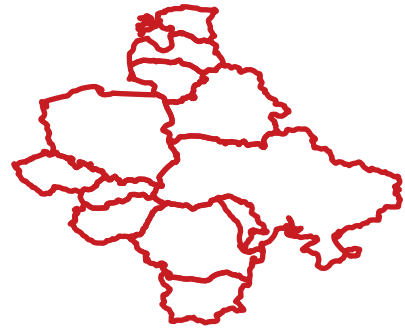

Exposing Eastern Europe's shadowy media owners

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The case of Romanian politician and media mogul Dan Voiculescu, sentenced to prison for fraud, illustrates how media have been captured by powerful business interests, often with ties to the security and political establishment, across Eastern Europe. Voiculescu did not hide his close ties to the media. In many countries of the region, however, the media ownership structure is far more complex, with proxy companies concealing the real owners. This article focuses on the work of the Organized Crime and Corruption Reporting Project (OCCRP), a network of investigative journalists, and the challenges the project has faced to expose media owners and reveal their connections with crime and politics across the region.

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Introduction

When one of the most powerful Romanian oligarchs, Dan Voiculescu, was sent to prison in the summer of 2104 for corruption related to the illegal privatization of the Food Research Institute (ICA), his media companies went on the offensive and furiously attacked the judge who had handed down the 10-year sentence.

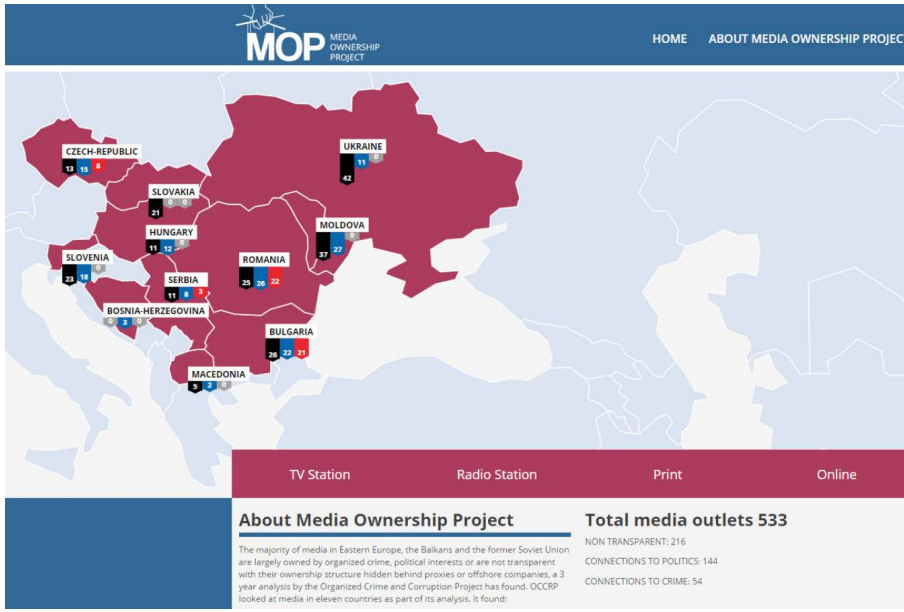
Voiculescu is the biggest media mogul in Romania. His outlets boast the largest audiences in the country, and through his ownership of media he exemplifies Romanian power players who wield influence. Voiculescu founded the Intact Media Group, comprised of six television stations (including the market leader, Antena 3), five print publications, and two radio stations. He has used these media assets to promote his ideas and attack his political opponents. For example, after the 2014 verdict, which called for the seizure of his assets—including the headquarters of Antena 3—to cover damages, these outlets were instrumental in bringing people out on the streets to support him and protest against the former president, Traian Băsescu, claiming the court cases against Voiculescu were politically motivated.

Voiculescu became a media baron by being among the first investors to take advantage of large-scale privatization in Romania after the fall of Nicolae Ceaușescu in 1989. Intact Media was born on the back of Voiculescu's other business group, Grivco, which had taken over lucrative commercial deals, including shipping and oil businesses, from Romania's Communist government. The magnate had been declared a collaborator of the Securitate, the infamous Romanian Communist secret service, which gave him a privileged status under Ceaușescu's regime, and his businesses in the post-Communist era were deeply rooted in this relationship.

