Bulgaria: The public, violent side of private security

For two decades the security guard business has been an integral part of Bulgarian political and economic life. From this business, two former karate champions – one who became premier and one a secret agent – have waged a furious fight for control.

By Stanimir Vaglenov

They started as friends and quickly thrived as business partners in Bulgaria’s ruthless private security sector. The transition from communism in the early 1990s brought opportunity and risks, and the two karate masters exercised both while creating companies and amassing fortunes.

The friendship didn’t last the decade, but the power and influence of these now bitter enemies -- and of the private security sector they helped form -- continues today.

One is Prime Minister Boyko Borisov, the former mayor of Sofia, ex-secretary of the Ministry of Interior and former owner of Ipon, among the most powerful security firms in Bulgaria.
The other is Aleksey Petrov – former owner of the Atlas security firm and until recently advisor at the State Agency for National Security and an undercover counter-intelligence agent.

An ex-beret on the special counter-terrorism squad, he is powerful, respected and feared. Now he sits in jail, accused by the prime minister’s administration of organizing and operating a criminal group for the past decade.

The idea of two leaders of the security guard industry forging careers and rivalries that dominate the political landscape would seem absurd in most places. Not in Bulgaria, where such firms have been intertwined with politics, crime, sports and business since the move toward a more free economy in 1989.

As of last year, 1,159 licensed security companies were registered with the Ministry of Internal Affairs. According to a 2005 United Nations report there are 130,000 licensed security guards in Bulgaria, a county of about 7.1 million people. About 54,000 work for private security firms, the rest are employed as in-house guards by companies.

In all, one of every 11 working males (9%) in Bulgaria works in the private security sector, according to a 2005 United Nations report.

The number of armed security agency employees is even more startling considering the entire Bulgarian army has just 42,000 soldiers and there are 28,861 police officers, according the National Statistical Institute.

But all that extra security hasn’t translated into safety for the people of Bulgaria, where crime rates remain among the highest in Europe.

Rough and Tumble Beginnings

The growth of the industry in Bulgaria was fueled in part by the downsizing of the army following
the fall of communism, according to author Philip Gounev in a 2006 book looking at the sector’s early years. When more than 50,000 trained soldiers suddenly found themselves unemployed, some turned to crime, and some joined the security field.

Some did both.

The roster of major players in Bulgaria’s security sector over two decades is filled with convicted criminals, suspected gang members and corrupt government officials. The field is also littered with bodies. Owners fight for business or settle personal scores in deadly battles that sometimes spill into public settings.

In fact, Petrov has been the victim of two assassination attempts, including one in 1997 when he dined with the head of a rival security firm and a local businessman long suspected by
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Bulgarian police of dealing drugs.

Borisov was not immune from the violence either. A Jeep owned by Borisov’s live-in lover – Zvetelina Borislavova, who is also his partner in Ipon Security and many other companies – was blown up. She was badly injured but survived.

The first security firms in Bulgaria were often created by sportsmen, mostly wrestlers, who led crime gangs or at least dabbled in crime. Over the next five years, dozens were killed and many others were charged with murder or drug trafficking.

During this wild period Borisov and Petrov formed several ventures, including security firms and a trading organization called Budoinvest, Ltd., according to government records. The men claimed it was to teach and promote karate.

Budoinvest and two of their security companies had a third partner, Rumen Nikolov, known as the Pasha.

Nikolov was also a partner in some of Bulgaria’s most feared and notorious security firms, including SIK. On January 14, a SIK manager was arrested on charges he managed a crime family and trafficked in drugs. While Nikolov has never been convicted of a crime, many of his business associates have not been so fortunate.

Partners Milcho Bonev, Dimitri Minev and Stoil Slavov were all murdered. Krasimir “Big Margin” Marinov was arrested and held without bail on charges he ran a drug and crime ring. His brother, Nikolay “Little Margin” Marinov was also charged and remains a fugitive.

**Filling a need, stoking fears**

All the legal and public relations troubles in recent years have not slowed the security sector’s growth or influence, for a number of reasons.
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First, business owners and citizens are genuinely afraid and turn to the firms for protection that they are convinced the police and government can not provide.

