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# LEGAL

QUARTERLY

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but the hunt for stolen treasures continues

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# Editors' note

With this edition, the Kyiv Post is launching its first Legal Quarterly to boost our coverage of Ukraine's lawyers and the nation's thriving legal community.

Our reason for launching such a publication is that lawyers are at the center of every issue in Ukraine, from the global and epic — international law — to the local and mundane — how to register the sale of an apartment or renew a work visa.

Moreover, whenever legal disputes arise in government or the economy, lawyers are on both sides of the issue. So collectively, along with judges, prosecutors and others who are part of the legal community, these people form a uniquely knowledgeable community. Many are also skilled at explaining complicated issues — from offshore schemes to the business climate and taxation — in a simple, easy-to-understand manner for the rest of the public.

For the last four months, Ukraine has been going through its most difficult period since gaining independence in 1991. The EuroMaidan Revolution, which brought down President Viktor Yanukovich, and the Russian annexation of Ukraine's Crimean peninsula have changed the nation in profound ways.

We want the Legal Quarterly to be an authoritative source of information and opinions on the most relevant issues of the day. But this is very much a work in progress and we welcome everyone's feedback on how we can improve our coverage in this sphere.

Sincerely,



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## On the cover



Luxurious items at former Prosecutor General Viktor Pshonka's house.

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KyivPost

LEGAL QUARTERLY



Kyiv Post Projects  
Supplements

March 28, 2014, Vol. 1, Issue 1

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Published by Public Media LLC

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Спеціалізоване видання «Kyiv Post Legal Quarterly» видається ТОВ «Паблік-Медіа». Наклад — 11 000 прим. Розповсюджується безкоштовно.

Матеріали, надруковані у виданні «Kyiv Post Legal Quarterly» є власністю видавництва, захищені міжнародним та українським законодавством і не можуть бути відтворені у будь-якій формі без письмового дозволу Видавця. Думки, висловлені у дописах можуть не завжди співпадати з поглядами видавця, який не бере на себе відповідальність за наслідки публікацій.

**Засновник** — ТОВ «Паблік-Медіа»  
**Головний редактор** — Брайан Боннер  
**Відповідальний за випуск** — Якуб Парусинський

**Адреса видавця та засновника співпадають:**

Україна, м. Київ, 01004, вул. Пушкінська, 31<sup>а</sup>, 6<sup>й</sup> поверх.

**Рестраційне свідоцтво** — Кв № 20588-10388Р від 18.03.2014

**Надруковано** — ТОВ «ВКФ ТРИАДА», Україна, м. Київ, 03680, вул. Кржижановського, 4, тел.: +38 044 499 88 68

Замовлення № 743

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# Positive signals from government will boost M&A – eventually

By Evan Ostryzniuk , ostryzhniuk@kyivpost.com

*The playing field for mergers & acquisitions is being fundamentally altered. The new government of Prime Minister Arseniy Yatseniuk has not only declared that eliminating corruption and protecting property rights are among its priorities, but it has taken steps towards cleaning up the business environment.*

**T**he legal community is pleased with this movement towards greater transparency and sees great long-term prospects for Ukraine. However, the questionable stability of the new regime, threats from Russia and the long laundry list of reforms the government needs to implement have created too much uncertainty to see much merger & acquisition activity in the short term.

It is no secret that Ukraine is starved for investment, receiving a paltry \$5.68 billion in 2013 in foreign direct investment, while neighboring Poland got \$6.62 billion (on a slow year) and Russia took in \$94 billion.

M&A is one of the leading investment channels for any country, and so can serve as an indicator of a nation's investment climate. Last year saw little M&A activity in Ukraine relative to its emerging market peers. This is not expected to change in the short term, but the seismic shift for the better in the business environment as a result of regime change is bringing about a reassessment of Ukraine's investment potential.

The legal and investment communities alike are excited by the changes they see taking place in how the government does business, which should lead to an improved investment climate and eventual growth in M&A opportunities.

According to Volodymyr Sayenko, partner of the Kyiv-based legal firm Sayenko Kharenko:

“Of course, corruption was so endemic that it needs to be eliminated everywhere, from procurements to the judiciary. So far, the government has been doing the right things, like the new tax administration head, Victor Bilous. He might not have much actual administrative experience,

but he knows the law and appears to be independent. He is professional. I also like Economy Minister Pavlo Sheremeta. There has been some progress in legal areas, but it should be remembered that these are early days.”

Graham Conlon, partner of the international legal services firm CMS Cameron McKenna, agreed. “The government needs to show that it is making positive steps to eliminating corruption. So far, it looks good. It looks better than after the (2004) Orange Revolution.”

The abrupt change of government does not seem to have frightened away investors. All the legal firms that the Kyiv Post spoke to stated that all the M&A deals begun before the anti-government demonstrations started last November continue undisturbed. A number of investment brokerages are, in fact, seeing renewed interest in Ukraine.

Foyil Securities analyst Yaroslav Udovenko said that, after the overthrow of President Viktor Yanukovich, his firm was receiving many calls from potential foreign investors about possible acquisition targets.

However, the Russian occupation of Crimea put an end to that. Nevertheless, political uncertainty has limited new interest in Ukraine. Above all, all the legal specialists and financial analysts the Kyiv Post interviewed agreed that the new Ukrainian government must demonstrate its stability and ability to push through reforms that will improve the investment climate and make doing business in Ukraine easier.

Key milestones along this road include the presidential election scheduled for May 25 and the next parliamentary elections, as they will validate any new government. “It should be kept in mind that the provisional government of Prime Minister Arseniy Yatseniuk has a limited



“ Companies related to agriculture and foodstuffs should remain the main targets of M&A this year. ”

M&A is one of the leading investment channels for any country, and so can serve as an indicator of a nation's investment climate  
©AFP

mandate for reform, since everything he does will need final approval from a newly elected parliament,” Udovenko said. “Foreign investors will probably wait until after the presidential and parliamentary elections to eye business opportunities in Ukraine, since at the moment too much uncertainty reigns.”

However, not just stability, but “positive stability” must rule before investors return, said Margarita Karpenko, managing partner of the law firm DLA Piper. “We had a type of stability under Yanukovich, but it was very complicated to do business,” Karpenko explained. “The system needs to be deregulated, simplified and made sustainable. I believe the government understands this, and if they do these tasks quickly, Ukraine will have a good future.”

Conlon said that, despite the enormity of the work ahead of the government, it will not take very much to invigorate foreign investment.

“Few changes are needed to the laws. What is needed is the rule of law and enforcement of property rights.” Sayenko agreed, adding “on the whole, the Ukrainian laws are fine, but we must have predictability and independent courts, while corporate law needs to be more flexible.”

Companies related to agriculture and foodstuffs should remain the main targets of M&A this year. “These sectors have become Ukraine’s main economic drivers and their indicators should only improve with the promised greater access to Europe via the Association Agreement,” argues Udovenko.

Dmytro Churin of Eavex Capital believes that the banking and financial sector should continue to consolidate as banks with foreign capital exit the market. One sector that might reinvigorate M&A in the longer term is energy. The Ukrainian government’s stated ambition to become energy independent coupled with Russia’s unfriendly attitude and Ukraine’s vast energy resources have attracted investor interest in the past, but an improved investment climate and the sale of state energy-related assets could lead to large real investments. “Energy companies and their support industries plus natural resources should become very appealing,” Conlon argues.

Ukraine continues to remain a land of vast investment potential. “Ukraine is the last great Emerging Market in Europe with little relative FDI to date, so many companies looking at it,” Conlon says. “The bottom line is that assets in Ukraine are underfund and undervalued,” Sayenko says. “There should be many bargains.”

What could spur revival of M&A are donor and international investment organizations, like the International Monetary Fund or European Bank for Reconstruction and Development, or rather the confidence their money would bring to the investment climate.

“It would mean that essential economic reforms are getting done,” Sayenko said, “and that would bring not only confidence, but also security that the investment will be protected.”

Yevhen Kravtsov, partner of the Asters law firm, said: “Activation of the donor money on one hand will be a very good signal for international investor and on another hand will add liquidity to Ukrainian economy. Both factors will be very positive for stimulation of the M&A activity.”

The shifting of the playing field for business, which implied less corruption and dependence on personal patronage, could lead to surprise deals.