In Romania, as in most Eastern Europe countries, some of the most important media organizations are attached to business conglomerates run by oligarchs—like Voiculescu—who have brazenly manipulated media coverage at the outlets they control. Often, TV, radio, and online and print publications become weapons in the hands of these businessmen to attack their opponents, or, alternatively, to cater to people in power who can award them lucrative state contracts. This state of media capture leaves the public at large without trustworthy sources of information; the overt forms of state propaganda may be a relic of the past, but Romanian media still serve the interests of the powerful.

In some cases, that is evident to the public. The Voiculescu case was relatively straightforward, since the public knew he controlled the media outlets that were attacking the judge. In many other instances, however, owners of influential media hide behind opaque offshore company structures and dictate the public agenda through proxies. In such instances, the illusion of independence is far greater. This chapter describes the challenge of uncovering the structures of media capture when they are deliberately hidden from view.

In 2014, OCCRP set out to untangle the intricate web of connections that influences the quality of the news in the region. OCCRP initiated a region-wide investigation of media ownership and its connections to crime, politics, and secretive offshore companies. We picked the most influential media across Eastern Europe based on their audience numbers, or on notoriety when numbers were not available. In total, we investigated 533 media utlets—print, online, radio, TV, and hybrid—across 11 countries.



Screenshot from OCCRP's Media Ownership Project website. https://www.reportingproject.net/media/

We found quicksand—an elusive, shape-shifting world of ownership:

- Politically connected businessmen have increasingly become media masters, while journalist-owned organizations, once common, are in fast decline.
- In some countries like Moldova, Romania and Bulgaria, former members of the security establishment have interests in prominent media outlets.
- Persons with criminal records and even prominent organized crime leaders show up regularly, particularly in Romania.
- Media ownership structures can be complex, sometimes embedded within six or seven levels of shell companies. Offshore companies often feature in these structures, obscuring the real owners, and this trend of controlling media through offshore entities is on the rise.

- Media are often owned by proxies, or persons who stand in for the real owners. Sometimes, the proxy owner is the wife or long-time associate of a politician; in other cases, it not clear who the proxy owners represent.
- Media ownership structures differ by country. Some favor offshore registration, while others are more transparent, with politicians and crime figures openly owning the media outlet.
- Media ownership changes rapidly, with some companies changing hands five or six times per year.
- Media coverage often reflects the interests of the owners.

The work

Reporters in these 11 Eastern European countries received access to a web-based database, where they posted their findings over two years. The database itself and the strategies for uncovering ownership were inspired by previous OCCRP investigations into corruption that had touched upon media capture and a lack of transparency in the region's press. Our artists designed iconography meant to illustrate each type of entity encountered: company, offshore company, court case, proxy or nominee, beneficial owners, and others. New icons were added as our investigations progressed, and we ran into new ownership scenarios.

The database was capable of automatically categorizing the media ownership based on the data inputted by reporters. If, for example, the ownership chain led to an offshore type of company whose beneficial owner was not listed in public databases, the system flagged the media company as non-transparent. The same applied for the other two main indicators: a media outlet was flagged as connected to politics if a person in the ownership scheme was also a politician; the outlet was classified as connected to criminal court cases if an owner had been convicted of organized crime or corruption. All relationships and connections were based on public records, which were linked to the system in a way that allowed viewers to consult them and independently verify our findings.

Our methodology was drawn from previous experiences of "following the money" and tracking down complex ownership structures. As a first step after identifying the targeted media, reporters combed through company records to peel back the layers of media ownership. Initial searches focused on companies registered as media owners on publications' websites or with various state bodies.

Work always started at the local level, with online searches and formal information requests addressed to company registries in each country.

