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For Immediate Release

Tbilisi, December 10, 2012 – In its new report released today Transparency International Georgia (TI Georgia) has documented Georgia’s largest construction scandal involving former senior public officials and their company Center Point Group who mishandled USD 310 million paid by nearly 6,200 customers for the construction of their houses. The status and connections in the former government of the United National Movement (UNM) raise concerns that these UNM connections helped the founders of Center Point Group avoid personal liability for the damages inflicted on their customers.

- Center Point Group is a **conglomeration of 70 companies**, 55 Limited Liability Companies (LLC) and 15 individual partnerships, owned by the three well-known people in Georgia: Vakhtang Rcheulishvili, Maia Rchuelishvili, and Rusudan Kervalishvili
- **Center Point Group applied a vast “Ponzi” scheme** - after being unable to construct houses for the initial investors the Center Point Group started using the funds of subsequent investors to pay for the ever-increasing deficit. Soon, however, the company became unable to meet its obligations to the subsequent investors but also failed to find new investors to allow the continued use of their funds. As a result, there were **30 construction projects suspended** and **nearly 6,200 families (approximately 30,000 individuals)** left without promised apartments.
- Center Point Group received a total of **USD 310 million** to construct houses for its customers but failed to fulfill this obligation.
- Dexus, a company managing Center Point Group’s assets since September 2010, pledged to finish suspended constructions in three year’s time. The company was established on 23 August 2010, **just two weeks before undertaking the management of Center Point Group’s construction projects**. Its starting capital was only **GEL 100**.
- **Dexus has worsened the initial conditions for the affected customers** by asking them to pay burdensome taxes and additional costs for their houses.
- In addition, Dexus became involved in an allegedly illicit deal through which the **founders of the Center Point Group claimed a valuable property of the affected customers**.
- Of 30 suspended construction projects Dexus has finished eight projects and is now implementing seven more projects.
- **Authorities’ negligence and bias** - the Prosecutor’s Office did not start the investigation of the Center Point Group’s case despite strong evidence and high public interest.

TI Georgia finds it important that the new government takes interest in the Center Point Group case and launches an in-depth investigation into the details. It is a key to ensure that the claims of all affected customers are investigated fully, objectively, and in a reasonable time so that they are able to register ownership over their houses and receive adequate compensation for all losses suffered.

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