“One thing we can expect is many local assets, once belonging to those close to the Yanukovich family, to change hands” Sayenko said. “Assets could suddenly appear on the market without warning because of this, although I cannot speculate which ones. Because the system was so dependent on the personal chain that led up to the presidency, changes in local administration and cleaning up of the system means that those businessmen no longer have the ‘uncompetitive’ advantage over potential rivals. So, it might not be worth it for them to retain certain assets.”

In 2013, three of the top 10 deals by value involved Serhiy Kurchenko, who has since fled the country, while the biggest deal involved Group DF’s purchase of Inter Media Group, whose owner Dmytro Firtash was arrested in Austria on March 13 on a range of corruption charges.



**Anna Babych, Partner of the Corporate/M&A Practice Group at Vasil Kisil & Partners** focuses on corporate and restructuring issues, providing legal support in cross-border and domestic M&A deals, and privatization matters, and has considerable experience in legal due diligence procedures and optimizing corporate structures.

## M&A deals in Telecom and Media

Although the political and economic climate parked a number of M&A deals in early 2014, last year saw several large M&A deals, particularly in the relatively dynamic TMT sector.

In February 2013 DF Group (Mr. Firtash) acquired a controlling stake in Inter Media Group Limited (Cyprus), which owns several TV channels in Ukraine including Inter, Kino-TV, K1 and K2, with a total market share of 9-11%. Another notable deal took place in June 2013, when Mr. Akhmetov’s SCM Group acquired 100% of UA Telecominvest Limited (Cyprus), thus indirectly purchasing almost 93% of shares in Ukrtelecom Public JSC (Ukraine) – the largest national fixed-lined operator and only 3G mobile operator through its wholly owned subsidiary TriMob LLC. Finally, in November 2013 the purchase of UMH Group (Ukraine) by VETEK Group (Ukraine) was completed. UMH Group is one of Eastern Europe’s largest media companies, managing dozens of Internet, radio and printed media brands in Ukraine and Russia. This was the year’s fourth biggest M&A deal by value.

## Issues to watch out for

Like most large M&A deals, mega deals in the TMT sector involve multiple challenges. Most importantly, they require comprehensive legal and financial due diligence, AMC merger clearance, and can include debt repayment and a buy-out of shares from minority shareholders.

Given that most large M&A deals involve various jurisdictions, proper tax planning is essential to both parties.

With media M&A deals special attention should be paid to license agreements related to key media (especially foreign ones), and relations with editorial staff.

Reputable foreign-licensed media are usually the key purchase targets. Of course, buyers are interested in the validity and terms of licensing agreements after a deal is completed. However, licensing agreements with foreign publishing houses almost always contain change of control clauses, which can terminate an agreement should control over the Ukrainian licensee change. Thus, obtaining the licensor’s consent for a change of control and execution of long-term license agreements is a standard condition for a deal to be finalized. In practice, such consent may be granted for an additional fee or change of license terms to the benefit of the licensor. It is also important that the need for consent does not interrupt the publication schedule. Meanwhile, lack of consent may either lead the specific media asset to be removed from the transaction’s scope, whose value will decrease accordingly, or to have the deal cancelled altogether if the asset is seen as key to the structure’s business.

The team of journalists (chief editors, reputable editors and well-known journalists), who create the quality and spirit of the published content, is a highly valuable asset. Hence, the decision to leave the team by some can reduce the media’s attractiveness for the audience, regardless of whether the license is kept in place. Therefore, sellers’ warranties regarding key editorial staff and senior administrative staff are seen as standard and integral parts to the transaction documents.

## Deal value: key factors

In practice the value of an M&A asset in the TMT sector depends on a complex range of factors. Some are common for any sector, such as target EBITDA, debt free cash free adjustment, M&A deal value in regard to direct competitors, specific due diligence findings, availability of alternative bidders etc. Others are industry-specific, and include a group’s brand portfolio, audiences size and features, terms of licensing agreements, uniqueness of certain media brands, ratings etc.

Despite the current temporary slowdown, Ukraine’s media industry is considered as attractive for investments and both the industry in general and some niche segments exhibit prerequisites for growth.

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# Healing Ukraine's poor business climate with European integration

By Iryna Yeroshko, yeroshkoiryna@gmail.com

Despite Ukraine being endowed with rich resources and strong business potential, the toxic mix of weak rule of law and pervasive corruption creates an unhealthy business climate.

According to the European Business Association, the Ukrainian economy has always been attractive to foreign companies and investors. But it's a high-risk, high-return venture. They're aware that Ukraine's consumer market of 45 million people offers the chance for double-digit profit margins where competition is still relatively low and niche markets vacant, but also imposes certain risks with the majority of them related to corruption.

"For now there are no legal problems with launching a business," said Sergiy Boyarchukov, a managing partner at Alekseev, Boyarchukov and Partners law firm. "But it would be a victory for business if people in Ukraine followed at least the existing law. Ukraine definitely lacks a legal culture."

There is the concept of "certainty of punishment," explained Boyarchukov, which ensures that a person who has violated the law would bear responsibility for it. "Obviously this law has not come into force yet."

However, red tape layered with pay-to-play schemes (bribery) on the part of public officials make it difficult to get a business off the ground.

Illuminating this is a list that the Federation of Employers of Ukraine recently published enumerating the toll that corruption took on businesses during the rule of former president Viktor Yanukovich. For instance, value added tax-repayment schemes generated \$15-\$20 billion in corrupt revenue.

Only 50 percent of customs clearance fees made their way to state coffers, while the rest ended up in the pockets of customs officials. In 2013, corruption in this field yielded \$40 billion, according to FEU.

"The economic growth depends directly on the ability of the new government and all branches of power to develop and implement an effective "shock therapy" and to reset the functioning of all public bodies," said Oleksiy Khomyakov, legal expert for Asters law firm.

According to the European Business Association, the Ukrainian economy has always been attractive to foreign companies and investors. But it's a high-risk, high-return venture  
©Kostyantyn Chernichkin



**Building closer ties with the European Union may improve Ukraine's business climate substantially, It would become an introduction of the rule of law and protection of property rights in Ukraine as well as would have a positive impact on the Ukrainian economy** — Anders Aslund, Peterson Institute for International Economics



**For now there are no legal problems with launching a business. But it would be a victory for business if people in Ukraine followed at least the existing law. Ukraine definitely lacks a legal culture** — Sergiy Boyarchukov, Alekseev, Boyarchukov and Partners

"After the social and political events of November 2013-February 2014 in Ukraine, during the increasing foreign aggression on the Ukrainian state, the 'new' government failed at least to try to make a difference in the fight against corruption and implementation of new rules. On the one hand, there is much talk about the difficult working conditions of the new government, but it looks strange that they have not registered a single anti-corruption bill yet," Khomyakov pointed out.

One of the ways to reduce corruption within the government bodies is to increase the salaries of public servants and in this way eliminate the commercial logic behind the corruption, Khomyakov said. However, a state employee must understand that in case of violation of anti-corruption legislation, he will carry tough responsibility in form of major economic sanctions," he said.

"Thus, the income of state employees and their family members should be attentively scrutinized... Without implementation of strict rules for public servants and public companies it is impossible to improve the business climate in Ukraine at all," he added.

Anders Aslund of the Washington, D.C.-based Peterson Institute for International Economics said the main reason for the escape of foreign businesses from Ukraine is the terrible environment for entrepreneurship and corporate governance, deliberately spoiled by deposed Ukrainian President Viktor Yanukovich's inner circle in order to get control over certain entities.

"This trend is particularly noticeable in the banking sector, where half of the Western financial institutions have been sold to the 'family' (Yanukovich's inner circle) and the other half was put up for sale," Aslund told Ukrainskiy Tyzhden magazine.

Building closer ties with the European Union may improve Ukraine's business climate substantially, the Swedish economist foresees. "It would become an introduction of the rule of law and protection of property rights in Ukraine as well as would have a positive impact on the Ukrainian economy," Aslund said.

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# Recovering \$70 billion will not be easy for Ukraine

By Mark Rachkevych, rachkevych@kyivpost.com

*The hunt is on for the billions of dollars that the previous government allegedly stole. Ukraine's prosecutor's office on March 13 said that 70 people were involved in laundering and shifting some \$70 billion overseas during the four years of Viktor Yanukovich's truncated presidency. Altogether 33 former officials, including Yanukovich, his sons Oleksandr Yanukovich and Viktor Yanukovich Jr., insider business person Serhiy Kurchenko and others have had their assets frozen in the European Union, Switzerland, Lichtenstein, Canada and the U.S.*

**A**uthorities are bandying a dark figure of \$70 billion that has been siphoned from state coffers. Aiding them on the ground in Kyiv are experts from the U.S. Federal Bureau of Investigation, Departments of Justice and Treasury, and a UK task force led by its National Crime Agency that includes experts in financial intelligence, money laundering and tracing criminal assets.

