



## INFORMATION NOTE

### BAYINDIRHAN

#### **Tourism, Petrol, Food, Construction Industry and Trade Inc.**

The Bayındırhan company was established and began operations in 2010. It provides services in the fuel, tourism, agriculture, and livestock sectors.

In partnership with Demirören Holding, Bayındırhan operates domestically in fuel distribution and marketing. Through the Demirören Group, a monthly supply of 95 trucks of gas is transported to Aleppo and Damascus in Syria.

An MOU and Exclusive Distributorship Agreement was signed with Dubai Cristal Holding for a \$40 million 7-star hotel project on land owned by our company in Kumlu, Hatay. The hotel will be built on a 6,500 square meter area, with 100 rooms and 300 beds, and is scheduled to begin construction in 2025, with an opening planned for 2026. The hotel will use therapeutic water with high sulfur content, suitable for drinking and spa purposes.

Our company's Fuel and Rest Facility Mall project will also be built on our land in Kumlu, Hatay, with construction starting in 2025 and expected to be completed in 2026.

Agricultural activities continue in the Hatay and Eskişehir regions.

Under the Karaca Group, Bayındırhan operates in Turkey's fuel and tourism sectors. In collaboration with our partners in Russia, our company has been trading legumes between Russia and the Middle East since 2020.

We also engage in import and export activities involving live breeding animals, breeding stock, and animal products. Our Dubai-based company imports processed food, live animals, and animal products to the Middle East.

#### COMPANY HEADQUARTERS

Sait Pakin Street, Değirmen Kaşı Neighborhood, No 37 Reyhanlı, Hatay

#### COMPANY BRANCH

Konutkent Neighborhood, 3028 Street, Kule Evo Residence, Floor 21, No 144, Çankaya, Ankara

**KEP: [bayindirhan@hs01.kep.tr](mailto:bayindirhan@hs01.kep.tr)**

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In 2019, I received a call from Kumlu Municipality regarding the Hamamat Thermal Hotel in Kumlu, Hatay. I was invited to participate in the bidding for this hotel, located 1.5 km from the 7-star Thermal Cristal Hotel that I had laid the foundation for, which is owned by my company.

As Bayındırhan Tourism Petroleum Food Construction Inc., we participated in the tender and signed a 10-year lease contract on 23/09/2019 for the property located at Kırcaoğlu Neighborhood, Reyhanlı-Kırıkhan Road, 15th km, Parcel No: 80156605, Kumlu, Hatay, with an area of 17,400 m<sup>2</sup>. This tender covered the "Hamamat Thermal Hotel Facility (Kumlu Thermal Facilities, Cure Hotel, Cure Center, and Apartment Hotels)".

Following the tender, Kumlu Municipality requested time for asset inventory and control. To clarify the official status of the leased hotel, we engaged a consultancy firm in Ankara in December 2019. One month later, their investigations revealed the following issues about the hotel:

1. Concealed Defects: It was found that the municipality had leased the hotel despite knowing about certain hidden defects. The hotel's Thermal Water Usage Permit and License had been canceled because Kumlu Municipality had not paid the YİKOP (Investment Monitoring and Coordination Directorate) Contribution for 17 years.
2. License and Water Permit Revocation: The hotel's license and water usage permit were revoked in January 2019 by YİKOP (Hatay Governor's Office, Hatay Investment Monitoring and Coordination Directorate), and Kumlu Municipality was notified. However, this information was concealed in the tender documents, making it appear as though the hotel still had a valid license and water usage permit, even though the tender took place in September 2019, nine months after the permit was revoked.
3. Pipeline Issues: It was discovered that the 7 km special insulated pipeline (with a market value of \$10 million) that supplied thermal water to the hotel had been dismantled and sold. It was replaced with uninsulated pipes of unknown quality.
4. Unmarked Inventory: The tender was conducted while the previous tenant's belongings were still in the hotel, which made it impossible for us to distinguish them from the hotel's assets.
5. Outstanding Debts: The hotel, which was closed, had unpaid electricity and water debts.

