

Conflicts over Gemersa talc Rozmin quarreling with Mine Office, also sues competition

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So far not one gram has been extracted from a talc deposit in Gemersa Poloma. And this conflict has been going on for several years.

The deposit was discovered in the mid-1980s and belongs among the most significant in Europe, according to Slovak geologists. This is an affair with a value of tens of millions of crowns, and the police have begun to share the court's interest in it.

On the way to the deposit:

When in 2005 the district mines office in Spišská Nová Ves took away the Roznavska firm Rozmin's right to the mining of the talc in Gemerska Poloma, its representatives made no secret of their intention to have the verdict overturned. They lost the deposit because they did not begin the extraction in the legally established time.

Rozmin gained this extraction area in 1997, and began to make the mine ready for operations four years later. Work was later stopped due to financial difficulties, but began again in late 2004, when new owners took over the mine. But it was already too late; they lost the right to extract talc a few months later.

Deposit of European significance

Responsible for this is the new Mines Act of 2002. More precisely, the innovations which it included. There was, from the moment of adding the working space, a three-year period within which a firm had to start extracting.

It is a fact that the period for Rozmin started to run after the enactment of the law, but even so they did not manage it. In March 2005 their extraction right was taken away. In vain the managers of the firm defended themselves that they had renewed the mining activity but had not yet dug into the deposit.

The state officials were uncompromising. The district mines office in Spišská Nová Ves announced a selection procedure, which was won by a firm from Rožňava, Economy Agency RV.

Rozmin appealed the loss of its rights to the court. After three years they had their first success. The Supreme Court issued a ruling in April of this year in which it stated that the mines office had broken the law by granting the extraction area to the new firm.

Regulations and counter-attack

This was only a partial victory for Rozmin. In their appeal they attacked the legality of having their extraction area taken from them. But the SR Supreme Court did not deal with this in its judgment. It only recognized the Rožňava company's claim that the mines office had committed procedural errors in granting the rights to extract talc to the new firm.

Their common denominator was doubt in the proceedings regarding the determination of the extraction area of the new company. It informed the participating parties of its decision to remove and grant the area by official letter. In the place of this it should have issued a decision against which either of the participating parties could appeal. This option was not offered in the letter.

This was the reason why the SR Supreme Court overturned the Mining Office decision on determination of the extraction area, and ordered new proceedings. "The Court did not challenge the selection proceedings and the fairness of its results. It only criticized our professional mistake," explained Anton Baffi, head of the District Mining Office in Spišská Nová Ves.

According to him the allocation of the extraction area to the Economy Agency RV company was in order. The Office would only have to repeat the legal proceedings with the same results but without the procedural lapses.

And so the Mining Office at the beginning of the summer undertook the renewed proceedings. It informed the players of its beginning and po after a legally established term issued a decision in which it announced the original winner. But this time not Economy Agency RV, but the Košice company VSK Mining, which took over the previous winner two years earlier, and thus became its legal successor.

Nor did Rozmin's lawyers hold back. They used the renewed hearings for a counter attack. After the announcement of the start of the proceedings they requested the Mining Office for its suspension. As a reason for this they claimed that the Economy Agency RV firm in 2005 came into the competition with documents that were in the ownership of Rozmin.

The Mining Office refused to take this into consideration and sent their ruling to the participants in which it determined the previous winner of the selection proceedings – VSK Mining. Rozmin appealed against the verdict, and the case swung back to the courtroom.

Pile of accusations

Rozmin agent Ondrej Rozložník was successful in securing the documentation which Economy Agency RV submitted to the selection proceedings in 2005. He insists that almost all of them had been stolen from Rozmin. "The entire file is ninety percent presented from the results of our examination of the deposit," he states.

He also mentions that the business he leads did not come up with these results easily. In the second half of the nineteen nineties, they added the extraction area on the basis of extensive studies. They researched the parameters of the deposit and the method how to get to it. As part of this they also made a number of drillings.

Various companies shared in the preparation of the materials. Rozmin had concluded confidentiality contracts signed with them. They faced millions in fines for potential leaks of information.

O. Rozložník states that it concerned a renowned foreign firm which doubtless did not transfer **information** to the companies which wished to obtain the extraction area originally allotted to Rozmin. He mentioned that Economy Agency RV was originally a bookkeeping firm, and that it gained accreditation for mining activities about one month before the selection proceedings in which it bid for the talc.

"How could it then do the research work and prepare a study itself," he asks. He does not hide his conviction that Economy Agency RV could not have obtained the documentation legally. He also suggests one of the hypotheses how it could have come to get them.

He sees behind it all the family relationship between the founder of Economy Agency RV and the Rožňava businessman, a mining engineer, who participated in the preparation of the documents which Rozmin needed in the past.

Rozmin faults the decision of the Mining Office due to the fact that it was issued on the basis of the commission of a criminal act. The firm has also placed a criminal complaint with the General Prosecution Office for the commission of endangering business, bank, post office, telecommunications and tax confidentiality and abusing participation in economic competition.

Then at the Košice District Court a complaint was directed at protection against misconduct. In each case Rozmin accuses the VSK Mining company, as the legal successor of Economy Agency RV.

In addition to demands that it stop using and return the documents which are the subject of its commercial confidentiality, he is also demanding financial compensation – in total, almost 1.9 million Euros.

One hundred million up the pipe

VSK Mining agent Július Smolár reacts carefully to the criminal complaint from Rozmin. He notes that in the selection proceedings for the talc in 2005 the Východoslovenské kameňolomy company applied independently, although it belongs to the same group of companies as VSK Mining.

In this it finished in second place behind Economy Agency RV. "It was then that we sought other possibilities to get into the project," he explained. He adds that it was on account of this that both firms finally merged in 2006.

VSK Mining took over Economy Agency RV, which folded following the fusion. J. Smolár is thus not able to judge whether the Rožňava firm won the selection proceedings thanks to documentation stolen from Rozmin. Its representatives allegedly told him they obtained them in a legal manner.

He mentions that VSK Mining has already invested more than 6.5 million Euros in preparations for the extraction of talc. Until this time they have constructed surface structures necessary for the extraction, and also drilled a 2 800 metre long tunnel through which they are working down to the talc deposit. The firm should reach it by March.

VSK Mining belongs to the group of firms of VSK Mining Group, which is focused on the extraction and processing of minerals and construction materials. The firm's majority owner is the VSK Mining company, seated in Cyprus. Its decisive shareholder, according to J. Smolár is the Austrian businessman of Polish extraction Jacek Engel.

In the struggle for the Gemer talc are standing against each other therefore two firms with foreign property participation. The owner of Rozmin is the Canadian company Belmont Resources. It has already invested 3.8 million Euros to the talc mining project. It has not yet started to recover its money.

Its managers are waiting for the results of the criminal complaint in which they charged the reported theft of documents. Then other actions will follow.

O. Rozložník suggests that these will not be directed against the VSK Mining firm, but rather against the state. From it the firm will probably claim compensation for its investments into the talc project. "Along with the lost profit this will probably amount to an enormous sum," Rozložník added.