"Our professionals know how to find foreign assets that belong to individuals and corporations," said James Price, the FBI agent in Kyiv who works as the legal attaché.

First Deputy General Prosecutor Mykola Holomsha admitted that it won't be easy finding and recovering the stolen assets.

"There is a vacuum of information with regard to (former) senior corrupt officials that are wanted," he said without specifying who. "In many cases the Interior Ministry and Security Service of Ukraine have had to start from scratch."

Holomsha wasn't available for comment when reached by telephone on March 14-15. The prosecutor's office didn't respond to an emailed Kyiv Post interview request with Holomsha and Deputy General Prosecutor Oleksiy Bahanets, both of whom are leading the asset recovery investigations.

Tracing the vast amounts of money will be a daunting but not impossible task asset recovery lawyers told the Kyiv Post.

Much first depends on what kind of plan and team is assembled to go after the money

that is presumably cloaked behind layers of companies, trusts and other entities in multiple jurisdictions and concealed behind proxies to evade scrutiny and disguise cash flows.

At each step of the way facilitators, such as lawyers, accountants, notaries and other corporate professionals have aided the layering with the use of complex legal instruments.

Referring to the asset freeze orders doled out by Europe and North America, British Virgin Islands asset recovery lawyer Martin Kenney said that the likelihood of Yanukovich's assets being in his name is "fairly remote unless he is a really, dull and slow moving creature."

A cursory glance at the alleged money schemes used by Viktor Yanukovich, former presidential chief of staff Andriy Klyuyev, his brother and lawmaker Andriy Klyuyev, and by Oleksiy Azarov, the son of former Prime Minister Mykola Azarov, traced by Kyiv-based Anticorruption Action Center, shows that the lawyer's assumption is correct.

The assets to which they are linked, are layered through various companies and in different European countries and lead to a trust in Lichtenstein and Austrian lawyer Reinhard Proksch whose office in Lichtenstein is the same as the trust.

The anticorruption center says that Proksch, a lawyer registered in New York who provides company formation services in Europe and America was used to help set up a complex web of companies to enrich Yanukovich and other family members, or any members of the Klyuyev family, who are close allies of Yanukovich.

He told Reuters in late February that "I am not a crook...I really think that we have done nothing wrong," adding that he is ready to cooperate with authorities in Lichtenstein and elsewhere.

Proksch, said he never met Yanukovich but admitted setting up companies for business dealings in Ukraine, including transactions involving the hunting grounds adjoining the lavish Mezhyhirya estate that Yanukovich occupied.



Former President Viktor Yanukovich's luxurious residence, Mezhyhirya, is seen as one of the major assets involved in the shadow schemes © Pavlo Podufalov



So, unless the architecture that was used to shift and hide assets was faulty, Kenney said, investigators will be confronted with a colossal task “even if the level of intelligence and tradecraft used by the other side is remotely done properly.”

He added though that “sometimes it’s not that silly where the assets are in Yanukovich’s name and there could be an elaborate structure but stupidly puts his name down on the signature card so, you could have an offshore company structure holding the assets as being the owner ostensibly and Yanukovich can be an account signatory expressing control over the account.”

Still, lawyers with whom the Kyiv Post spoke unanimously said that a “dream team” will have to be built consisting of different disciplines like forensic accounting, forensic document examination, criminal investigators, intelligence agents, and then lawyers who have comparative legal training that lies at the intersection of all these sub-disciplines to drive the investigation forward.

**In conjunction with the criminal cases that the Ukrainian government is pursuing, lawyers said civil cases should also be pursued to increase chances of success.**

“In parallel, you need a private campaign to trace assets to freeze and recover them and this could be done in conjunction with the private sector,” said Christopher Cardona, a dispute resolution partner with Chadbourne & Parke in London.

The key, according to Laurence Winston, partner and head of the litigation team at Squire Sanders in London, is “getting the information as to the stolen assets and any conversion of these assets,” referring to real estate transactions, or the purchase of stocks or bonds.

Generally, authorities, according to Winston, chronologically should “collect intelligence, trace evidence and assets; secure the assets with interim court proceedings; determine final liability and quantum with additional court proceedings; have court orders enforced and return stolen assets.”

At the moment private lawyers aren’t knowingly involved in the Ukrainian government’s asset recovery project.

According to Kenney, they could assist at the “scene of the crime starting with the central bank, (identifying) the counterparties involved, tracking what money laundering techniques were used — then do forward tracing of value along the value chain to the apparent



After Prosecutor General Viktor Pshonka fled Kyiv, members of the EuroMaidan self-defense units took over his estate © Pavlo Podufalov

taking of the money itself from a point of consumption to reverse tracing of dominion and control of money.”

In conjunction with the criminal cases that the Ukrainian government is pursuing, lawyers said civil cases should also be pursued to increase chances of success. Since the burden of proof is higher in criminal proceedings, Kenney said that “you can shift the burden to the agent (acting on behalf of the ultimate beneficial owner).”

Although Ukraine probably won’t embark on a public-private partnership, Kenney said “the public sector is built with law enforcement people who do the best job they can but might not have the best resources to reach all the layers. If you take a police officer, he’s trained at a certain level at a university. He’s not sitting at an intersection between complex civil proceedings compared with pre-emptive remedy law. Legal science needs to drive the investigation.”

Ultimately, what asset recovery specialists are up against are what Kenney describes as a tradecraft that is the “best in the world...and extremely exceptionally ingenious.”

They might face between 20 to 50 layers of well-thought out structures that are brilliantly constructed and involve dummy directors and companies, all of which makes it hard to drill down through those layers and get at the value.

The reason why the design of the architecture is complicated in Ukraine and other parts of the former Soviet Union, according to Kenney, is that it was an essential part of the spy infrastructure. Small, legitimate companies would be set up in multiple jurisdictions to conceal the true identity of the owner and source of money. These companies in turn would further intelligence gathering by having a legitimate presence in a given country.

When Communism imploded, a whole cadre of men versed in the tradecraft started selling their services to oligarchs and public officials so, “there’s a whole profession or tradition for hiding money,” said Kenney.

**Timing is also key**

“Action should be taken whilst political will remains,” said Winston, adding that there’s also an increased risk of “dissipation, conversion and layering of assets if there is a delay in commencing action and the court may refuse to grant injunctive remedies if there has been undue delay.”

However, since Yanukovich and others are under the spotlight, it might be too risky to shift assets to Latin America like Belize or Panama because the counter agents will be afraid to handle the money or charge a high price for their services, said Daryna Kaleniuk, executive director of Anticorruption Center.

“It’s harder for time to be an agent of success for defendants because when the heat is on there are many questions asked where this money came from,” explained Kenney. “Moving money around won’t be so simple right for the other side.”

Also beneficial are the asset recovery tools that are available to lawyers and investigators today. In England alone there is the Proceeds of Crime Act and numerous orders available for obtaining assets: Disclosure Order; Banker’s Trust Order; Norwich Pharmacal Order; and others.

“We have much better techniques, better access to information, better remedies, the judges are learning more and more how important it is to move these cases along,” said Kenney.

Still, it will take a lot of resources and a lot of work to recover the lost money, he concluded.



Dmytro Pavlichenko © Pavlo Podufalov

By Mark Rachkevych, rachkevych@kyivpost.com

**A**s a free man again, Dmytro Pavlichenko doesn't betray feelings of relief or elation after recently spending three years out of a life sentence in a Chernihiv Oblast prison.

He is the first Ukrainian to have had a life-long incarceration annulled, thanks to a bill parliament adopted on Feb. 24 to free 23 political prisoners that were locked up by the previous regime led by fugitive ex-President Viktor Yanukovich.

Pavlichenko, 50, was released a couple of days later together with his son, Serhiy Pavlichenko, 21, who was serving a 13-year sentence in a Kharkiv Oblast prison cell.

"But 100 people had to die for my freedom, I know they didn't die for me, they gave their lives to change the system," said Dmytro Pavlichenko, referring to his country's notoriously corrupt law enforcement system that convicts more than 90 percent of people charged with crimes, and almost all of them without jury trials.

