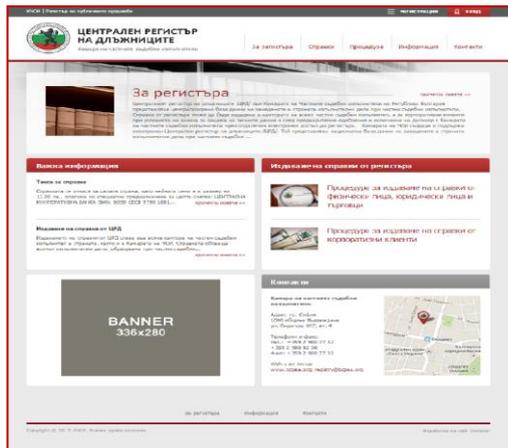
For the past twelve months of 2016, the website of the Register of Public Sales was visited by **828,932** unique IP addresses, but at least twice as many unique visitors have logged into the site, given that many computers are used by more than one person, and that behind some IP - addresses remain many individual users /as a corporate client with multiple computers and users/. This is a decrease of 0.09% of unique visitors to the website, compared with 2015, when the figure was 829,646. Most probably this decrease can be attributed to the fact that public notices for public sales in 2016 were less than those for 2015. In 2016 in the Register of Public Sales of the Bulgarian Chamber of Private Enforcement Agents are available **50,818** announced sales of property /compared to 52,949 in 2015/. Among them: **45,646** real estate announced sales /compared to 47,161 in 2015/; announced sales for vehicles - **1751** announced sales /compared to 1959 in 2015/ and movables - **3421** announced sales /compared to 3829 in 2015/.

Real estate sales announced on the website in 2016 are divided by district courts as follows:

Sofia Regional Court	Sofia District Court	Blagoevgrad	Burgas	Varna	Veliko Tarnovo	Vidin
5446	1831	2299	5108	3126	1986	668
Vratsa	Gabrovo	Dobrich	Kyustendil	Kardzhali	Lovetch	Montana
654	1413	1902	825	276	1608	397
Pazardzhik	Pernik	Pleven	Plovdiv	Razgrad	Ruse	Silistra
1828	674	1688	2474	397	1776	506
Sliven	Smolyan	Stara Zagora	Targovishte	Haskovo	Shumen	Yambol
1052	1299	1921	447	2447	979	619

That number of visitors have logged onto the website **3,503,866** times and had examined a total of over **42,859,580** pages. The average number of pages reviewed per visitor is **12** pages per visit, as visitors spent on the site average about **8** minutes per visit. On average, our site was visited by approximately **2,271** visitors (compared to 2015, this number was 2273).

### 3.6.1.2. Central Register of Debtors (CRD)



The Central Register of Debtors was created as a centralized database in 2011. The initial system has been in operation since the beginning of 2011 to September 2014. Entirely new software CRD was awarded in full and went operational in October 2014 with same functions today.

At present in the Register of Debtors it has uploaded approximately 1.537 million /one million five hundred and thirty-five thousand/ enforcement cases of all PEAs in the country. Of these, pending cases are 1,017,500, and total suspended and closed cases are approximately 497,000.

The Register of Debtors is in constant everyday use by consumers - private enforcement agents, companies, individuals, and corporate clients /mostly banks, non-bank financial institutions, insurance and leasing companies/. For the last three years the number of reports issued increased significantly compared with the first three years of its launch. In 2016, they issued a total of 22,510 references from the Central Register of Debtors, including 17,715 references from different companies and citizens and 4795 references - from our corporate clients /for comparison, in 2015 - 21,184 references; in 2014 - 29,126 references/.

In the administration of the BCPEA work, employee with the appropriate education and training of permanent employment contract is responsible for the direct monitoring and non-technical support of the Central Register of Debtors. This decision on the one hand, reduces the costs of the Chamber for external services and on the other hand, allows to significantly improve the communication team of the Chamber to sector members and clients of the Central Register of Debtors on issues and problems related to the Register. Monitoring the functionality of the Central Register of Debtors by the employee of the Chamber and significantly improves and eases the overall development work of the system. In 2016, we reported revenue growth of the CRD compared to those in the updated our annual budget (approximately 11% revenue increase), respectively 15% more than projected at the beginning of the year the number of issued references.

### 3.6.1.3. BCPEA Filing System

During the reporting 2016, a project for the construction and commissioning of integrated electronic filing system of the BCPEA was implemented in its entirety. At the end of June 2016, we completed the digitization of official archives of the BCPEA. The huge volume set of documents in the Chamber for the past ten years has been scanned and transferred as a database system. October 3 was the day of the actual start of the new BCPEA filing system.

The goals we set ourselves for the project were by electronization of business processes to increase productivity and internal organization of the Chamber to improve the operational efficiency of

all its bodies. Optimization of document flow in our organization helps us effectively manage our content, both paper and electronic documents. Using a system to automate business processes, define and create easy tasks for employees of the Chamber and its bodies. The system is designed so as to successfully integrate into your existing IT environment. We will be able to receive optimal exchange of information and documents with third-party systems with relief administration. Within the Chamber activities digitization of archival documents created digital archive through which expand and facilitate access to archival documents without jeopardizing their physical condition. Record-keeping system that we implemented, provides the opportunity to work with electronic copies of disciplinary cases and files. Through Module "Disciplinary and Judicial Practice", including decisions of Disciplinary Committee, decisions by district courts and decisions of the SCC can sort and search documents by different criteria - what disciplinary sanctions are imposed disciplinary cases, depending on the violation of a legal standard rules of the Code of Ethics or the Statute of the BCPEA. Thus forming a kind of disciplinary code that will help sanctioning bodies in their performance in the infringement and ordering their acts, respectively, of the PEA in their activities. Through the available database information on complaints, disciplinary proceedings, claims for damages, insurance, etc. data for each private enforcement agent system allows data to be collected quickly electronically and to be systematized; To be notify automatically PEA on failure in term of its obligations - for instance, that and filed a report or did not renew your insurance, etc.

