




Weekly Briefing

**North Macedonia political briefing:
The “Racket” Case and its Political Consequences**
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Introduction

The Summer of 2019 was a politically turbulent period for the Republic of North Macedonia (hereinafter Macedonia). After months of controversial rumors and speculation, a series of arrests, and a new round of leaked audio and video tapes revealed that a network of media personalities, public prosecutors and politicians have joined forces and extorted millions of Euros from suspects in the cases under the competences of the Special Prosecutor's Office (SPO), in exchange for lenient treatment by the law. This so called “Racket” case has caused a political earthquake, threatening a new political crisis in the country. In this paper, we overview the timeline of the case and the main developments, and their political consequences.

Timeline of the “Racket” case

In the early summer of 2019, the veteran journalist Branko Geroski started publishing a series of op-eds in which, by using various pseudonyms and allegories, he suggested that a group of media personalities, public prosecutors and politicians have extorted millions of Euros from wealthy business people suspected for being involved in criminal activities arising from the contents of the intercepted communication (i.e. the leaks) published in 2015 by the then opposition leader and now Prime Minister Zoran Zaev of SDSM. Geroski had suggested that at the center of the extortion operation was a young media mogul, who was in close cooperation with a leading public prosecutor, as well as with several powerful political figures from the ruling party SDSM. Geroski suggested that the affair will soon lead to massive fallout including arrests of powerful figures, and that it will have significant political consequences, that may even lead to the fall of Zaev's government.

Geroski's work was initially dismissed by the Government and its supporters, and his motives described as ulterior. Being one of the most vocal opponents of VMRO-DPMNE's rule in the past decade (which led him to enjoying certain respect among SDSM supporters), Geroski was described as having jumped ships and having started a vendetta against Zaev for personal reasons.

Nevertheless, the events in late July and in August 2019 proved reality even stranger than the fiction-like op-eds published by Geroski. On July 15, Bojan Jovanovski (also known

as Boki 13), the owner of the private television 1TV, was arrested as a main suspect in a case involving organized crime and corruption, under the code name “Racket;” Boki 13's accomplice, the controversial figure Zoran Milevski (known as Kicheec), was arrested as well. They were arrested trying to leave the country and travel to Greece.

Boki 13 has been a polarizing figure in the past 15 years, who has initially risen as a young entertainment and reality TV star. He was known for dressing in drag and having an open, charismatic and somewhat sassy talking style, gaining popularity all over the former Yugoslav space. Nevertheless, in recent years, Boki 13 has gradually re-branded himself as a civic activist. He established a humanitarian NGO called “International Alliance” which had close ties to SDSM (e.g. several high officials from SDSM served at various posts in the organization and its board). He then went on to launch 1TV in 2018, which managed to attract a number of reputable journalists, and quickly became one of the most influential media outlets in the country. 1TV was perceived as being overall supportive of the SDSM-led government. The outlet faced a precarious condition after Boki 13's arrest and finally stopped broadcasting in September 2019. Boki 13 was infamous for his luxurious lifestyle, and well known for his friendships with Macedonian media, political and business elites. The events he organized were attended by top figures of the country, and his social media were full of selfies with entrepreneurs, lawyers, ministers – including Prime Minister Zaev, while in his recent public appearances, Boki 13 spoke confidently and from a position of power.

Boki 13's accomplice, Milevski, was known as having worked as a body guard and in other capacities with political figures of both SDSM and VMRO-DPMNE, and was believed to be particularly close with Gruevski's cousin and former head of the state security, Sasho Mijalkov. He has been also known for his luxurious lifestyle and numerous friendships with the political elite.

The arrest of Boki 13 and Milevski ignited a lot of political rumors about the details of the “Racket” case. The public was intensely speculating who were the targets of the extortion operation and to what end, while also speculating about the involvement of other powerful figures in the case. Most of the rumors suggested that central to the case is Jordan “Orce” Kamchev, a Macedonian tycoon who was labeled the richest person in Macedonia by Forbes magazine in 2016. Kamchev, who was in close business and personal relations with the former government of VMRO-DPMNE, and in particular with the aforementioned Sasho Mijalkov, has been prosecuted by the SPO on charges of organized crime, grand corruption, money laundering and a number of other crimes, that also involved Mijalkov and a line of other powerful figures. Kamchev was widely believed to be one of the entrepreneurs from which

Boki 13 had allegedly extorted millions of Euros, in exchange for more lenient treatment by the SPO. The web portal Lider.mk suggested that Kamchev allegedly paid Boki 13 at least 1.5 million EUR in cash in order to avoid a harsh prison sentence.

