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PRESS RELEASE

In the cause promoted by the press releases 238/VIII/3/7.03.2016, 314/VIII/3/17.03.2016 and 360/VIII/3/25.03.2016, the prosecutors within the National Anti-Corruption Directorate – the Section of Combating of the Crimes Assimilated to Corruption Crimes ordered the beginning of a legal action:

under judicial control on bail, of the defendant

ADAMESCU DAN GRIGORE, the president of the Supervision Council of SC Insurance Reinsurance Astra SA and administrator in fact of SC The Nova Group Investments Romania SA and SC Epsilon Estate Provider SRL, on the date of the facts, regarding committing of the crimes of:

- abuse in office in qualified form
- complicity to abuse in office if the public clerk obtained for himself or for others an undeserved benefit (two crimes),
- money laundering;

without being detained, of the defendants:

TONCESCU ANGELA, on the date of the facts president of the Council of Insurance Supervision Commission (the present Authority of Financial Supervision) for committing two crimes of abuse in office if the public clerk obtained for himself or for others an undeserved benefit;

BALTĂ TUDOR and **BUZOIANU CONSTANTIN**, on the date of the facts vice-presidents of the Council of Insurance Supervision Commission ;

CONSTANTINESCU DAN, **POPA DANIELA**, **MOLDOVEANU CORNELIU – SILVIU** members of the Council of Insurance Supervision Commission;

RUSE ANABELLA, general manager of the General Directorate of Authorizations within the Insurance Supervision Commission;

NEMEȘ MARINELA, general manager of the Legal General Directorate within the Insurance Supervision Commission ;

IVAN CARMEN-GABRIELA, general manager of the General Directorate of Financial Stability and Actuary within the Insurance Supervision Commission ,

the last 8 mentioned persons for committing the crime of abuse in office if the public clerk obtained for himself or for others an undeserved benefit.

In the drawn up indictment, the prosecutors retained the following state of facts:

The defendant Adamescu Dan Grigore, president of the Supervision Council of SC Insurance Reinsurance ASTRA S.A., within the period 2011-2013, inadequately administered ASTRA Company, on the purpose of obtaining certain personal advantages or in favour of the group of affiliated companies. The inadequate administration consisted in the usage of certain illegal practices/methods for masking the financial standing of ASTRA Company, measures of a nature to cover the illegal activity, but which, in subsidiary, also determined the serious alteration of the functioning mechanisms of the internal market of insurances.

The criminal activity developed also within the context in which certain persons from the management of the Insurance Supervision Commission, by violating their job duties, made endeavours in order to favour Adamescu Dan Grigore.



Within the period 2011-2013, the defendant Adamescu Dan Grigore, in the capacity of representative, in fact and by law, of the Insurance Reinsurance Company ASTRA SA, with the violation of certain dispositions of the Fiscal Code and of the legislation applicable to the market of insurances and reinsurances, took a series of damaging measures for the company, in the respect that he deprived it of the liquidities necessary for developing the insurance activity; as well, the performed distorted reports impeded the representatives of ASF to supervise the activity of ASTRA, so that they may ensure the protection of the insurants and contribute to maintaining of the stability of the market of insurances. As result, ASTRA Company entered the procedure of special administration and subsequently in bankruptcy, the damage produced to its patrimony being of lei 795,387,999.

Concretely, his damaging actions consisted in that:

- he ordered granting of loans to the affiliated companies, in amount of lei 105,999,859 (representing an unreturned loan), without manifesting any interest in the assessment of the credit risk and without taking prudential measures, so that the financial resources of the insurance company ASTRA may be protected ;
- he ordered signing of an assignment contract by which the company ASTRA S.A., in the capacity of assignee, undertook to entirely pay the debt of a company towards the bank, in the conditions in which the respective company was undergoing the bankruptcy procedure. We must mention the fact that the respective company was part of the group of companies affiliated to ASTRA company. The respective debt was of Euro 1,594,564.89 and USD 10,000, to an annual interest of 6% was added. Within the company's bankruptcy procedure, ASTRA Company collected only the amount of lei 358,768.

In another context, within the period June – July 2011, the defendant Adamescu Dan Grigore, in the capacity of representative, in fact and by law, of SC EPSILON ESTATE PROVIDER SA, used the amount of lei 68,322,510 at the acquisition of shares, representing 17% of the share capital of the Company ASTRA S.A. This amount came just from the liquidities of the insurance company ASTRA SA. Yet, the defendant Adamescu Dan Grigore hid the provenience of this money by simulating certain credit contracts granted to another company controlled by it (Medien Holding).

On the date of June 21st, 2011, at the request of Adamescu dan Grigore, the management of the Insurance Supervision Commission approved the intention of the company SC EPSILON ESTATE PROVIDER SA of acquiring a package of shares Astra SA, although SC EPSILON ESTATE PROVIDER SA did not fulfil the financial conditions for becoming a significant shareholder at an insurance company.