#### **3.6.1.4. Electronic distraints**

Despite efforts, we completed the previous year and we start the current year with the hope that finally the legislature will show political will for the adoption of necessary changes in the Civil Procedural Code to enable the introduction of electronic distraints in practice. In paid at the end of 2015 to the National Assembly a draft of the Amendment to the Civil Procedural Code are spelled out as very good and working texts. Together with the Ministry of Justice we drafted ordinance under Article 450a of the Civil Procedural Code (CPC), so we have grounds for optimism. Electronic distraints are alphabetical example of "possibilities" of the administration, as mentioned above. Given that performance fees are reduced in some cases 30 times not to bring electronic distraints for already 5-6 years is ridiculous.

The importance of "electronic distraint" to the Chamber and the entire system of law enforcement determines the consolidation of political will to implement it as a primary task for the management of the BCPEA in 2017 as well.

#### **3.6.2. Training**

The moderate number of training sessions implemented during the past 2016 can be accepted as optimal results, given that the new governance of the BCPEA has set and performed an annual programme on various priorities. Regarding the training curriculum, we should note that the topics were timely, in view of the inauguration of 43 new members of the Chamber, who needed an introductory and advanced

training on issues of practical activity as private enforcement agents.

If you consider the original design of training of university candidate - lawyers, in the area of law enforcement training is quite sparing. Graduates lawyers are not well prepared for work in the enforcement of judgments. In law schools, they seem not paying the required attention to the enforcement of judgments. Attention is drawn to the claim procedure, and when the writ of enforcement is a fact its implementation turns out to be a challenge to the stakeholders in it. Literature on the subject is scanty, but the case law of courts is quite diverse. One significant detail on the process of setting up practice in enforcement proceedings is that according to the Civil Procedural Code, the possibility of practice unification is available on the Supreme Court of Cassation. Delivery of Supreme Court of Cassation in appellate decisions, with controversial practice, is performed via motivated decisions that interpret the law. These decisions are binding for enforcement - Article 291 of the Civil Procedural Code (CPC). Unfortunately for the current PEAs, activities are appealed on one instance - review and reversal at District Court instance, coinciding with the area of operation of the PEA. An exception to the general rule are two texts concerning the allocation of amounts received - Article 463 of the Civil Procedural Code (CPC) and the ruling to determine the value of property damaged or wasted - Article 521 of the Civil Procedural Code (CPC). This limited opportunity for review by a higher court leads to a different practice of the PEA. Decisions in many cases are contradictory in identical cases and create prerequisites for corrupt practices among the PEAs, in account of local opinion on the review and reversal instance.

All of the foregoing requires a consistent BCPEA policy in training that is active and accurate. Even with the creation of our professional organization, the "Training" portfolio is set by the Chamber Board as one of the priorities for the development and stabilization of the profession. Since 2008 the BCPEA conducts its own forces and means a significant number of training workshops for PEA, employees in law offices and external legal representatives from other industries. Average per year curriculum includes one workshop a month and a half. Topics are chosen, the programmes are drawn from established Committee on training to the Chamber Board at the beginning of each calendar year. Matters of discussion comply with legislative changes to the PEAs that need to unify the practice of certain norms. The type and frequency of training courses conducted by the BCPEA is determined largely by the interest of the members of the industry and by external users. Of great importance for the Chamber Board are the results of questionnaires to the participants. Questionnaires give a truly realistic assessment of the training organized by the BCPEA by years. They return a quality product offerings for education level of teachers and their skills to adapt a theme for the needs of law enforcement and teaching content. Speakers invited to participate in the training programs of the BCPEA are prominent names in the field of civil, tax and commercial law. When designing programs, we strive to compose the team of teachers and trainers to participate from the BCPEA ranks, when the subject permits. On the other hand our lecturers - PEAs - are often invited to teach by other professional organizations at

their workshops on "Enforcement Proceedings under the Civil Procedural Code (CPC)".

In the last few years our training programs increasingly include workshops tackling the issue of competition between the universal and the individual enforcement and training of accounting topic concerning the financial aspects of the work of private enforcement agents. Interest in the unification and display practices in accounting arise from the exercise of control over the PEAs by the financial authorities of the state and the Ministry of Justice, respectively of recommendations to refine the activity as a result of the investigations. The training methodology of the BCPEA for is designed in a way to create on the one hand uniformity of training, and on the other hand - a systematic approach.

In 2016, we conducted a total of 4 **training courses** on various topics (for comparison: in 2015 the number of workshops was 5), concerning the PEA work, assistant PEAs and their employees in the law offices. The number of trained participants in the workshops organized by the BCPEA during the reporting period was **274** /for comparison: in 2015 this figure was 442/.

**IMPLEMENTATION OF TRAINING PROGRAMME FOR 2016**

<b>_Month, location</b>	<b>Date</b>	<b>Training topic</b>	<b>Number of attending participants</b>
April 2016 Sofia	April 22-23	Enforcement by PEAs. Rights, duties, powers and responsibilities	47
May 2016 Golden Sands resort	January 23-24	Enforcement under the Tax Insurance and Social Security Code. Case studies and questions. Competition in the universal enforcement of the individual. European legislation on enforcement	87
October 2016 Plovdiv	October 29-30	Financial aspects of the PEA activities. Tax liabilities of PEA under VAT Act	45
November 2016 Sofia	November 11-12	Property law and procedures for its implementation in the field of law enforcement	95
			<b>TOTAL: 274 trained participants</b>

Pooled data from questionnaires participants in the workshops, the main composition which consists of PEAs and their employees show that trends remain good. Satisfaction of colleagues on the quality of training for 2016 remained at the same level as the previous year.

Of course, respondents always have recommendations for the improvement and expansion of this activity on training content, teachers, number and price.

The foregoing is clearly illustrated in the following table:

<b>Evaluation of training courses organised by the Bulgarian Chamber of Private Enforcement Agents (BCPEA) 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>2010</b>	4.47	4.72	4.75	4.66	4.31
<b>2011</b>	5.00	5.06	5.10	4.97	4.78
<b>2012</b>	4.97	5.03	4.93	4.95	4.76
<b>2013</b>	5.02	4.85	5.00	4.84	4.80
<b>2014</b>	4.77	4.70	4.69	4.62	4.65
<b>2015</b>	4.89	4.89	4.88	4.58	4.75
<b>2016</b>	4.90	4.86	4.97	4.65	4.61

Of course, the main drive of the above is the interest of the PEAs and the ever-increasing demand by outsiders having contacts with the PEA work. Therefore sympathy to all members of the Chamber to the efforts of the Chamber Board logically would increase the quality and effectiveness of training offered. Our ideas for topics and forms are important because basically we use them, so we admire suggestions of colleagues in this direction.

