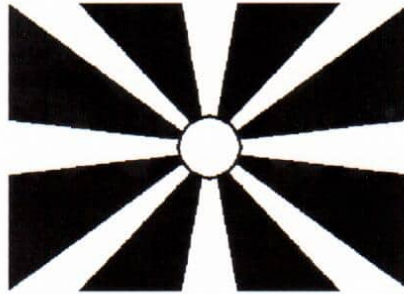


This Month in Macedonia

March, 1997



Banking Scandal Spreads

TAT Bank, the largest private bank in Macedonia, had its activities suspended by the government after it found TAT had considerable differences between total savings deposits and the number of depositors.

The National Bank of Macedonia (NBM) is investigating whether TAT is the cover for a pyramid scheme. TAT had claimed DM 7.5 million in 7,000 accounts, while the figure is probably closer to 26,000 accounts. At least DM 7 million was removed from the bank between February 20 when its officers found out it would go under and March 6 when it was shut down. Investigator's have steadily worsened their analysis of TAT's situation upwards from DM 90 million in missing funds to DM 112 million. The missing funds include a DM 2 million 'mortgage payment' from the NBM for a government building paid on February 20. TAT has passed nine previous audits with flying colors, including three in the last year.

"The investigation has yet to find how much of these deposits can be compensated from TAT's loan portfolio," said NBM vice governor Gligor Bišev. Depositors can not be compensated under a new deposit insurance plan introduced at the beginning of the year because TAT did not take part in it.

TAT depositors have held daily protests near TAT's headquarters in Bitola, and in other cities, to demand their money back. "Our preliminary investigation found that only one tenth of their deposits were recorded in TAT's balance sheet. There was evidence of fraud and criminal links," said Bišev.

TAT Bank director Sonja Nikolovska, a major contributor to the SDSM party, has been charged with forgery, tax evasion and abuse of office. She was previously charged with embezzlement while working as a teller at another bank. In 1996, she was named the most successful businesswoman in Macedonia. Nikolovska Defrauded investors have also asked the government to shut down TAM Bank, a company run by Nikolovska's husband.

NBM Vice-Governor Tome Nenovski was arrested on March 13. Nenovski, who has been implicated in getting Nikolovska the permits to start TAT, had DM 890,000 in his TAT 'account' -- the result of a DM 50,000 deposit in 1993 compounding at a monthly rate of 20%.

Also under arrest are Institute for Pay Circulation (IPC) manager Julijana Atanasovska, housing and construction department employee Boris Mijalčev, a lower-ranking TAT employee and a supervisor at the NBM. Atanasovska and Mijalčev are charged with transferring DM 600,000 from the IPC to TAT to cover the banks losses.

Bitola mayor Siljan Micevski and his wife Violeta were arrested on March 31 for "abuse of official position and authority". Mayor Micevski (who is also the Director of the Pelister Construction Contractor) and his wife, an employee of Elektrostopanstvo (Electricity Supplies), conspired with Julijana Atanasovska to skim funds from several Bitola businesses to cover their personal losses in TAT. The Mičevski's had DM 1.5 million in TAT accounts when the 'bank' became insolvent. Nada Šundovska, the wife of Jorgo Šundovski, the Macedonian minister of Civil Engineering, Urbanism and Environmental Protection, also benefited from the Micevski's scheme, regaining DM 100,000 in losses. Ten other Bitola business owners are also under investigation, as are high-ranking members of the Bitola police department.

Democratic Party (DP) leader Petar Gošev claims there are links between TAT and the collapsed get-rich-quick investment schemes that sparked Albania's nationwide rebellion. NBM Governor Borko Stanoevski said he did not fear a similar chain of bankruptcies. The NBM claims no other banks in Macedonia have a disproportionate number of accounts to deposits, saying the other 24 savings institutions are stable. However, Jugomarket, Makedonija Reklam, Lavci, ALFA-S, Džamadanče and Uniprokom have also gone under in the past several months. In addition, at least one other company listed on the Macedonian stock exchange -- a consortium that includes the agricultural co-ops of Bitola, Štip and Veles -- is under investigation as a pyramid scheme.

Students Protest Language Bill

On March 4, 20 university students began a hunger strike in Žena Park, across from the Parliament Building. The hunger strike started on the eighteenth day of a larger protest against the Pedagogical Faculty (PF) Bill, which allows for the use of minority languages in schools.