The father and son were found guilty of killing a Kyiv judge on March 21, 2011. Authorities insisted the right people were found, following a thorough and well-documented investigation. Police say their motive was revenge because the judge, Serhiy Zubkov, had ruled in favor of a Dutch property development company that had been trying to buy the Pavlichenkos' centrally located Kyiv apartment for more than 15 years. The property is still frozen.

They and their supporters, mostly hardcore fans of the Dynamo Kyiv soccer team of which Serhiy Pavlichenko is a member, say they were innocent and that police fabricated the case against them.

Lawyers for the Pavlichenkos said the case

against them had too many inconsistencies to meet the burden of proof.

Dmytro Pavlichenko said evidence against him was fabricated and much was omitted that would've exonerated him from the outset. One often-cited example is that six eyewitnesses of the murder couldn't identify the Pavlichenkos in court.

Another is that the four fingerprints found at the scene did not match those of the suspects. A fifth fingerprint did, however, but it was submitted to forensics a day after the original four and on adhesive tape gotten from who knows where.

**100 people had to die for my freedom, I know they didn't die for me, they gave their lives to change the system**

"It was all a fable, a lie," Dmytro Pavlichenko told the Kyiv Post on March 13 at a downtown Belgian bistro, the same day that parliament's official newspaper published his and his son's rehabilitation, wiping their criminal records clean.

The measure enables Dmytro Pavlichenko to win another legal battle with the system. He wants to regain the downtown apartment from which he was evicted. He and his family currently live on the edge of the city with his mother-in-law.

Gooioord BV, a Dutch-registered real estate developer, had bought most of the apartments in the building where his was located on 33/34 Bohdan Khmelnytsky Street.

It wanted his as well. Investigations by Ukrainian journalists, though, have found Gooioord BV to be a shell company with Ukrainian roots but with a dead-end trail.

"I want to move back into my apartment on (Bohdan) Khmelnytsky Street, it's where I grew up and lived all these years," said Dmytro Pavlichenko, who owned a computer store before he started spending all his time suing and countersuing the Dutch company, and what he calls unlawful actions by police. According to him, he was abducted and held in captivity for three days by the organized crime unit of police in a bid to make him stop fighting back in court.

Before his arrest three days after Zubkov's murder, police confiscated everything that was in the apartment and have been storing it at an unknown warehouse. Dmytro Pavlichenko believes he won't recover his belongings.

When asked to explain how he and his son were political prisoners, Dmytro Pavlichenko said: "For fifteen years I've stood up to the system which we all know behaves like a criminal enterprise, they hung that murder on us, there are so many other innocent people right now in (Ukraine's) jails...90% of criminal convictions are based on beaten or falsified confessions."

That's why he said despite being rehabilitated and set free he will seek vindication in the European Court of Human Rights. A case is already open concerning the Pavlichenkos on "torture" and "inhuman or degrading treatment or punishment."

His lawyer in Europe, Kyrylo Paseniuk of the European Human Rights Group, said that another case under Article 6 of the European Convention on Human Rights, is being filed with regard to the right to a fair trial.

Human rights cases usually take between one and three years before a ruling is reached, according to the activist.

According to the European Court of Human Rights judge from Ukraine Anna Yudkivska, Ukraine had the second highest number of claims — some 10,000 — submitted to the court in 2012.

"But I will decline and material compensation afforded me," said Dmytro Pavlichenko. "I believe in this new government and its coffers are dry...I can't take the money, but I want moral satisfaction."

He added that he will devote his time to writing articles about prison injustices and wrongful convictions. "I want to help others like me that are still in the prison system, there are so many out there," said Dmytro Pavlichenko.



# Legal organizations in Ukraine

ADVERTISEMENT

## National Association of Advocates of Ukraine

[unba.org.ua](http://unba.org.ua)

The National Association of Advocates of Ukraine is essentially the Ukrainian bar, to which all lawyers must belong. Legally, it is a non-profit professional organization whose aim is to ensure the objectives of the legal profession, promote the development and strengthening of the legal profession in Ukraine, and protect the rights and legal interests of its members. The association serves as an umbrella organization for the governing authorities of the legal profession, including the Congress of Lawyers of Ukraine, which is the highest governing body, and the Qualifications-Disciplinary Commission of Advocacy, which serves as a complaints board for the common citizenry.

## Union of Advocates of Ukraine

[cay.org.ua](http://cay.org.ua)

The Union of Advocates of Ukraine claims to be the first nonprofit, voluntary, professional, independent, self-governing organization of lawyers association in independence. The organization brings together lawyers for their professional development and improvement of training, promotes the legal profession, legal awareness, standards of conduct.

## Ukrainian Bar Association

[uba.ua](http://uba.ua)

Despite its name, this is not the Ukrainian bar per se, but rather a nongovernmental organization founded in 2002 to bring together lawyers for a strong and influential professional community, which would become a powerful voice of the legal profession. It is a lobby organization, in practice. More than 3,000 lawyers from all regions of the country belong to the UBA, including attorneys, notaries, scholars, judges, civil servants, members of parliament and other legal experts. Among its aims are to increase legal awareness and legal culture in society, develop the legal profession, improve legislation, implement ethical standards in the provision of legal services, and protect the professional rights of UBA members and human rights in general. The UBA is a member of the International Bar Association.

## Association of Lawyers of Ukraine

[uaa.org.ua](http://uaa.org.ua)

The Association of Lawyers of Ukraine is a public non-profit organization created to unite lawyers to promote the development and strengthening of the legal profession in Ukraine, raising the legal assistance provided by lawyers, enhancing the role and authority of the legal profession in society, and protecting of rights and legal interests of its members.

## Christian Lawyers Association of Ukraine

[clau.org.ua](http://clau.org.ua)

The Christian Lawyers Association of Ukraine claims to be a non-profit public organization that brings together Christian lawyers for professional service to the Church and society. The association professes to be non-denominational. Its aim is to bring together active lawyers carrying out their professional activities based on Christian values, to protect the rights and interests of citizens, legal aid organizations and legal education, as well as draft regulations.



**Dmitry Pichugin, Senior Partner, Goldblum and Partners** specializes in corporate and M&A, tax law and financial consulting.

His areas of specialization include advising on restructuring, due diligence, evaluation of tangible and intangible assets, liquidation, split-up, amalgamation, and purchase and sale of ownership rights.

Our law firm, Goldblum and Partners, has been practicing since 2007. Following collaboration with our colleagues in different specialties, we realised that our clients from Switzerland, who have business interests in Germany and other countries, could potentially waste time looking for a local law firm to meet their requirements. Our response to this was to open Goldblum and Partners offices in Germany, Austria, Belgium, the Netherlands and Russia.

Since the end of 2012 our representative office has been working in Kyiv, primarily to research different issues that our clients had encountered, and since the beginning of this year, we have launched a fully-fledged office in Ukraine.

In Kyiv we specialise in corporate law, transaction support, M&A, and disputes between legal entities and with state bodies. Administrative litigation against the Ministry of Revenues and Duties (Ukraine's Finanzamt) and the State Customs Service of Ukraine provides particular experience, because their activities are not always transparent, unlike the activities of such institutions in Europe.

We also provide support for company formation and the servicing of companies in Ukraine, correct corporate structuring, bookkeeping and auditing services.

Almost every day I tell our employees at our Hamburg and Zurich offices about what's happening in Kyiv, whether everything they see and hear on television is true and whether nationalists force people to speak Ukrainian. Sometimes photographs of Kyiv barricades have been posted on our corporate Twitter (@GoldblumPartner), near the photographs of Lake Zurich. In general, we try to keep abreast of events and react immediately to them.

In turn, clients also show an interest in current events, but they are guided by more pragmatic motives: Life does not stop and, if you are working with someone in Ukraine, you cannot instantly phase out your business activity.

Every day here, in the Kyiv office of Goldblum and Partners, we continue to work on tasks set by our clients from Europe, Asia and America. Despite the ongoing battles, few investors have lost their optimism and, in any case, they consider the prospects of 45 million people almost in the centre of Europe to be extremely important.

This very fact inspires hope that everything is not lost for local business and that it is worth trying to optimize the conditions for effective working.

If you are considering the possibility of joining, what is without a doubt a significantly new market, and if you understand that co-operation during the initial stages of development will bring you incomparably higher profits, just call us today to see what we can do for your business.