### **3.6.3. European School of Enforcement (ESE)**

Reporting year of 2016 will be remembered with a significant for the BCPEA event - the establishment of the European School of Enforcement. It was a long dream coming true and we are satisfied that after more than 11 years we managed to turn it into reality!

We had to create ESE on a number of consequential reasons, which for years were analyzed in aggregate and after careful analysis of the results of applied until the training strategy of the BCPEA, namely:

- Quickly changing legislation;
- European dimension of enforcement and more extensive regulation at EU level;
- International dimensions. There are a growing number of cases of cross-border enforcement;
- Trailing other legal professions, particularly judges and public prosecutors. The EC report on judicial training for 2015 shows that in all (28/28) countries State has organized training for judges, almost all (27/28) - for prosecutors. A

total of 32% of judges have received at least one training in European law or the law of another Member State, 29% by prosecutors against 14% of private enforcement agents;

- Lack of prior training for the PEA, unlike judges, prosecutors and lawyers;
- Existence of a legislative requirement. According to Article 29, paragraph 2 of the LPEA - "private enforcement agent is obliged to increase their skills and to introduce the work to train and guide assistants and employees."

These reasons were the basis for making a balanced and forward-looking management decision by the Chamber governance of Private Enforcement Agents in the direction of improving the quality of educational services for the professional on improving their professional qualification.

On 14 October 2016, the Chamber Board of Private Enforcement established a foundation with the name "European School of Enforcement" acting in public interest. The school received its legal registration with decision No.1 of 17/11/2016 of Sofia City Court (SCC), Volume VI - 15 jury panel

The ESE main objectives are:

- Training, maintenance and qualification of judicial and public contractors, employees in the PEA offices, and trustees;
- Training of legal and other professionals on the key issues and practical problems of enforcement, the application of EU law in cases of cross-border enforcement of judicial acts and acts to absorb the public revenue;
- Preparing coaches from legal professionals to implement EU law, familiarization with international law and the right of other countries in the field of enforcement;
- Implementation of international contacts and cooperation with similar organizations;
- Development and support of research and publications on legal and related sciences, particularly in the area of enforcement.

ESE is open to all who wish to acquire knowledge in the area of enforcement at home and in Europe, whether they are legal or not.

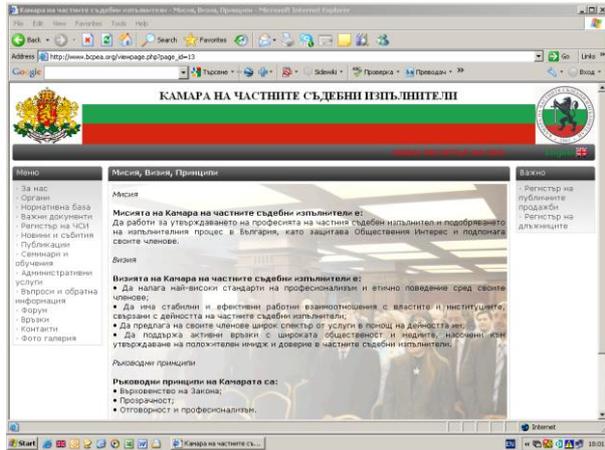
#### **3.6.4. Electronic data exchange with the National Revenue Agency (NRA)**

Practical implementation of the agreement with the NRA for interaction and exchange of information revealed that there are a number of problems, the elimination of which requires an active position and work by the Bulgarian Chamber of Private Enforcement Agents. In 2016 representatives of the BCPEA talked and were proactive in meetings with representatives of the NRA for the signing of a new agreement or supplement the current widening the scope of services. Our main purpose in light of electronic services is to move from web-applications and receive information by e-mail to complete the exchange of data with the NRA information system integration in a wide electronic platform. Unfortunately, by the end of the reporting period we were unable to achieve the signing of the

much-anticipated new agreement between the BCPEA and the NRA and begin the real work on the realization of this very important project for the daily PEA work. In this sense, our goal is in 2017 to continue our efforts in this direction.

### 3.6.5. Information and administrative services

Analysis of the results from the past 2016 shows that members of the Chamber are relatively satisfied with the way the communication tools. On the one hand, they are satisfied with the information received on the Chamber activities. On the other hand, they have security, reliable feedback to the administrative team and the governance of the BCPEA and they can get advice and support on



issues and problems of daily dynamics in law offices. They respect proper, adequate and professional service they receive during the year.

Every member of the Chamber has the responsibility to build the image of the profession. Professional activity and morale of each PEA has a direct impact on the work and reputation of his colleagues. A PEA has the right to request updated information and quality services, but also

has the obligation to comply with the rules and policies adopted by the governing bodies of the Chamber.

We strive to regularly update the BCPEA website. We maintain active 24/7 service and two national registers - Register of Public Sale and Central Register of Debtors. Very good ratings were awarded by PEAs who participated in the annual poll regarding these services: **5.18** for the BCPEA website; **5.43** for the Register of Debtors and **5.31** for the Register of Sales (compared to 2015 - 5.29 for the BCPEA website; 5.45 for the Register of Debtors and 5.37 for the Register of Sales).

In the section «Jurisprudence» we have published judgments of the courts of the Republic of Bulgaria in connection with law enforcement. After eleven years of effective operation of private law enforcement, we have already accumulated some case law in the form of important court decisions in the field of enforcement. We publish these decisions to benefit the parties in the enforcement process, and try to unify the practice of courts throughout the country. In addition, we can add that by the end of 2016 we have collected and summarized the existing disciplinary and judicial case law, the same is provided for use by members of the Chamber already existing new system for filing and management processes of the BCPEA.

The section "Important documents", in the sub-section "Legal norms of the EU", contains all main European directives, regulations, procedures and instructions concerning cross-border enforcement of judgments and obligations of private enforcement agents (PEAs) in Bulgaria resulting from the country's membership in the European Community. As part of the information campaign of the BCPEA in 2015,

we have updated the section "Questions and Answers" on the website to provide additional information to citizens and the opportunity to ask specific questions via the feedback form.

The section «Training» contains constantly updated information about upcoming workshops organized by the Bulgarian Chamber of Private Enforcement Agents (BCPEA). The section «Register of PEAs» supports one hundred percent the updated details of private enforcement agents (PEAs) assistant private enforcement agents and related circumstances.