The demand for private security is also created by the inefficiency of Bulgaria’s courts, which provide a slow and unreliable system of debt collection. In 2005, courts stalled or blocked 375,000 debt claims worth €917 million. Since then, the amount of debt owed to companies and individuals has reached €3.5 billion, according to court records.

Unable to count on the court system, many Bulgarians turn to muscle-for-hire firms that use any method possible on behalf of their client.

Another contributing factor is Bulgaria’s famed “grey market” economy where many businesses operate without receipts, pay their employees off the books and don’t pay taxes. The streets of Sofia and elsewhere are lined with such merchants.

That off-the-books economy works for many, but when things go wrong, the police and courts can’t be called in to settle the disputes, since they are operating illegally to begin with. So the business owners often turn to security firms for help or protection.

But the three biggest reasons for the growth of security agencies are simple: Political connections, intimidation and organized crime.
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Aleksey Petrov goes to court

The arrest of Petrov in February was an example of all three factors on display, local leaders said. Petrov was accused by the prosecutor's office in Sofia of organizing and managing a criminal group for the past 10 years. The charges and subsequent revelations about his dealings and associates are raising serious questions.

"The occasion (of the arrest of Petrov) is a practical example and a good opportunity for the media and society alike to discuss how these security group were created,'' said Sergey Stanishev, the former prime minister. "What is the source of the economic and political influence of Aleksey Petrov and other firms occupied in the so-called security business. How does the state defend itself from their influence?''.

Petrov, who pleaded not guilty, called the arrest and investigation against him a political purge. He alleges the case was initiated by Prime Minister Borisov who pressured Minister of Interior Tsvetan Tsvetanov to file charges.

Petrov was an undercover agent – a spy -- for Bulgaria until last year, when a government official exposed him, supposedly by accident. At the same time, he owned security firms and was running in organized crime circles, protected by government officials, investigators said.

"When I used to work for the National Bureau of Organized Crime Control, Aleksey Petrov's company (called In 82) was engaged in racketeering and was being investigated,'' said Vanyo Tanov, director of Bulgaria's Custom Agency. "There was enough information compiled in that investigation but at some point the Ministry of Interior started asking questions.. There was a leak of information, and all targets of the investigation were forewarned.''

Diversifying their portfolios

A review of business records and interviews with law enforcement officials show many security firm owners have branched out, opening business and making millions of euros in other fields. The most common method involves owners of security companies taking shares and becoming partners of a business they contract to protect. Sometimes, it's a legitimate business transaction. Often they take over companies by sheer force.

In recent years there have been more calls to reign in the industry's worst firms or curb the biggest abuses. That won't be easy since the ranks of security companies are filled with politicians, police officers and government officials.

At least on paper, Bulgaria has some of the most stringent regulations and most thorough licensing requirements in the Balkans. But in practice, that isn't always the case.

Under Bulgarian law, the Ministry of Internal Affairs regulates the private security sector. At the same time, the ministry also offers its own commercial security services, creating a built-in conflict.

Even under the best of circumstances, the ministry has a difficult task. While regulations have become stricter in recent years, the government hasn't given the ministry more money or employees to handle to extra work. Some of the licensing and background checks are turned over to local police departments, which are also strapped for cash.

Given that the majority of the private security companies in Bulgaria are either staffed or run by former police officers, assigning the oversight of private security firms solely to the police leaves significant room for conflicts of interests.

Conflicts are even evident among the country's political leaders. When Prime Minister Borisov controlled Ipon Security, he also served as the mayor of Sofia. Ipon won the contract to guard municipal property in the capital city while Borisov was in charge of both the company and the city.

And a deputy Minister of Internal Affairs, Kamen Penkov, also owned Scorpio PSC at a time that company won contracts to guard the National Customs Agency.

In another case the firm PSC Khan Krum-KG (now called Security BG), was owned by an off-shore company that had as its partner Ivan Palchev, a former member of Bulgaria's parliament. That company was awarded a contract to guard the only nuclear power plant in Bulgaria.