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[www.goldblumandpartners.com](http://www.goldblumandpartners.com)

# Law firms

Listing is arranged in alphabetical order

Phone number	Top executives	In Ukr.	HQ	Main Specialization, services	Major clients	Languages
<b>Alekseev, Boyarchukov and partners, Law Offices</b>						
11 Shota Rustaveli St., 3 <sup>rd</sup> floor, Kyiv 01001, Ukraine, <a href="http://www.abp.kiev.ua">www.abp.kiev.ua</a> , <a href="mailto:office@abp.kiev.ua">office@abp.kiev.ua</a>						
+38 044 235 8877 +38 044 537 1828	Sergey Alekseev, Sergey Boyarchukov	2005	Kyiv, Ukraine	Tax, Corporate and M&A; Dispute resolution; Criminal; Banking and Finance; Bankruptcy and debt restructuring; Competition and anti-monopoly law; Real estate and land law; Labour Law	Ukrspotsbank (Unicredit Group), Globus Mall (London & Regional Properties), Platinum Bank, Miskzhitlobud Ltd., Prizma Beta Ltd., Ukrproduct Group Ltd, Forum Bank	English, Russian, Ukrainian
<b>Asters</b>						
Leonardo Business Center, 19-21 Bogdana Khmelnytskoho St., 14 <sup>th</sup> floor, Kyiv 01030, Ukraine, <a href="mailto:info@asterslaw.com">info@asterslaw.com</a> , <a href="http://www.asterslaw.com">www.asterslaw.com</a>						
+38 044 230 6000	Oleksiy Didkovskiy, Armen Khachatryan	1995	Kyiv, Ukraine	Full-Service Law Firm	L'Oreal, Coca Cola, Nissan Motor Ukraine, S.C. Johnson, EBRD, IFC	English, Russian Ukrainian
<b>Baker &amp; McKenzie — CIS Limited</b>						
Renaissance Business Center, 24 Vorovskoho St. Kyiv 01054, Ukraine, <a href="mailto:kyiv@bakermckenzie.com">kyiv@bakermckenzie.com</a> , <a href="http://www.bakermckenzie.com">www.bakermckenzie.com</a>						
+38 044 590 0101	Serhiy Chorny, Serhiy Piontkovsky	1992		Antitrust&Competition; Banking&Finance; Corporate; M&A; Securities; Compliance; Dispute Resolution; Employment; Insurance; IP; International&Commercial; IT and Communications; Major Projects and Project Finance; Real Estate and Construction; Tax and Customs	Arcelor Mittal, EastOne Group, Horizon Capital, ING Bank Ukraine, Metinvest BV, Poverkhnost Media Group, Sberbank, Societe des Centres Commerciaux	English, Russian, Ukrainian
<b>CMS Cameron McKenna LLC</b>						
38 Volodymyrska St., 6 <sup>th</sup> floor, Kyiv 01030, Ukraine, <a href="mailto:kyivoffice@cms-cmck.com">kyivoffice@cms-cmck.com</a> , <a href="http://www.cmslegal.com">www.cmslegal.com</a> , <a href="http://www.cms-cmck.com">www.cms-cmck.com</a>						
+38 044 391 3377	Daniel Bilak	2007	London, UK	Corporate and M&A; Energy; Banking and Finance; TMT; Tax; Commercial; Competition; Dispute Resolution; Employment; Real Estate&Construction; Lifesciences/ Pharmaceuticals; Intellectual Property	WND	English, German, French, Russian, Ukrainian
<b>Chadbourne &amp; Parke LLP</b>						
25B Sahaydachnoho St., 3 <sup>rd</sup> Floor, Kyiv 04070, <a href="mailto:Kyiv@chadbourne.com">Kyiv@chadbourne.com</a> , <a href="http://www.chadbourne.com">www.chadbourne.com</a>						
+38 044 461 7575	Adam Mycyk	1993	New York, USA	Corporate/M&A; Banking and Finance; Capital Markets; Litigation and Arbitration; Compliance; Real Estate; Tax; Energy; Antitrust	EBRD, IFC, Bank of Cyprus, US Ex-Im Bank, Turkcell, Gruma International Foods S.L, John Deere, Origin Enterprises plc.	English, Russian, Ukrainian
<b>DLA Piper Ukraine LLC</b>						
77 A Chervonoarmijska St., Kyiv 03150, Ukraine, <a href="mailto:ukraine@dlapiper.com">ukraine@dlapiper.com</a> , <a href="http://www.dlapiper.com">www.dlapiper.com</a>						
+38 044 490 9575	Karpenko Margarita	2005	London, UK	Corporate and M&A; Antitrust / Competition and Regulatory; Finance&Projects; Real Estate; IP and Technology; Tax	Slavtich Carlsberg Group, Pfizer, Boeing, EBRD, Toshiba, GlaxoSmithKline, Sanofi, Reckitt Benckiser, Damco, Leroy Merlin, Billa	English, Russian, Ukrainian
<b>EBS</b>						
13 A Universytetska St., Kyiv, Ukraine, <a href="mailto:info@ebskiev.com">info@ebskiev.com</a> , <a href="http://www.ebskiev.com">www.ebskiev.com</a>						
+38 044 249 7905	Helen Volska	1998	Kyiv, Ukraine	Company: Establishment, Restructuring and Insolvency; Contractual relations: External and Internal trade; Employment and Migration; Dispute Resolution: Litigation, Mediation; Tax and Customs control; Management on temporary basis	Florange, Yves Rocher, EBA, 3M, Michelin, Dragon Capital and others.	English, German, French, Russian, Ukrainian
<b>Egorov Puginsky Afanasiev and Partners Ukraine</b>						
38 Volodymyrska St., Kyiv 01030, Ukraine, <a href="mailto:kyiv_office@epap.ua">kyiv_office@epap.ua</a> , <a href="http://www.epap.ua">www.epap.ua</a>						
+38 044 492 8282	Serhii Sviriba, Oksana Ilchenko, Markiyani Kliuchkovskiyi, Oleksii Reznikov, Ilona Zekely	1997	Kyiv, Ukraine	Banking&Finance, Capital Markets; Bankruptcy; Competition Law; Domestic Litigation; Employment Law; Intellectual Property/TMT; International Arbitration and Cross-Border Litigation; International Trade; M&A and Corporate; Real Estate; Sports Law; Tax; White Collar Crime	BASF, Citi Bank, Credit Suisse, DCH Group, Deyna, Erste Bank, IBRC, IDS, Intesa Sanpaolo, Johnson Controls Ukraine, J.P. Morgan, Morgan Stanley, Mitsui&Co, Regal Petroleum, Samsung, Unilever, Sodrugestvo Group	English, German, French, Polish, Spanish, Russian Ukrainian



### Goldblum and Partners

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+38 044 362 7909	Wan Bo	2012	Zug, Switzerland	Corporate law, M&A, Legal Dispute	WND	English, German, Russian, Ukrainian
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### Gramatskiy&Partners

16 Mykhailivska St., suite 7, Kyiv 01001, Ukraine, [office@gramatskiy.com.ua](mailto:office@gramatskiy.com.ua), [www.gramatskiy.com](http://www.gramatskiy.com)



+38 044 581 1551	Ernest Gramatskiy	1998	Kyiv, Ukraine	Business-Advocacy; Foreign Investments; Foreign Trade; Real Estate; Agribusiness; IT Law; Litigation; Tax Law&Tax Disputes; Business Restructuring; Corporate Security; Due Diligence; Insolvency & Bankruptcy	City Capital Group, Seven Hills, Danfoss, TM De-vi, PlayTech, TERRA BANK, ULMA Ukraine, Celentano, Banka, Jeltok, Promkabel	English, Italian, Greek, Polish, Russian, Ukrainian
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### Gryphon Investment Consulting Group

5 B Dimitrova St., office 305, Kyiv 03680, Ukraine, [office@gryphoninvest.com.ua](mailto:office@gryphoninvest.com.ua), [gryphoninvest.com.ua](http://gryphoninvest.com.ua)



+38 044 227 9212	Helen Lynnyk	2011	Kyiv, Ukraine	Capital Markets and Debts Restructuring; Banking and Finance; Investments Management; Due Diligence; Litigation; M&A; Tax; Audit; Government Relations; White Collar Crimes; Bankruptcy	IFC (World Bank Group), Visa International, Kredobank, Express-Bank, FIDOBANK, EUROBANK, Privat Bank, Alfa-Bank Ukraine, Furshet, Atoll Holding	English, Russian, Ukrainian
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### Gvozdiy&Oberkovych Law Firm

19 B Instytutska St., suite 29, Kyiv 01021, Ukraine, [info@golaw.ua](mailto:info@golaw.ua), [www.golaw.ua](http://www.golaw.ua)