In 2016, we continued the tradition of issuing a bulletin of the Chamber. It is a tool for internal communication and industry periodically and systematically inform its members about the main activities, processes, legislative changes and important trends that are relevant to the profession of private enforcement agent. The purpose of the bulletin is to provide information on the Chamber activities to distribute national and regional initiatives of the Chamber and its members thus is useful for the entire professional community. The bulletin for the first half of the fiscal year was sent to all the PEAs at the end of July. By the end of January 2017 the bulletin for the second half of the past year will be ready.

The bulletin is distributed in electronic format. It is sent via e-mail to PEAs, to their offices and associates. The bulletin is addressed to traditional partners of the Chamber, such as business organizations, banks, Ombudsman, etc. The bulletin for 2016 presented key findings from the annual statistical reports for the previous years, information campaigns of the BCPEA, execution on agreements with institutions news for enforcement of world partnership initiatives, Chamber public opinions on legislative changes, etc.

In order to maximize the awareness of their members for all media publications reflecting the activities of private enforcement agents (PEAs), this year the Chamber renewed the contract with Bulgarian News Agency (BTA) for the service «Electronic Press Clipping» - tracking a given topic in emissions BTA, online and print publications in national and regional media. Through the subscription of the Chamber for this service, members of the BCPEA receive the fullest possible information from national and regional media on the subject "enforcement". The management of the Chamber considers that this initiative and investment makes sense and sincerely hopes to be useful members of this service in 2016.

During the reporting period the Chamber continued to render standard administrative services for its members - entries and deletions from the register of private enforcement, changes in circumstances Registry administration of the Central Register of Debtors (CRD) and other records maintained by the BCPEA, collection, compilation and analysis of statistics and information about the PEA, issuance of certificates, official memos and other documents, issuance of identity cards, cases and signs, distribution of publications of the BCPEA, document, administration of complaints overall administration of the disciplinary process in disciplinary proceedings and support the work of the Disciplinary Committee of the BCPEA, organizing national and regional fora, training and many others To be as informed about measures taken by the Chamber's Board decisions at

its meetings, and the results of their implementation, all Chamber members receive regular e-mail records of the meetings full volume.

### **3.6.6. Services under development**

One of the main priorities for the Chamber development next year is the adoption by National Assembly of our proposals for improving the legislation - the Civil Procedural Code and regulations in the field of law enforcement. We will continue to work diligently to collect public revenue of the state and municipalities to optimize monitoring compliance with the law and the Code of Ethics, including in respect of unfair competition and enhanced cooperation with the institutions and the media.

In early 2015, the BCPEA management launched an extremely important project in which the ultimate goal is that all the information in enforcement cases be received electronically. These are gathered in one place information about debtors from OCSP, AGKK, Property Register, Commercial Register, NSSI, NRA, traffic police, customs etc. Furthermore, the electronic platform will release claimants, respectively PEAs, from the heavy and slow process of administering each individual state tax, which in many cases leads to defrauding creditors because, while collecting information on debtors' assets, some of them are able to transfer their assets. The platform will allow the electronic exchange of mandatory, according to the procedural laws, messages on enforcement cases, such as those to the NRA for public obligations of debtors. For the project implementation, a number of meetings were held between the BCPEA, our partner "Informatsionni Uslugi" AD and all institutions that collect information on the cases. Once again we get convinced how in a project that is of interest to people, businesses and the state, respectively the institutions, and that will reduce costs, is in fact hindered, delayed and neglected. At the level of guides, we receive understanding and agreement, but then "experts" intervene and the problems begin. No matter how difficult and hindering it is, we will not give up until we achieve the ultimate goal, which is in line with the best European practices and recommendations of the Council of Europe on law enforcement.

The BCPEA file-keeping system is now working. Hardware and software system is secured. Arrays of information are integrated into the program. Since the beginning of October to the end of 2016 it worked with the administrative staff and with individual modules - and members of the Chamber Board. At the beginning of 2017 settings for access will take place for other governing bodies of the BCPEA and the organization members. Access will only be granted by the PEAs with strictly individual usernames and passwords. Thus each private enforcement agent will have an opportunity to consult in real time with information in his personal record, as well as all available judicial and disciplinary law enforcement officers, gathered and summarized to this point in the system. Hopefully with the realization of this major project we have been most useful of all my colleagues and our administrative work together to pass a new stage - meeting all European criteria for a modern, lawful and effective activity.

Hopefully in 2017, the system for electronic distraints will be ready. The initiative is in the hands of the executive and legislature. Bringing the project to fruition will prove their will to introduce a modern European approach in court - implementing procedures that will reduce about 30 times the fees for citizens and businesses.

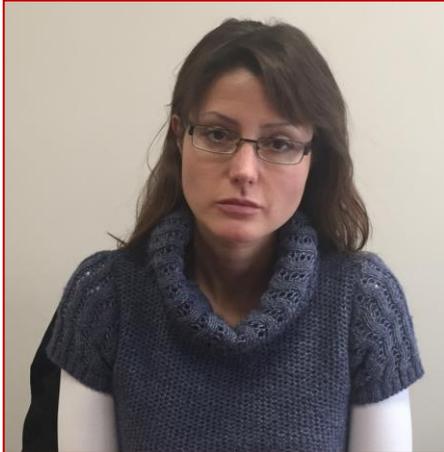
In 2017, we are planning the award and implementation of enhancements in the Register of Public Sales and the Central Register of Debtors - to improve and optimize their basic modules and functionalities that at the end of last year proved to be outdated and unsuitable for fast and effective work both register. Since the BCPEA site works since 2011 and we have already noticed significant gaps and deficiencies in its interface, in 2017 we will contract the design of a completely new and modern site of our professional organization.

2017 will be the year in which the Chamber governance will make every effort to institutionalize and speed up training activities of the European School of Enforcement. As part of these efforts, we expect the development of the project for remote training session /webinars/ through the system for training to enhance the professional skills of PEAs and staff will move to a qualitatively new stage - a modern, contemporary and European approach.

We continue with market demand in line with the Chamber needs of buying a new office building. Let's hope that in 2017 this initiative will be completed successfully and the Chamber will have a new and modern office building - the seat of our organization in Sofia.