These findings clearly violated the State Tender Law, but Kumlu Municipality concealed these issues. Our company notified Kumlu Municipality of the situation through formal notices and correspondence. The municipality acknowledged these issues and responded with official letters promising to address them.

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Our company submitted official letters to the municipality while continuing restoration efforts on the hotel. Through our work, we increased the hotel's capacity by 200%, expanding it from 72 rooms to 148 rooms, and upgraded it to a 5-star thermal hotel status with a capacity of 400 beds.

After winning the bid, our company advanced architectural plans and made further arrangements, meeting with suppliers and contractors for the project. Since the municipality lacked the funds, our company also covered the 17 years of outstanding YİKOP debt, which was necessary to obtain the required permits from the Provincial Directorate of Tourism and Provincial Directorate of Health to apply for the tourism certificate.

Our company submitted requests to conduct an inventory check as per the 26-page list of assets specified in the tender. Finally, on 01/06/2020, Kumlu Municipality issued a letter indicating that the identified deficiencies would be corrected by 11:00 am that day, after which the property would be handed over to us.

However, on February 11, June 25, and July 10, 2020, three theft incidents took place at the hotel, organized by the Municipality's Mayor Mehmet Deli, who stole the entire electrical system, including transformers and generators, and sold them for profit. These thefts followed our discovery of the hotel's hidden defects, yet the municipality provided us with no information, keeping these incidents secret.

On July 11, 2020—15 days before the scheduled handover—we were invited to inspect the hotel following an alleged "theft." What we found was not theft but complete **\*\*plundering\*\***; the hotel had been reduced to mere walls. Eleven months of restoration efforts and expenses had been obliterated, with additional construction and repair costs looming. The hotel's condition showed the impact of three organized thefts orchestrated by Mayor Mehmet Deli, leaving it plundered:

- Destruction of the entire infrastructure,
- Severe damage to the interior,
- Theft of all furniture,
- Complete removal of all electrical installations; what could not be stolen was destroyed,
- Theft of all air conditioners,
- Removal of all TVs and electronic devices,
- Generators were dismantled, and valuable components were stolen; remaining parts were destroyed,

This left the hotel in ruins, with extensive financial damage added to our restoration and construction costs.

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After identifying additional issues with the hotel, our company continued restoration work, only to discover further substantial problems. Here is a summary of the events and issues involved:

1. Destruction and Theft of Assets: All elevators, including three large units, were dismantled and stolen, with each part sold as scrap. None of the assets, furnishings, or equipment listed in the tender documents were present at the hotel. It was also found that all hotel materials were stored at the Kumlu Fire Department's warehouse and later sold from there. A public case concerning the theft is ongoing.

2. Financial Burden and Restoration: Despite having Tourism Investment and Incentive Certificates, the restoration and construction phases were completed using our company's own funds. Even though the hotel was handed over 11 months late, our company completed the project within a year and brought it to the opening stage.

3. Local Employment and Investment: Through the 5-star Hamamat Thermal Hotel, 7-star Dubai Cristal Thermal Hotel, and shopping center and rest area projects in the region, we have invested approximately 5 trillion Turkish lira and created job opportunities for 800 people.

4. Earthquake Damage and Demolition Order: In the February 6, 2023 earthquake, the hotel's main building and baths were damaged. Following an inspection by the Ministry of Environment, Urbanization, and Climate Change, an urgent demolition order was issued on February 17, 2023. However, Mayor Mehmet Deli and then-District Governor Halil İbrahim Yeşilyurt prevented the enforcement of the order without legal grounds. The municipality did not appeal within the required three-day period, thus finalizing the demolition decision.

5. Legal Actions and Investigations:

- Complaint Against Mayor: On March 3, 2023, I filed a criminal complaint with the Reyhanlı Chief Public Prosecutor's Office against Mayor Mehmet Deli, accusing him of damaging public property, embezzlement, abuse of power, and fraud. Following this complaint, he was investigated, and a prosecution permit was granted.

- Complaint Against District Governor: I also filed a complaint against District Governor Halil İbrahim Yeşilyurt for abuse of power. He was subsequently investigated and transferred to Urfa Bozova.

