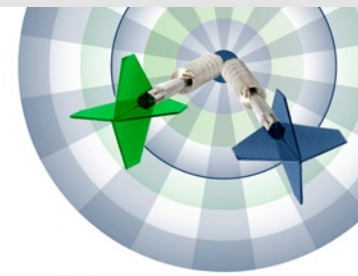


Beneficial owners



Appian, CE Handling, Viamont and now Mladá fronta are just a few of the prominent Czech companies whose ownership is mysterious. Mladá fronta tried to squelch rumors of a Russian link by stating that its shareholders are U.S., British and Czech citizens. "There is simply no citizen of the former Soviet Union among them," it said. But when asked who the "beneficial owners" of its "U.S.-based" (but Dominican-registered) company are, it gave no response. This is a key distinction. Front companies often use nominees to mask their true owners. Technically, the beneficial owner isn't a shareholder. Private companies, such as Handelsblatt, can simply choose not to do business with fly-by-night operators. In government deals, bidders should be required to list the beneficial owners, under penalty of law. If the government isn't doing this, it's probably because some of those involved in awarding the deals have a vested interest in keeping the information quiet.



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