## REPORT

### On the activities of the Disciplinary Committee with the Bulgarian Chamber of Private Enforcement Agents for 2016

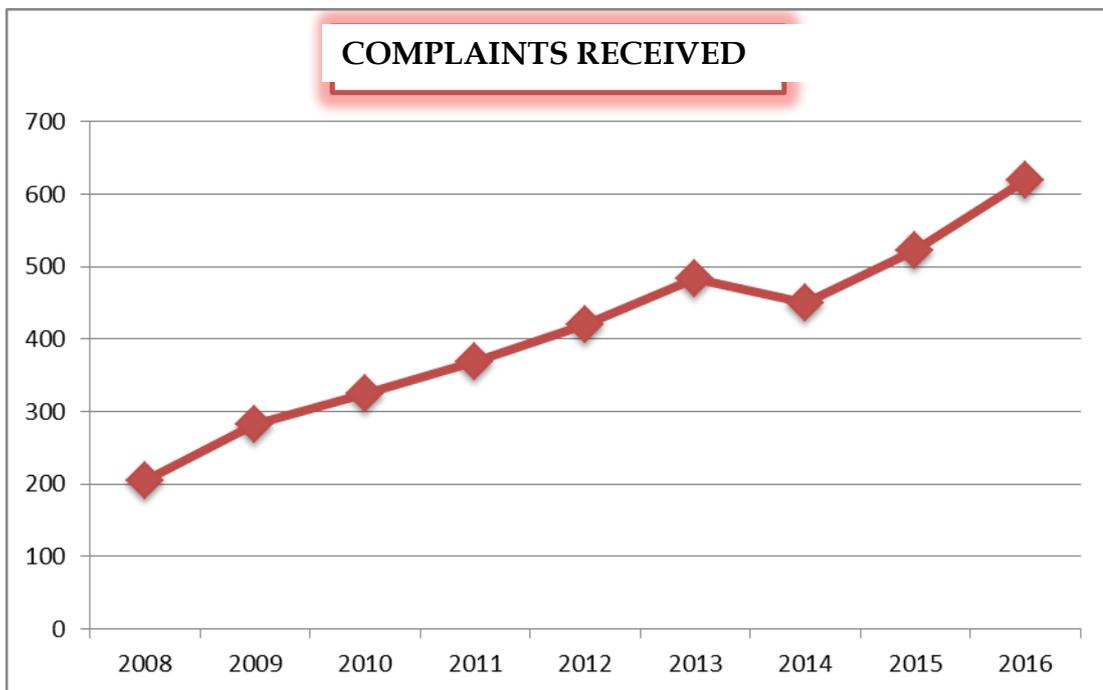


Dear Colleagues,

We present to you the report of the Disciplinary Committee of the Bulgarian Chamber of Private Enforcement Agents for the past 2016.

#### I. Statistics on "Complaints"

In 2016, the BCPEA received 620, complaints and this year we have seen a longer lasting trend for their high number. In the previous 2015, the figure was 522, in 2014 - 449, in 2013 - 484. For greater contrast with previous years received complaints in 2012, 419; in 2011 - 369 in 2010, 325 in 2009 - they number 282, in 2008 - 205. We also present the quantitative distribution of complaints by years.



Compared with previous years, the complaints filed in 2016 were as follows in percentage increase:

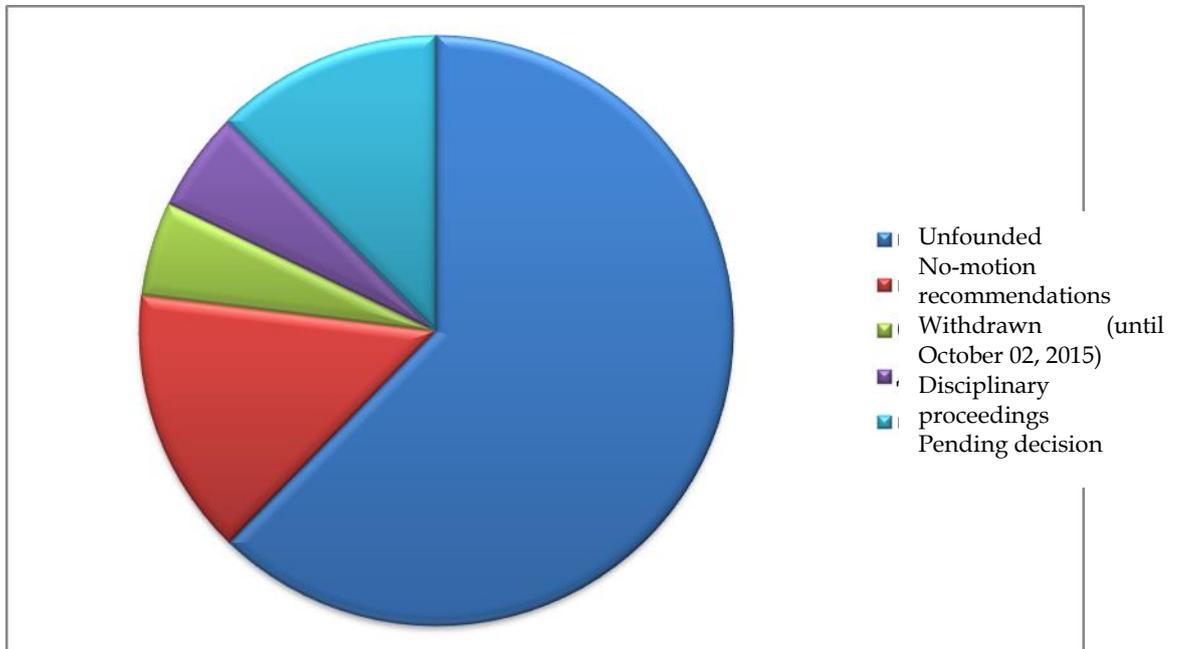
- versus 2008 - over 200% increase;
- versus 2009 - 120% increase;
- versus 2010 - 91% increase;
- versus 2011 - 68% increase;
- versus 2012г. - 48% increase;

- versus 2013г. - 28% increase;
- versus 2014г. -38%;
- and compared to the previous 2015 - 19%.

Trend of a large number of complaints does not mean a large number of legitimate ones. From 620 complaints received in 2016, 386 were unfounded, on 91 recommendations were made, 32 were left without moning and on 34 of them it was decided to institute disciplinary proceedings, 77 cases are pending examination in 2017.