Soon, even greater shockwaves occurred with the publication of leaks related to the case, revealing some of the details about the case, and confirming some of the rumors that had circulated after Boki 13's arrest. On August 8, the Italian far-right newspaper La Verita started publishing a series of leaked video and audio tapes from the alleged extortion case. From the tapes, the rumors that Kamchev is at the center of the “Racket” case were confirmed. During the meetings with Boki 13 (which took place in Kamchev's home, as the tycoon was in home detention at the time), Kamchev used the opportunity to make video and audio recordings from the communication and the handover of the cash, and later on press charges against Boki 13 and his accomplices. The initial video tapes showed Kamchev's entourage preparing the money and packing them in a bag; and Boki 13 and Milevski leaving Kamchev's house with the said bag. The audio tapes from Kamchev's and Boki 13's conversations also reveal their dealing and the promises made by Boki 13 for lenient treatment by the law for Kamchev.

The tapes, however, also revealed a deep involvement of the Chief Special Prosecutor, Katica Janeva. The SPO was established in 2015 with a clear mission to pursue the crimes arising from the contents of the illegally intercepted communication. Janeva was appointed to lead the SPO from the beginning, and much of SPO's work was associated with her. The tapes leaked by La Verita feature references made by Boki 13 to his close relations with Janeva as a guarantee for the deal with Kamchev, as well as phone calls between Boki 13, Kamchev and Janeva on the matter. Causing major outrage, the leaks prompted Janeva to immediately offer her resignation, which had not entered effect immediately. Janeva was not arrested immediately. Nevertheless, after a prolonged public controversy (as critics argued that the delay of her arrests leaves Janeva ample time to erase evidence), Janeva was arrested and put into custody on August 21. Her arrest raised even more controversies, as initially, she had appointed a lawyer who at the same time served as a lawyer for some of the suspects in cases she leads. The lawyer has subsequently resigned from defending Janeva.

In the following period, a number of political, media and business elites have been called in to provide testimony on matters related to the “Racket” case, all of which has added fuel to the political rumor mill, and ensured that the “Racket” case remained the hottest topic in Macedonia for the time being.

Political consequences

The “Racket” case is of unprecedented significance for Macedonia's political trajectory. The rumors, leaks, arrests and the questioning of top political figures has put SDSM and the government in a state of distress. At a press conference following Janeva's arrest, visibly angry, Prime Minister Zaev made a controversial claim saying that he would not allow “an egotistic journalist, a bunch of criminals and a faggot to bring down his government.” By “egotistic journalist” Zaev referred to Geroski, and by “a faggot” he referred to Boki 13 – thus causing outrage among journalists and the LGBT community.

Nevertheless, the true political consequences of the extortion scandal are far deeper than the mere survival of the SDSM-led government. The implication of Janeva in the case has directly contributed to the discrediting and delegitimizing the work of the SPO. SPO was considered one of the brightest spots for Macedonia's political transition, and a harbinger of meaningful change after the 2015-2017 crisis. With the arrest of its chief in a grand corruption scandal, and moreover, with the leaks revealing that some of the suspects could buy their way to more lenient treatment, the public support for the SPO has plummeted. Furthermore, the extortion scandal has unveiled at a time when the Parliament is supposed to decide on the future of the SPO, in particular on questions on the continuation and scope of its mandate. The “Racket” case has largely overshadowed the debates on the future of SPO.

At the same time, the role of the tycoon Kamchev in the process has also raised questions about the enduring power and impunity of the VMRO-DPMNE elite and its affiliates. Kamchev, who is believed to have committed grand scale crimes together with some of the former VMRO-DPMNE elite in, has now managed to flip the table, portray himself as a victim of extortion, and raise doubts about the legitimacy of the work of SPO beyond the case that involves him. As many critics have argued, the fact that the debate now is about Boki 13 extorting money from Kamchev, and not about Kamchev bribing the SPO through Boki 13, is already a major victory for the tycoon. VMRO-DPMNE has taken advantage of the situation and blasted both SPO and the government, calling for early elections.

In general terms, the “Racket” scandal seems to be creating the conditions for yet another episode of political and legitimacy crisis. While it may not necessarily spiral out of control and bring down the government, the case may as well overtake the political debate, and distract both the government and the public from other burning issues and reforms. Given its timing, the “Racket” case is also of particular significance for Macedonia's EU accession bid. Establishing rule of law, combating corruption, and undertaking judiciary reforms are some of

the key conditions that Macedonia has to meet in order to secure the opening of accession talks. The case is also bound to have a deep societal consequence, and contribute to decrease of the public trust in the institutions of the system, and further rise of public dissatisfaction.