+38 044 581 1220 +38 044 581 1222	Valentyn Gvozdiy	2003	Kyiv, Ukraine	Taxation; Dispute Resolution; Criminal Law and White Collar; Compliance management; Corporate investigations; Corporate Law and M&A; Crisis management; International Trade	Marks&Spencer, Zara, GAP, Red Bull, Azelis, Mercator Medical, Aviareps, Donegal, Fracasso Industries, Bauer Technics	English, German, Russian, Ukrainian
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### Jurimex Law Firm

9/2 Velyka Vasilkivska St., office 67, Kyiv, Ukraine, [reception@jurimex.com.ua](mailto:reception@jurimex.com.ua), [www.jurimex.com.ua](http://www.jurimex.com.ua)



+38 044 287 4838 +38 044 287 7676 +38 044 284 3777	Danil Getmantsev	2003	Kyiv, Ukraine	Tax; Intellectual Property; Real Estate and Construction Corporate and M&A; Banking and Finance; Litigation and Arbitration; Registration of Trade Marks; Bankruptcy and Financial Restructuring; Telecommunications and Broadcasting; License Obtaining; Medicinal Products and Medical Devices Registration	MSL, Travel Professional Group, Travel Professional Magazine, Ukravtodor, Modnakasta, espreso.tv, ukrudprom.ua, Bontrup Ukraine	English, Russian, Ukrainian
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### PLP Law Group

24 Verkhniy Val St., Kyiv, Ukraine, [info@plp.kiev.ua](mailto:info@plp.kiev.ua), [plp.kiev.ua](http://plp.kiev.ua)



+38 044 377 73 61 +38 044 377 73 62	Andrii Popko, Ivan Legeida	2002	Kyiv, Ukraine	Corporate/M&A; JSC; Contract law; Litigation; Mediation; Arbitration; Finance; Banking; Securities&Funds; Tax; Investment; Debtor-Creditor	Kredobank, Casagrande, Bunge, CHS, Kvazar, Souzdruk	English, German, Polish, Russian, Ukrainian
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### Squire Sanders-Salkom International Association

12 Khreschatyk St., Kyiv 01001, Ukraine, [squiresanders.com](http://squiresanders.com), [salkom.ua](http://salkom.ua)



+38 044 591 3100 +38 044 591 3140	Peter Teluk, Evgen Kubko	1992	Kyiv, Ukraine	Anti-Corruption (FCPA/UK Bribery Act); Antitrust and Competition; Banking and Finance; Commercial Contracts; Corporate; Dispute Resolution; Intellectual Property; Labor and Employment; Litigation; M&A; PE; Real Estate; Tax and Customs	Acron, Carlsberg Ukraine, ContourGlobal, Furshet, Group DF, Lufthansa Ukraine, MTS Ukraine, Nadra Bank, Orithil, Ukrainian Construction Company, UniCredit Bank, United Capital Partners, Velti, Winner Imports Ukraine	English, Russian, Ukrainian
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### Vasil Kisil&Partners

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+38 044 581 77 77	Oleg Makarov	1992	Kyiv, Ukraine	Agricultural Business; Antitrust&Competition; Banking& Finance; Capital Markets; Corporate/M&A; Dispute Resolution; Energy; IP; International Trade; Labour& Employment; Private Clients; PPP, Concessions& Infrastructure; Real Estate&Construction; Taxation	Alfa Bank (Ukraine), BASF, BNP Paribas, British American Tobacco, Central European Media Enterprises, Coca Cola, Danone, DuPont, Google, Inditex Group, Kraft Foods, Samsung, Seven Hills, Shell, YouTube.	English, French, German, Spanish, Polish, Russian, Ukrainian
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### Wolf Theiss LLC


5 Spaska St., Kyiv 04071, Ukraine, [kiev@wolftheiss.com](mailto:kiev@wolftheiss.com), [www.wolftheiss.com](http://www.wolftheiss.com)



+38 044 377 7500	Taras Dumych, Ronald Given	2008	Vienna, Austria	Corporate and M&A; Banking and Finance; Capital Markets; Tax; Dispute Resolution; White Collar Defense; Energy, Natural Resources and Mining; Competition; Real Estate and Construction; Employment; IP/IT; Agriculture	Geveko Industri Holding AB, Lukoil International, ThyssenKrupp, Vienna Insurance Group, MND Drilling & Services, Rönésans Holding, OBI, Rubellius Capital, QBE Insurance Group Limited	English, German, French, Polish, Russian, Ukrainian
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# Lawyers step up to defend EuroMaidan activists

By Anastasia Forina, forina@kyivpost.com



A good lawyer can easily make \$2,000 a month in Ukraine, yet many of them sacrificed their billable hours to represent EuroMaidan activists since Nov. 21 when the first anti-government rally started in central Kyiv. Members of the non-governmental Ukrainian Bar Association, Ukrainian Attorney Association, as well as employees of private law firms provided free legal counseling in December-February. Many still provide legal assistance today to make sure the rule of law is observed.

**S**erhiy Hrebeniuk, a counselor of Egorov, Puginsky, Afanasiev and Partners law firm and head of Kyiv department of the Ukrainian Bar Association that unites more than 4,000 leading Ukrainian lawyers says the group has been involved since Nov. 30 when police used brutal force to disperse protesters on Independence Square.

They have been involved in more than 40 criminal and civil cases. All of them “were very similar,” Hrebeniuk recalls, adding that the police reports were the same while the majority of were “accidentally” detained “and there were a lot of such stories, unfortunately.”

Hrebeniuk himself was involved in defending Anton Kudinov, a journalist from Odesa who works for the “Hidden Truth” TV channel. He was beaten and detained on

Hrushevskoho Street on Jan.23. He was accused of organizing mass riots and faced up to 15 years in jail. Together with colleagues, Hrebeniuk succeeded in changing the measure of restraint — from two-months in jail to house arrest and then found a video that proved Kudinov’s innocence.

“Now we’re striving to close the case,” Hrebeniuk says. “We were offered amnesty but we refused as he’s not guilty and we insist on full termination of the criminal case, we’re fighting for every millimeter.”

Another defendant facing a 15-year prison sentence is 17-year old activist Mykhailo Nyskohuz from Lviv Oblast who was detained on Hrushevskoho Street on Jan.20. Berkut riot police allegedly beat him brutally and knifed him, according to Borys Danevych, managing partner of Marchenko Danevych law firm who represented Nyskohuz in court.

1

The 2014 Ukrainian revolution as part of Ukraine's ongoing struggle against the government that

2

The conflict escalated rapidly against the government of President Yanukovich, leading to the setting up of a new government

3

Yanukovich fled to Russia and the conflict continued between protesters and the government when Russian forces seized Crimea

4

Number of deaths of the revolution: 1200 people were injured, and





EuroMaidan protesters are putting barricades on fire at Khreshchyatyk street © Anastasia Vlasova

...n began with civil unrest in Kyiv  
Euromaidan protest movement  
started on Nov. 21.

...y, leading to the downfall  
...ent Viktor Yanukovich on Feb. 22 and  
...nment to replace it within a few days.

...nd is wanted in Ukraine for the killing  
...ntinued with the 2014 Crimean crisis  
...ontrol of the Crimea region.

...olution reached 102, while more than  
...ccording to Ministry of Health figures.

“Taking into account the fact that he was underage and that it was the first case of bringing him to justice (a 15 year jail sentence) would be outrageous,” Danevych says. “However, under the judicial system of that time everything could happen. That system was executing well-defined instructions and we all as lawyers saw that.”

As in Kudinov’s case, Danevych says he managed to change the measure of restraint to house arrest as his defendant needed urgent medical treatment. Even though Nyskohuze’s case later became a subject to the amnesty law that came into force on Feb.17, Danevych says now he’s striving to have the General Prosecutor’s Office investigate the beating of his defendant.

**When we came to the Obolon police department on January 23, we saw horrifying things — severely beaten young men were detained, so we called an ambulance at once**

AutoMaidan activist from Lviv Oblast Viktor Davydiak who was brutally beaten and detained on Jan. 23 is still recovering from injuries, says Sergiy Shapov, head of criminal practice at Alekseev, Boyarchukov and Partners law firm who represented him in court.

“When we came to the Obolon police department on Jan. 23, we saw horrifying things — severely beaten young men were detained, so we called an ambulance at once,” Shapov recalls. His defendant Davydiak was diagnosed with a brain concussion and closed head injury.