In absolute terms, the figures are 62.26% of all complaints are unfounded; in 14.68% recommendations were made; without consideration - 5.16%; in 5.48% of them, the Chamber Board has decided to initiate disciplinary proceedings and in 12.42% of complaints pending consideration by the Chamber Board in 2017.

We also present the distribution of complaints and of signals similar to complaint, by result.



In comparison with the previous year of 2015, the analysis shows that the percentage of data are similar, namely:

	2015	2016
Unfounded	63.03%	62.26%
Recommendations	15.52%	14.68%
Initiated disciplinary proceedings	4.98%	5.48%
No consideration given	3.26%	5.16%
Pending decision	13.21%	12.42%
	100%	100%

The analysis shows a trend continued existence of a relatively large number of complaints in 2016 as well. Statistics show that on average received is 52 complaints per month, 13 per week and five complaints every two days!

The analysis shows that this is mainly due to the growing number of enforcement cases - and newly pending. It should be noted the fact that at the end of 2015, the number of private enforcement agents is 202.

The information indicates on the one hand public confidence in the BCPEA has increased, as accurate and fair allowance for the work of private enforcement agents, as an effective institution acting democratically, transparently and fairly. And on the other hand, unfortunately, the trend of the large number of poor practices in enforcement cases by some private enforcement agents. It shows a relatively high number of complaints in which recommendations were made and decisions were made to initiate disciplinary proceedings.

It is important to note that for almost 30% of current PEAs no complaints in the Chamber were made against their actions for 2016!

## **II. Statistics on Disciplinary Committee activity in 2016**

Since 2006 the Disciplinary Committee of the Bulgarian Chamber of Private Enforcement Agents (BCPEA) opened a total of **297** disciplinary proceedings against PEAs. The Disciplinary Committee has pronounced decisions on 292 decisions on them. Pursuant to Article 70, paragraph 1 the Law on Private Enforcement Agents (LPEA) proceedings must be instituted at the request of the Minister of Justice or by a decision of the Chamber Board. According to this criterion, the figures are as follows:

**2006 - 5 disciplinary cases - three** disciplinary proceedings by decision of the Chamber Board and **two** at the request of the Minister of Justice and **one** at the request of both bodies;

**2007 - 4 disciplinary cases - three** by the Chamber Board, **one** by the Minister of Justice;

**2008 - 15 disciplinary cases - five** by the Chamber Board, **nine** by the Minister of Justice and **one** at the request of both bodies;

**2009 - 21 disciplinary cases - fifteen** by the Chamber Board, **six** by the Minister of Justice;

**2010 - 21 disciplinary cases - ten** by the Chamber Board, **eleven** by the Minister of Justice;

**2011 - 17 disciplinary cases - seven** by the Chamber Board, **nine** by the Minister of Justice and **one** at the request of both bodies

**2012 - 16 disciplinary cases - eleven** by the Chamber Board, **five** by the Minister of Justice;

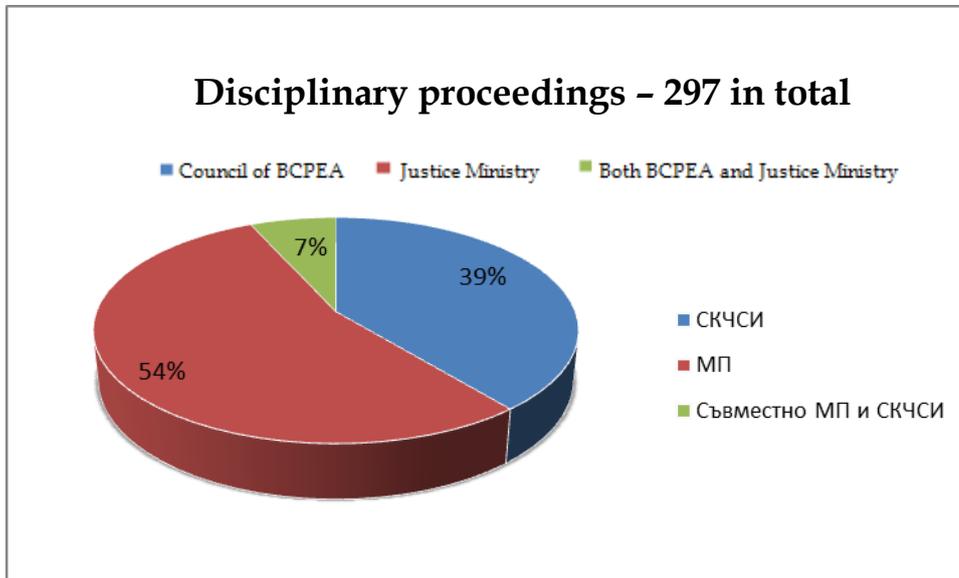
**2013 - 30 disciplinary cases - ten** by the Chamber Board, **eighteen** by the Minister of Justice and **two** at the request of both bodies;

**2014 - 75 disciplinary cases - twelve** by the Chamber Board, **fifty-seven** by the Minister of Justice (four of them are initiated in parallel for judicial and financial review), and **six** at the request of both bodies;

**2015 - 47 disciplinary cases - fourteen** by the Chamber Board, **twenty-six** only by the Minister of Justice, **five** at the request of both bodies and **two** were returned by the Supreme Cassation Court for re-consideration;

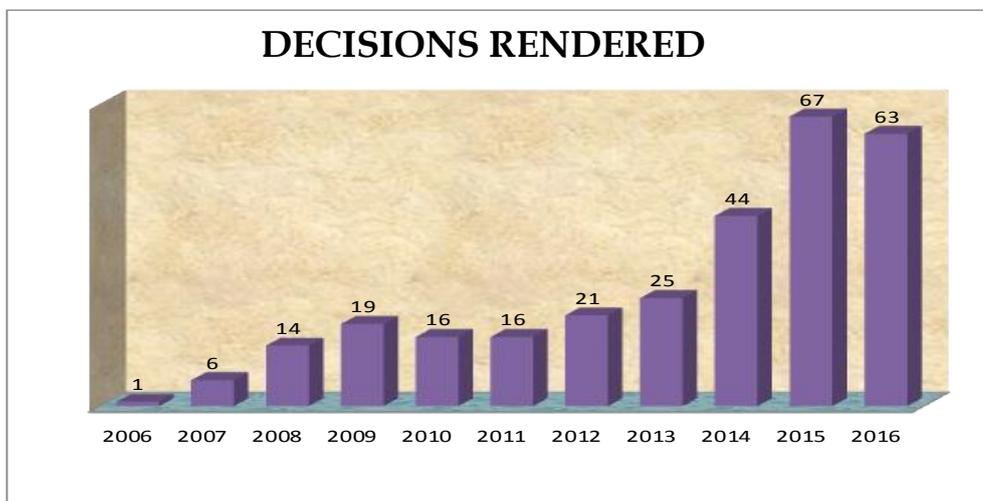
**2016 - 46 disciplinary cases - twenty-six** by the Chamber Board, **eleven** only by the Minister of Justice, and **four** at the request of both bodies and **five** were returned by the Supreme Cassation Court for re-consideration.

