
BULGARIA SET TO CANCEL ITS CASH FOR PASSPORT SCHEME

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Bulgaria, one of only three EU Member States selling passports, is set to end its citizenship by investment scheme, the government said on Tuesday.

The announcement came after a European Commission report assessing the schemes in different countries warned Member States that to tighten security checks on wealthy investors applying for cash for passport schemes.

The Commissions report states that these schemes opened the EU to money laundering, corruption and organised crime.

Malta, Cyprus and Bulgaria are the only EU Member States that run schemes selling citizenship allowing wealthy individuals to buy EU passports, and free movement inside the bloc.

Known as investor nationalities, investors are able to purchase a Bulgarian passport for [] as long as the funds are invested in Bulgaria, or sitting in a local bank account.

The Organised Crime and Corruption Reporting Project (OCCRP) revealed last year that many applicants were taking out loans granted by Bulgaria, through foreign banks, meaning that little or no investment was taking place in the country. Applicants were effectively circumventing application requirements by borrowing money to satisfy criteria.

The Justice Ministry in Bulgaria said simply that the reason for cancelling the programme was that it had failed to attract the necessary investment.

Malta's Individual Investor Programme grants citizenship to those who rent or purchase property of a certain value, purchase government bonds, and pay a financial contribution for each person seeking a passport.

Despite the government and agents that file applications on behalf of clientele stating that due diligence is undertaken, reports have raised questions on whether the programme was being abused to gain a European passport without even setting foot in the country.

The Maltese government has repeatedly ignored calls to revise, phase out, or even cancel its cash-for-passport programme due to concerns around links to money laundering and international crime.

A number of applicants for passports in Malta were found to have accounts at Pilatus Bank [] the Malta-based, private bank at the centre of a global money laundering and corruption scandal. Its

owner, Ali Sadr Hasheminejad is now facing some 125 years in an American jail for evading US sanctions.

Media reports have also shown how properties supposedly being rented as a part of the scheme by oligarchs and millionaires were little more than uninhabited hovels. This suggested that applicants, and those who processed applications, were turning a blind eye to irregularities and flagrant abuse of the necessary criteria that was required to gain citizenship.

The European Commission, Global Witness and Transparency International have all raised concerns on Malta's cash for passport scheme.

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