Shapov managed to change the restraint measure to house arrest so Davydiak could go back home and get medical treatment. But serious injuries were not the only thing that shocked Shapov.

During the pretrial investigation the accusations his defendant was facing were upgraded from hooliganism, implying three to five years in jail, to taking part in mass riots implying up to 15 years without any explanation, he recalls. The case was closed, however, on Feb. 26 due to the absence of the event of a crime.

Lawyers from the Ukrainian Bar Association also helped victims who

suffered in clashes with police. According to the Health Ministry’s latest data, more than 1,200 people have sought medical treatment since Feb. 18 while 795 of those were hospitalized.

“We prepared instructions for people who suffered during the clashes so that they can understand what to do, what expertise to undergo, how to document injuries and so on,” Hrebeniuk explains.

Moreover, the group of lawyers designed and offered the Interior Ministry a legal formula to register public organizations that were trying to maintain public order based on Ukrainian law. This was done after there were cases reported of men dressed as self-defense units damaging property and cars, said Hrebeniuk.

“Even after the situation has changed in the country we keep our heads on a swivel as there shouldn’t be violations on behalf of any side. We as lawyers remain outside of politics but are for justice and fairness,” Hrebeniuk explains.

Currently the association is discussing possible ways to reform the judicial system, which is also being discussed by the British government, according to Andy Hunder, head of government relations in the London office of Sayenko Kharenko law firm and head of the Ukrainian Institute in London who is working closely with British authorities and Justice Minister Symon Hughes, in particular.

“Now they’re looking for...what can be done (on behalf of the British Justice Ministry) to reform the legal system in Ukraine as they have similar programs of assistance for other countries,” Hunder says. “Hughes has been a great supporter of Ukraine for many years.”

Hunder, who has been an organizer of numerous rallies in London, including those outside the London residence of Ukraine’s richest businessman, Rinat Akhmetov, urging him to step up and stop the bloodshed in Ukraine since he was a close associate of ex-President Viktor Yanukovich.

Another rally was held next to British Prime Minister’s David Cameron’s home calling for sanctions on Ukrainian oligarchs and protection of Ukraine’s territorial integrity. Hunder says he highly appreciates the work that Ukrainian lawyers have been doing over the last three months.

“I think it’s good that lawyers speak out and that they speak for the truth. It was very difficult and respect should be given to those lawyers who spoke for the truth and supported freedom and democracy,” Hunder says.

# Unreliable borrowers upset Ukrainian bankers

By Nataliya Trach, trach@kyivpost.com

*Ukraine's AIS automobile distribution corporation, which is owned by two Party of Regions lawmakers — Dmytro Svyatash and Vasyl Poliakov — has not been repaying a UkrSibbank loan worth \$100 million for five years. But after the overthrow of President Viktor Yanukovich, who controlled the party, the bank debt may finally get repaid.*

“We would like the example with the AIS corporation to become a good opportunity to strengthen the confidence towards judicial and law enforcement systems of Ukraine. It's not a question of UkrSibbank only. It concerns the entire banking system — fairness of justice and investment attractiveness of Ukraine,” Oleksandr Shevchenko, press secretary of UkrSibbank BNP Paribas Group, told the Kyiv Post.

Yet, other banks still struggle to recover their loans due to the weakness of Ukraine's legal system. According to the National Bank of Ukraine, as of Feb. 1, the share of overdue debts was 7.8 percent of the loan portfolio of the entire Ukrainian banking system. The share of the overdue debts fell from 8.9% to 7.7% during 2013.

Dilyara Mustafayeva, the expert of the Independent Association of Banks of Ukraine, insisted that the amount of overdue debts does not always correspond to the quantity of the problematic loans because many such loans are paid in separate tranches and are not reflected on the accounts of bad loans.

That's why the more accurate benchmark for determining the quantity of problem debts is summarizing non-performing loans. As of Jan. 1, the National Bank of Ukraine determined the share of such loans in the whole banking system reached 12.89 percent.

The lawyers, however, said the quantity of problematic loans is much higher and is set to increase.

“Even before the political crisis, bad loans in some Ukrainian banks constituted up to 40 percent of issued loans,” Anna Kozhemyachenko, lawyer at the Asters law firm, said. “Depreciation of Ukrainian currency in the current political turmoil will inevitably lead to increasing non-performing loan portfolio of most Ukrainian banks.”

Mustafayeva of the Independent Association of Banks said that it is hard to say whether big corporations, small businesses or individual clients become bank debtors more frequently. “On the one hand, big companies are more solvent than small ones,” she said. “On the other hand, it is difficult for the banks to resist big corporations, full of professional lawyers, when such



**Philippe Joannier, UkrSibbank's chairman of the management board for Ukraine, talks with guests during the grand opening of a new UkrSibbank branch that caters to non-resident clients on Sep. 20, 2013 © Kostyantyn Chernichkin**

corporations try to avoid repaying the loan.”

Lawyers say that most of the problems impeding banks' successful debt collection arise at the stage of issuing a loan. Misleading information on the financial state of a borrower may result in the bank unable to react adequately and timely when a borrower becomes insolvent. A bank therefore can potentially lose an opportunity to get the loan repaid.

Bad loans often originate from loopholes in legal documentation or breach of legal procedures at the initial stage. “Other problems are mostly related to the duration of court trials and law enforcement proceedings. In terms of practice, the collection of large corporate debts is a long process which may last from few months to a year or longer,” said Kozhemyachenko of Asters.

Roman Stepanenko, head of banking and finance department at the Egorov, Puginsky, Afanasiev and Partners law firm, said that it is hardly possible to describe all fraudulent structures used in order to avoid full or partial

repayment of debts to financial institutions.

Borrowers may use various schemes to avoid repaying the bank loan. “(For instance) a borrower creates fictitious creditor that claims for substantial amount of financing, which would leave a bank among minority creditors,” Stepanenko noted.

Stepanenko believes that banks should take care of their financial security themselves. They should act more actively in terms of assessing each project to minimize any possibility of fraud coming from borrowers.

Lawyers stress that execution of the guarantees of creditors' rights is a key question for now, while introduction of new amendments to existing legislation is a relatively minor issue.

“Even though many guarantees of creditors' rights are already declared and introduced within national legislation, very few of them are applicable in practice. Needless to say that even obtaining favorable court judgment by the creditor does not entail its actual enforcement,” Kozhemyachenko added.



# New legislation targets offshore hemorrhaging

By Ivan Verstyuk, verstyuk@kyivpost.com

*Ukraine loses approximately \$10.2 billion a year due to shifting capital to the offshore accounts, according to unofficial information of local tax authorities. To avoid this, in July of 2013 Verkhovna Rada passed a law on transfer pricing which narrows the opportunities to take profits to the offshores.*

**L**aw became effective on Sep. 1 last year, but the date for the first filing of respective transfer pricing reports is due to May 1. So far, Cyprus and British Virgin Islands remain the most popular directions of Ukrainian businessmen's taxing optimization policy. Meanwhile, the Internet is filled with advertisements offering all sorts of offshore services for Ukrainian clients.

"Given that the law-makers have not set any transitional period for application of transfer pricing legislation, many large businesses took the necessary steps to meet the new requirements just after the law came into effect. At the same time, we have doubts that the tax authorities from their side will be ready to properly apply the new legislation in 2014," says Denys Lysenko, partner at Vasil Kasil & Partners law firm.

Oleksiy Homyakov, counselor for Asters law firm, adds, "The concept put into the foundations (of transfer pricing legislation) is quite progressive, even from the point of view of analogous relevant legal norms of prominent European countries. However, newly introduced rules of transfer pricing lack clear and well-defined... mechanism for administrating and controlling their implementation by subjects of economic activity."

**The only way of returning the capital and attracting new investments to Ukraine is a significant reduction of the amount of taxes**

The standard scheme of taking profits to the offshore jurisdiction with lower taxes includes registering a resident company there as a first step. Then Ukraine-based producer of certain goods sells them to own offshore unit at an extremely low price to avoid paying a substantial amount of taxes under Ukrainian tax legislation.

When any interested party wants to purchase those products, it buys it from the offshore entity which pays significantly lower taxes according to the local rates. Goods that are being sold may never leave Ukraine in such a scheme.

Transfer pricing legislation is applied when there is a suspiciously low price for sale of goods to the foreign companies. Average market prices are used for assessment in this case.