The acquisition of the stock was approved by the defendants Toncescu Angela - . president of the Council of Insurance Supervision Commission (the present Authority of Financial Supervision), Baila Tudor and Buzoianu Constantin – vice-presidents of the Council of Insurance Supervision Commission, Constantinescu Dan, Popa Daniela and Moldoveanu Corneliu – Silviu – members of Council of Insurance Supervision Commission, Ruse Anabella – general manager of the General Directorate of Authorizations within the Insurance Supervision Commission, Nemes Marinela – general manager of the Legal general Directorate within the Insurance Supervision Commission and Ivan Carmen – Gabriela - general manager of the General Directorate of Financial Stability and Actuary within the Insurance Supervision Commission. They, although they knew that SC EPSILON ESTATE PROVIDER SA did not fulfil the conditions for becoming a significant shareholder of an insurance company, approved this thing, respectively they drew up the note of approval of the intention of becoming a significant shareholder.

As the Insurance Reinsurance Company ASTRA SA was deprived of a part of the liquidities necessary for developing the insurance-reinsurance activity, Adamescu Dan Grigore and another person transferred, fictively, the reinsurance risks to Panamerican Re (company established and registered in a fiscal paradise on that purpose) and, consequently, distorted the reporting of the position, financial performance and of prudential indicators (the solvency margin and the liquidity coefficient). Thus, the appearance of conformity with the prudential rules in force was created, which allowed the further subscription of policies the risk of which was not covered, either from its own resources, or through adequate reinsurance programs. Adamescu Dan Grigore and the other person obtained an undeserved benefit, consisting in taking over of the stock by a shareholder (whom they were controlling) with a financial standing which did not allow it to honour its patrimony obligations or to ensure the premises for sustaining the activity of ASTRA from its own



sources, in the case when its financial standing would deteriorate, fact which was subsequently reflected in the financial difficulties of ASTRA. .

The defendant Adamescu Dan Grigore in the capacity of representative, in fact and by law, of the Insurance Reinsurance Company ASTRA SA, on the date of 14.08.2008, requested and obtained from the Insurance Supervision Commission (CSA) (the present Authority of Financial Supervision), taking into calculation of the available solvency margin, as hidden net reserves which came from the assessment of the assets held at another insurance company, of the amount of lei 118,342,090.30, with a view to artificially improving the prudential indicators. In its absence, it would have been imposed the real capitalization of ASTRA Company in order not to reach entrance in insolvency.

In this sense, the defendant Toncescu Angela, in the capacity of president of the Council of the Insurance Supervision Commission (the present Authority of Financial Supervision), issued an address by which she accepted the request performed in that respect by the representatives of the Insurance Reinsurance Company ASTRA SA.

The Insurance Reinsurance Company ASTRA SA declared that it constitutes itself as civil party in the cause with the provisory amount of lei 788,978,853.37.

The Insured Guaranteeing Fund (FGA) declared that it constitutes itself as civil party in the cause with the total amount of lei 714,089,825.66.

The Authority of Financial Supervision (ASF) showed that through the deeds of the defendants investigated in the present cause, at the level of SAR ASTRA were retained, by ASF, serious violations of the special legislation concerning the activity of insurance and supervision of insurances which led to the premises of being declared the company's bankruptcy.

As well, a significant disturbance of the proper course of CSA (the present ASF) would have been caused, as body with duties of supervision of insurance companies, consisting in endangering the protection of insurants and the stability of the market of insurances, having in view the major financial difficulties stated at the level of SAR ASTRA SA and the measures without precedent which were ordered by the authority.

The file was sent for judgment to Bucharest Court of Law with the proposal of being maintained the preventive measure of the judicial control on bail towards the defendant Adamescu Dan Grigore, as well as of the ensuring seizure, up to the concurrence of the amount of lei 857,301,363 over certain shares and social parts which the defendant Adamescu Dan Grigore holds at different trading companies.

We specify that this stage of the penal trial represents, according to the Code of Penal procedure, the finalization of the penal investigation and sending of the indictment to the court for judgment, situation which may not infringe the principle of the presumption of innocence.

THE OFFICE OF INFORMATION AND PUBLIC RELATIONS

I the undersigned Tentu Ileana, authorised interpreter and translator for the foreign languages English and Russian based on the Authorisation no. 14126 of the date of 29.09.2005 issued by the Ministry of Justice in Romania, hereby certify the accuracy of the translation from Romanian into English, that the text submitted to me was translated in full, without omissions, and that by translation the contents and the meaning of the written document were not distorted.

The written document that the translation is based on has a number of 3 pages and was submitted to me in copy, a photocopy of which I attached hereto.

AUTHORISED INTERPRETER AND TRANSLATOR *Tentu Ileana*