Several thousand students, defrauded investors and unemployed workers have held daily marches from Parliament, to the Government Building, to the Constitutional Court. The students claim 40,000 Macedonians have signed a petition supporting their demands.

The students have been visited by numerous politicians and VIPs, including the Patriarch of the Macedonian Orthodox Church, the Reverend Mihail, who expressed his concern about their health, and appealed to them to end the hunger strike, so that the entire Macedonian people may support their cause. Prime Minister Branko Crvenkovski told them that advocating parallel systems is the shortest path to the country's disintegration.

The students have slept in the park during the protest. The police prevented them from setting up tents until March 8.

On March 17, the protest almost got out of hand as 10,000 students threw stones at the police.

The next day, the Federation of Independent Trade Union Organizations (FITU) set up a tent next to the students' and began its own hunger strike. FITU is demanding 'redundancy pay' (i.e., welfare) equal to 60% of the average national wage. FITU is a 'union' of the unemployed, technologically redundant and laid-off workers.

A day later, the students ended their hunger strike after several of them were hospitalized for malnutrition. The students held one last rally on March 21, then tore down their tent, announcing they would plant 15 trees at the location in memory of the 15 days of the hunger strike.

The Constitutional Court will eventually decide the fate of the PF Bill

Unrest in Albania

Macedonia put the 2nd Corps on alert to prevent Albanian refugees from flooding over the border. The border is still open, though traffic has slowed to a trickle. The Corps, with bases in Ohrid, Kičevo, Debar, Gostivar and Tetovo, is responsible for Macedonia's border with Albania. On March 14, Macedonian troops prevented an attempted infiltration by Albanian militia.

UNPREDEP suspended the closure of its OPs on the Albania-Macedonia border and opened three new ones by shifting peacekeepers from The Yugoslavia-Macedonia border. (The OPs on the Albanian border were scheduled for closure after the UN reduced its UNPREDEP's mandate in Macedonia.)

On March 6, a bomb explosion in Pristina, Kosovo, injured four. There were no injuries when a second bomb exploded in Prizren. The 'Liberation Army of Kosovo' claimed the attack was in retaliation for the arrest of 70 ethnic-Albanians on terrorism charges by Serb police. Kosovo, a 90% ethnic Albanian territory, is revered by the Serbs as the site of their 1389 defeat by the Turks.

When asked if the referendum of Albanians of 1992 on territorial and political autonomy may be resuscitated, Tetovo mayor Alaydin Demiri replied: "the referendum embodies a reality, the will of the people. Even if we organized another one, the outcome would be the same."

Albania is in the beginnings of a revolution caused primarily by pyramid schemes and the Albanian government's support for the swindlers.

News Tidbits

- American Express entered the Macedonian market by inking a deal with Makedonska Banka. Domestic credit card charges will be paid in Macedonian denars, whereas expenses created abroad will be covered paid in DM.
- Macedonian soccer fans clashed with those of a rival ethnic-Albanian club after a match in Skopje.
- The Democratic Party of Turks (DPT) protested after the Tetovo city council eliminated Turkish as one of the city's official languages. Ethnic-Albanians hold a plurality on the council.
- The mayors of Tetovo and Gostivar said the PDPA will implement a project to regionalize cities where ethnic Albanians constitute the majority of the population. This project includes the founding of separate educational, cultural, informative, financial and other institutions.
- Five people were arrested in Kumanovo and Tetovo for selling explosives. Four heroin dealers in Skopje and Kičevo were also arrested.

Factoids

- The Macedonian stock exchange increased its value by DM 1.58 million in its first year of operation (since March, 1996).
- The Banjsko Spa, near Strumica, is the hottest in Macedonia. The water is naturally heated to 75° C -- a scalding 167° F!
- The second largest city in Macedonia is actually in Greece -- Thessaloniki (Salonika), with a population of 406,000. (Only 36% of the region of Macedonia lies within the country's borders.)
- The U.S. first deployed peacekeepers to Macedonia in July, 1993 -- two-and-a-half years before sending troops to Bosnia.

This Month in Macedonia is an unclassified, unofficial, open-source product of the Public Works & Utilities Team, 432nd Civil Affairs Battalion; CPT Preston V. McMurry III, editor. For more information, see the *Macedonia Area Study*.