In some cases, the media owners were revealed immediately as a result of these searches, but journalists found complex business ownership schemes under the initial layer of media ownership. Secretive offshore types of companies popped up in media across the region, and reporters had to cast their data-gathering nets wider and deeper.

At this point, Investigative Dashboard (ID) researchers came to the rescue. The ID is an OCCRP pro bono due diligence service for journalists who need to follow companies and people across borders. ID researchers did a lot of the heavy lifting, tapping into costly international business databases and sending information requests to corporate registries in offshore havens as varied as the British Virgin Islands, Gibraltar, Delaware, and Cyprus.

Some of these searches were successful, but many yielded unsatisfactory results because of the high level of secrecy in some jurisdictions. Countries such as Belize, the Seychelles, and Panama, for instance, don't keep files on the names of beneficial owners of locally registered businesses. In these cases, our research came to a dead end. If the ownership tree stopped in a secretive jurisdiction—sometimes after five or more sandwiched layers of ownership—the system automatically catalogued the medium as non-transparent. In Ukraine alone, 75 percent of the 56 media outlets that OCCRP looked at were categorized non-transparent, as ownership schemes led to companies in Cyprus, Belize, or other places where beneficial ownership data was not available.

OCCRP also made a clear distinction between beneficial and proxy owners. Proxies are just fronts for hidden entities, and usually are identities for hire—involved as directors and shareholders—in dozens if not thousands of companies.

We conducted company searches worldwide and at the national level, followed by checks in court records databases to identify cases of media owners tried and convicted for corruption or organized crime activities. The process is particularly tedious, because court records are difficult to access in many of the region's countries. Our reporters filed numerous, time-consuming freedom of information requests with courts to obtain copies of criminal litigation cases. The same iterative process was followed to pin down the political affiliation of media owners.

Offshore secrecy and the authorities' slow responses complicated the investigations. One interesting finding was that media ownership shifted at great speed, requiring us to constantly update our data as the media changed hands or media owners found ways to hide behind new offshore companies.

For instance, an Auckland-based firm was found to be involved in the ownership of numerous companies in Eastern Europe, including a Moldovan TV station.[1] Once OCCRP exposed the station's non-transparent structure, its ownership was transferred to a British holding company to obscure the identity of the real owners.[2]

Internet ownership

While investigating the media, we ran into a few cases where content providers (media companies) were also Internet service providers (ISPs).[3] We then investigated who controls the Internet pipelines in the region, using the same type of database and methodology to map the companies and people providing Eastern Europeans with access to the Internet. Our findings were similar to those we had discovered by researching media ownership. We ran into a world of offshore companies obscuring beneficial ownership, and found connections to crime and politics.

We also discovered a key difference: Internet provider ownership is more stable than media ownership. Entities behind the ISPs don't change as often. With the Internet Ownership Project, we implemented a system that automatically identifies the ISP and lets Internet users in the region know who is behind the Wi-Fi network they have just connected to. Transparency in the ownership of both Internet service providers and media is increasingly important, as most of the independent media in the region have moved onto the Internet and social networks. These offer new opportunities not only for people trying to provide truthful information to the public, but also for those who want to muzzle the press.

For the time being, Romanian mogul Voiculescu is still behind bars, and his media continue to attack the judge who put him there. Other media owners in Eastern Europe may hope to keep their identity hidden behind proxy companies. As OCCRP investigations have demonstrated, however, determined researchers can use advanced investigative techniques, including data journalism, to track links between politics, crime, and media, and expose those who misuse the media for their own interests.

ENDNOTES

[1] For more information and links on this case, see the online report at *https://www.occrp.org/en/investigations/1591-a-televised-hide-and-seek*.

[2] For more on the challenges of tracking down ownership structures, see Paul Radu, "Follow the money: how open data and investigative journalism can beat corruption," in Against Corruption: A Collection of Essays. (London: Policy Paper from the Prime Minister's Office, 2016). *https://www.gov.uk/government/publications/against-corruption-a-collection-of-essays/against-corruption-a-collection-of-essays.*

[3] The data and reports from this project can be found at *https://www.reportingproject.net/internetownership/*.