Statistics show that from a total of 297 disciplinary proceedings, 116 proceedings were instituted by decision of the Chamber Board (over 39%), at the request of the Minister of Justice - 161 (over 54%) и 20 were initiated at the request of both body (approximately 7%).



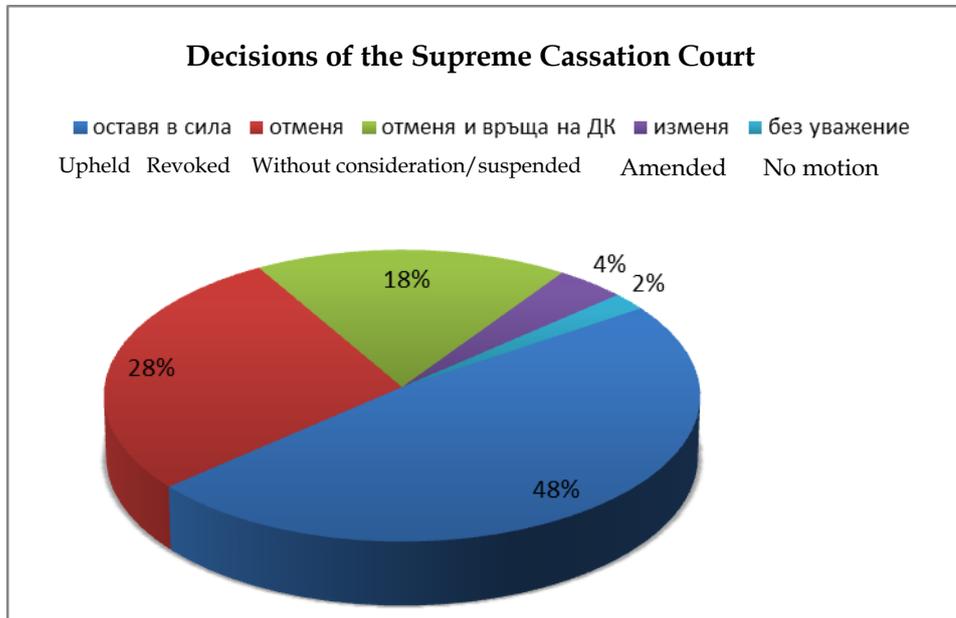
As stated above, the Disciplinary Committee has delivered a total of 292 decisions. Yearly statistics is as follows:

- 2006 - **one** decision rendered.
- 2007 - **six** decisions rendered.
- 2008 - **fourteen** decisions rendered.
- 2009 - **nineteen** decisions rendered.
- 2010 - **sixteen** decisions rendered.
- 2011 - **sixteen** decisions rendered.
- 2012 - **twenty-one** decisions rendered.
- 2013 - **twenty-five** decisions rendered.
- 2014 - **forty-four** decisions rendered.
- 2015 - **sixty-seven** decisions rendered.
- 2016 - **sixty-three** decisions rendered.



In the past 2016, the Supreme Cassation Court (SCC) ruled 50 decisions, and the results are as follows:

- upheld - 24;
- revoked - 14;
- canceled and returned to the Disciplinary Committee - 9;
- amended - 2;
- no motion - 1;



The Chamber Board at its meetings held in 2016, took 40 decisions to initiate disciplinary proceedings.

In 2016, the Minister of Justice received a total of 15 requests for initiation of disciplinary proceedings, in 11 of them disciplinary proceedings were initiated only at the request of the Minister, 4 jointly with Council decisions and merged into one proceeding.

In 2016, in carrying 46 disciplinary proceedings the Disciplinary Committee has rendered 33 decisions. The remaining 13 are as follows: declared resolved - 7, and scheduled / to schedule for consideration in 2017 - 6. From enacted 33 decisions, 11 have taken effect (three were appealed - two upheld by the SCC and one was returned to the DC and eight were not appealed), eight were upheld by the SCC and fourteen are pending for appeal.

Throughout 2016, the Disciplinary Committee has established a total of **60** decisions.

The trend continues that the Disciplinary Committee imposes a penalty "fine" and **39** of those 60 decisions are ruled with such punishment; **four** penalties "reprimand" were imposed; it rejected **two** requests for initiation of disciplinary proceedings; it imposed six disciplinary "debarments"; **two** "warning debarments"; **three** were terminated; **three** were left without consideration and **one** decision says it does not impose a disciplinary sanction.

Final decisions in 2016 are **74**.

It retains last year the trend of heavy workload of the disciplinary panels. He Disciplinary Committee held 66 meetings.

Again, the trend of declaring the decisions of the Disciplinary Committee remains.

In 2016 - 60 decisions were rendered, as follows:

- up to **1 month** - 24 decisions or nearly 52% of decisions rendered in 2015;
- from **1 month** to **3 months** - 16, which is nearly 37% of decisions rendered in 2015;
- from **3 month** to **6 months** - 12 or 5% of decisions rendered in 2015;
- from **6 месеца** до **1 година** - 6 decisions, which accounts for over 3% of all decisions rendered in 2015;
- **over 1 year** - **two** decisions, which accounts for over 3% of all decisions rendered in 2015.

From 60 decisions of the Disciplinary Committee enacted in 2016, 23 have entered into force the same year. Of these 60 decisions appealed to the SCC, 26 decisions by the cassation court ruled as follows:

- upheld - 4;
- revoked - 2;
- returned to the DC - 3;
- 3 were declared to be resolved and 12 are scheduled for a meeting in 2017;
- the remaining two - irregularity of complaints has been removed and SCC will rule.