6. Lack of Structural Testing: Despite requirements under the State Tender Law and Earthquake Law for structures built before 2000, Kumlu Municipality did not conduct core testing or soil analysis before tendering the property. The concrete quality was found to be C10 (far below the required C35 standard), rendering the building unsuitable for human use. As a result of these oversights, 15 million USD worth of investments became unusable due to the hotel's substandard foundation and structures.

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Legal Cases:

1. Hatay 3rd Administrative Court (2024/2540):

- Claim: Due to Kumlu Municipality's gross negligence and failure to conduct proper testing, our company has suffered significant financial losses. We are seeking compensation for lost profits and damages from the tender date (23.09.2019) with legal interest.

2. Reyhanlı Civil Court of Peace (2024/618):

- Defendant: Kumlu Municipality

- Claim: The tender was conducted in violation of the State Tender Law, providing a defective, unlicensed, asset-free hotel. Our company was forced to invest millions to make the hotel operational. The complaint, valued symbolically at 1,000 TL, includes supporting invoices and will be supplemented with documentation upon the court's request. The mediation process has concluded, and the court case is ongoing.

This complex series of events reflects the severe mismanagement and breaches by Kumlu Municipality and relevant officials, resulting in substantial losses and damages to our company.

Following the 2024 local elections, the previous mayor, Mehmet Deli, lost the election, and İbrahim Paç assumed office as the new mayor of Kumlu. Mayor Paç has acknowledged that the tendering of the hotel, subsequent events, and related issues are largely due to serious negligence and misconduct on the part of the previous administration.

Summary of Issues and Current Claims

1. Property Status and Damages: The Hamamat Thermal Hotel, a public building owned by Kumlu Municipality, was originally granted a building permit on October 6, 2000, under permit number 11/14/2163. The hotel underwent approved renovations, repairs, and restorations under permits obtained on June 28, 2020, and June 3, 2020, for the "Hamamat Thermal Facility, Treatment Hotel, Treatment Center, and Apartment Hotel Residences." However, due to severe damage sustained in the Kahramanmaraş earthquake on February 6, 2023, all investments made by Bayındırhan Tourism Petrol Food Construction Industry and Trade Inc. were rendered unusable. In light of these events, our company has demanded compensation of \$15 million to cover the losses caused by the approved restoration investments, based on Law No. 7269 on Disasters Affecting Public Life.

2. Delay in Demolition: Despite an urgent demolition order for the hotel, it was not carried out until a year after the earthquake, obstructing our company's commercial activities and exacerbating our losses. This delay is believed to be a retaliatory action due to our prior complaints against former Mayor Mehmet Deli.

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3. Faulty Tender and Investments: The hotel, which was tendered with hidden structural faults, led to substantial losses due to both the poor state of the property and the costly investments required to restore it. As such, administrative and legal actions are being pursued to ensure that our company's rights and potential compensations for lost profits are preserved.

4. Lack of Coordination and Accountability: Although the Ministry of Interior and AFAD are responsible for covering damages arising from disasters under Law No. 7269, our verbal consultations with these agencies have been unproductive, with no agency or official taking responsibility for addressing our claims.

Given these circumstances, our company is actively seeking avenues to recover damages and protect its rights through administrative and legal rights. The acknowledgment by the new mayor of the previous administration's culpability underscores the municipality's role in these failures, strengthening our legal stance in seeking just compensation for all incurred losses and lost opportunities.

**I respectfully request the payment of \$15 million for the expenses I incurred, which were related to making the Hamamat Thermal Hotel operational, delivered to my company without proper assets. This payment is necessary for me to continue my investments.**

Sincerely,

ERCAN KARACA  
Chairman of the Board

Mobile: +90 532 6720212

Email: [ercankrc1968@gmail.com](mailto:ercankrc1968@gmail.com)

Head Office

Sait Pakin Street, Değirmen Kaşı District No. 37, Reyhanlı, Hatay

Branch Office

Konutkent District, 3028 Street, Kule Evo Residence, Floor 21, No. 144, Çankaya, Ankara

KEP: [bayindirhan@hs01.kep.tr](mailto:bayindirhan@hs01.kep.tr)

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