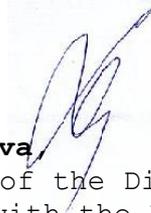
As indisputable conclusion for the past ten years, it is a fact the Supreme Cassation Court generally upheld the judgment of the disciplinary panel decisions. The motives for engaging disciplinary responsibility of a private enforcement agent was upheld by the acts of the court as well.

The analysis of the Committee's activity during the reporting period shows that some major violations:

1. Failure to comply with the provisions of Ordinance No.4 / 06/02/2006 for official archives of the PEA.
2. Violations of the provisions of Article 80 of the LPEA, resulting in a lack of collected and paid upfront fees from the creditors.
3. Disorders related to amounts received in the performance - Article 455 of the Civil Procedural Code (CPC).
4. Incorrect determining the amount of fees under section. 26 of the Tariff to the LPEA.
5. Violation of the provisions of Article 79 of the LPEA, resulting in the draw of bills for charges.
6. Violation of Article 426, paragraph 1 and paragraph 2 of the Civil Procedural Code relating to the validity of the request to initiate enforcement proceedings and taking enforcement actions, but they are requested by the creditor and without being entrusted with tasks of PEA of Article 18 of the LPEA.

7. Violation of the provisions of Article 428 of the Civil Procedural Code relating to the service of formal notice to the debtor.
8. Accession of reinsurers as creditors in the case in violation of Article 456, paragraph 2 of the Civil Procedural Code (CPC) in conjunction with Article 429 of the Civil Procedural Code (CPC).
9. Violations of the provisions of Article 433, paragraph 1, sections 1-8 of the Civil Procedural Code relating to the grounds for termination of the enforcement case.

Almost all of the requests from both the Chamber Board and the Minister of Justice are found to have committed numerous violations.



**Maria Tsacheva**  
Chairperson of the Disciplinary  
Committee with the Bulgarian  
Chamber of Private Enforcement  
Agents

## REPORT

### **On the activities of the Control Committee with the Bulgarian Chamber of Private Enforcement Agents for 2016**



Dear Colleagues,

The past 2016 was 11<sup>th</sup> jubilee since the establishment of the Bulgarian Chamber of Private Enforcement Agents and the first year after the election of new bodies of the Chamber. Governing bodies worked with tension and mobilized their efforts to solve the tasks. We were invited to the workshops of Justice, where our colleagues did well. The BCPEA governance managed to unite the sector to preserve its independence.

During the reporting year, the Chamber Board has managed to fulfill much of the pre-set goals and objectives. We have improved control of the PEA, continued work in the development of electronic services by the Central Register of Debtors and the Register of Public Sales.

The work of the Supervisory Board was consistent with the basic principles of the Plan on Control Committee Activities. Members of the Control Committee participated in all the Chamber Board. For the period we have not received a single signal on verification concerning the budget of the BCPEA, or management of the property. In this sense, except that the Control Committee of the BCPEA performed its supervisory powers under Article 64 of the LPEA, sought to fully assist the Board. I express gratitude on behalf of my colleague Stefan Gorchev from the Control Committee for his competent activity.

In 2016, the continued development of precise and accurate accounting of income and expenses from operations of the Chamber, and there are the results of good cooperation with AFA Ltd., which previously took four years accounting services to the BCPEA. Good level of accounting services provided by AFA Ltd. and working with them in 2016, they found an objective look at optimizing the resources of the Chamber, which raised the positive financial result for the year.

The Supervisory Board considers that **the Board Chamber activities in 2015 were lawful, efficient and in a spirit of continuity**. There were 13 regular and 4 remote meetings to take 859 decisions in total, including 176 operational, on current economic issues and on 683 - on complaints.

Meetings are held regularly and with the required quorum, decisions are taken in strict compliance with the Constitution and internal translated the Chamber.

Council members are divided into committees and are responsible for the relevant portfolio. At each meeting they were informed of the implementation of previous decisions taken by monitors in compliance

with deadlines for their implementation. Any significant costs that are borne by the Chamber are taken decisions by the Chamber Board.

During this period the **Chamber continued to operate as an autonomous and financially solvent organization**. Total revenues of the Chamber for 2016 were **BGN 782,516**. Proceedings from activities amounted to **BGN 264,563.58**. The positive result in revenue in 2016: workshops and training - BGN 54,555.97, proceedings from the Central Register of Debtors - BGN 193,459.61, etc.

Revenues from non-profit activities are **BGN 517,952.89** as the most significant items are: membership fees - BGN 326,216.6, entrance fees to colleagues about BGN 110,000, etc. As a VAT registered person for implemented business BCPEA regularly reported and imported due VAT is the tax credit applicable.

In analyzing the costs incurred the **Control Committee found that they are reasonable and appropriate** under accepted and voted budget and in accordance with decisions of the Chamber Board. All costs incurred are in total BGN 630,868, the main costs are subscription contracts, fund payroll administration, security, maintenance of the sites of the Chamber, supplies, General Assembly - regular and overtime donations soccer tournament membership in international organizations, workshops, trainings, etc.

In 2016, the financial result of the Chamber is **BGN 151,648**, which means after paying taxes, will form a reserve for the Chamber. The distribution of costs between economic and non-economic activities and in 2016 is comparable to previous years - 34% for business and 66% for non-profit activities.

At the end of the fiscal 2016, the Chamber financial position is stable, reserves exceed BGN 750,000 distributed in funds, which according to a decision of the Extraordinary General Meeting of the BCPEA on September 17, 2016 are distributed as follows: BGN 700,000 - buying office allocations of the BCPEA; BGN 50,000 - "Reserve" fund. Possible perspective of the next 2017 is stable smooth growth of the positive financial result and increase the reserve of the BCPEA.

**The accounting and financial records are maintained according to national accounting, the financial statements and balance sheets are composed by AFA, a specialized accounting company.**

The Bulgarian Chamber of Private Enforcement Agents is a financially stable organization and continues to evolve in the ascendant, which contributes to better protect the rights and interests of the profession of citizens, business and the society.



**Ivan Hadzhiivanov**  
Chairperson of the Control Committee  
Bulgarian Chamber of Private Enforcement  
Agents