Ukrainian legislation covers the deals whose aggregate annual value exceeds \$5.1 million with home or foreign affiliated and non-affiliated residents. In case of foreign residents, transfer pricing laws are implied if corporate income tax rate in that country is lower than the Ukrainian by 5 or more percentage points, reaching 14 percent and less.

"Respective regulations are not perfect, and the taxpayers in some cases have already discovered their uncertainties and possibility of ambiguous interpretation," explains Lysenko. "Part of them may be resolved by way of official interpretation (i.e. by way of a generalized tax ruling), another part — through legislative amendments. In both cases there should be a straightforward dialogue between the state and business representatives — which is hopefully forthcoming with the new Ukrainian government with an "investor-friendly face" now in place."

British newspaper Guardian yet in 2010 estimated that a third of all the wealth on the entire globe is being held in offshore banks. Global Research, Canada-based center for research on globalization, estimated in 2013 that the global elite are hiding \$18 trillion in offshore banks. However, the same year Guardian reported about \$32 trillion kept on the offshore accounts in British Virgin Islands.

"Each jurisdiction has certain peculiarities of its transfer pricing legislation, which mostly depend on the particular legal and tax system. Today many EU and non-EU states follow the Organization for Economic Cooperation and Development Transfer Pricing Guidelines, which are generally considered to be a common standard, which may be followed and adapted with

or without changes into domestic legislation", comments Lysenko of Vasil Kasil and Partners.

Canada, China and the US have already introduced effective mechanisms of exchanging the taxation information between different countries, which stimulate global trade and prevent tax evasion, says Asters' Homyakov.

**Canada, China and the US have already introduced effective mechanisms of exchanging the taxation information between different countries, which stimulate global trade and prevent tax evasion**

Today a lot of different measures are being elaborated by the international organizations like OECD and Financial Action Task Force on Money Laundering and implemented by some states, aimed at limitation of tax advantages which may be achieved using offshore companies. Besides transfer pricing legislation, they include increasing transparency and improving exchange of tax-related information.

Offshore schemes are risky and expensive, adds Homyakov. "The only way of returning the capital and attracting new investments to Ukraine is a significant reduction of the amount of taxes."

Lysenko foresees, positive changes regarding domestic legislative framework and judicial system may become the key argument for the Ukrainian business to re-invest in Ukraine. Another option, which is widely discussed, is a mere tax amnesty for offshore wealth. "(It) is not likely to yield any significant results, unless coupled with and supported by systemic legal and economic reforms," Lysenko resumes.

# Sales loom for state giants

By Iryna Yeroshko, yeroshkoiryna@gmail.com

*Ukraine's interim government wants to place two of its largest owned monopolies in private hands: oil and gas behemoth Naftogaz Ukraine and railway company Ukrzaliznytsia.*

**O**n March 3, interim Prime Minister Arseniy Yatseniuk said that Naftogaz should be sold in a transparent auction. Ukraine “should get rid of state property... it is used inefficiently, (money) is always stolen and it's always an enclave of corruption,” Yatseniuk said.

According to him, Naftogaz is a non-transparent monster that controls billions of dollars of cash flow and which is, in fact, a “quasi-ministry of finance.”

Talks have persisted at the highest levels for at least two years to privatize the oil and gas money pit — a constant headache for the state that needs to give the state agencies regular subsidies to stay afloat. But no action has been taken.

Naftogaz Ukraine, one of the country's biggest companies with nearly 180,000 employees, controls oil and gas transportation and storage, as well as most oil and gas extraction in Ukraine. It is part of the Ministry of Fuel and Energy of Ukraine.

The company published an unconsolidated, unaudited net loss of \$1.4 billion for 2013, leaving it \$200 million more in the red than in 2012. It made 25 percent less in revenue last year than in 2012, generating \$9 billion in sales.

Apart from that, Naftogaz is famous for its issues with Gazprom, Russia's gas monopolist and Ukraine's long-term supplier. The high price of Russian gas, which has ranged from \$269 to more than \$400 per cubic meters over the years, but which was on the lower end of the spectrum under former President Viktor

Yanukovich to keep him loyal to his Russian counterpart Vladimir Putin, has pushed Ukraine to diversify on energy. Historically, one of the principal reasons why Naftogaz chronically is in the red is that local public utilities buy gas from it at rock-bottom prices.

Besides, several gas trade companies like RosUkrEnergo, EurotransGas, Itera contributed a lot to widening Naftogaz's deficit. Greatly narrowing the oil and gas company's deficit has been a major prerequisite for funding by the International Monetary Fund.

Privatization of Naftogaz may be preceded by separating company's subsidiaries into profitable and unprofitable ones. Under these conditions, the gas storage and transportation system would be a key moneymaker.

But privatizing such a lucrative and strategic asset raises energy security risks, including the possibility of unjustified gas price increases for local customers.

Markiy Varyvoda, a legal consultant and MF-lawyers association partner, thinks that Naftogaz has liquid assets that are profitable, so its privatization is “purposeless, although the international audit, which will provide information about the entity's condition, is a necessary thing to do.”

Varyvoda added that the state has plenty of regulatory tools at its disposal for impeding any threats that a privatized Naftogaz might pose to the nation's energy security. Current legislation doesn't allow for the privatization of Naftogaz, but in order to do that, there should be a “clear legal framework for the

activity of Naftogaz,” Varyvoda said.

“The new law on privatization should be developed when the oil and gas market will set clear rules for running the business, punishments for violations etc. Analyzing past events, one can conclude that the idea of Naftogaz privatization came with the view of gaining control over the hidden important asset of Ukraine, namely the (gas pipeline and storage) system. Therefore, there should be conditions that would make privatization impossible for non-core investors,” Varyvoda said.

Another problem of privatizing the energy giant is its debts, although some specialists say that it is a common practice to bankrupt a company so that it could be sold cheaper to an insider. If the new owner will have no agreements with the creditors, he may refuse to repay economically inexpedient loans, Varyvoda said.

Leonid Antonenko, counselor for Sayenko Kharenko law firm, said that “the issue of privatization lies within a political line.”

Antonenko said that he is certain privatization will inevitably bring higher prices for services, as the new owner will see the newly acquired business as a cash cow as it should be. “As for me, I am ready to pay the market price for gas and railway transport services. But when this issue is considered by politicians, they have to think about all categories of citizens, of those who are financially well-off and of those who live in depressed areas,” Antonenko said. “They count on these people's support and their votes.”

Railway company Ukrzaliznytsia, which employs around 400,000 people, is also a natural monopoly. Unlike Naftogaz, it is usually a profitable entity. It earned \$282 million for the first half of 2013, three times less compared to 2012.

Rail transportation in Ukraine gets less competition from aviation than in more developed countries due to substantially cheaper prices. Ukrzaliznytsia's privatization has been widely discussed, though the government has not made a decision on this issue. The company is considered a strategically important venture. Varyvoda thinks Ukrzaliznytsia needs to be restructured as passenger service quality is really low and requires fundamental changes.

“A full audit should be conducted of Ukrzaliznytsia as well as of Naftogaz, involving relevant experts for making a decision on restructuring and changing their management,” the expert added.



State property privatization auctions are often criticized for complicated conditions and limited amount of participants  
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# Ukraine's debt collection market keeps growing

By Nataliya Trach, trach@kyivpost.com

## Debt collection is a booming business.

Since 2010, Ukraine's debt collection market has grown three-fold from Hr 8 billion to Hr 24 billion. This year will bring more growth.

The Ukrainian debt collection market is estimated at Hr 22-24 billion, according to Andriy Nyzhnyk, a board chairman of the Association of Collection Businesses in Ukraine. This number does not include banks' sales of bad loans, which are sold to the banks' subsidiary collection agencies.

"Speaking of banks and bad loans, the potential debt collection market might be estimated not less than Hr 66 billion," Nyzhnyk said. And the market is set to rise further, he added.

Oleksandr Zholud, senior economist at Kyiv-based International Center for Policy Studies, also believes the current year will bring good prospects for the development of debt collection business. "I think that the quantity of collection agencies will remain the same but the service they provide will grow," he said.

"The recession will lead to Ukrainians' income reduction, some will not be able to pay off their debts," he added. Zholud suggests that in 2014 collectors will work mostly on short-term consumer loans, because in the past Ukrainian banks have been actively issuing loans of this sort. Collection agencies plan to work mostly on repayment of recently overdue debts and debts for housing and public utility services this year, Nyzhnyk says.

Collectors complain that low interest rates on debt collection, low profitability and loopholes in Ukrainian legislation are the main causes preventing development of their business. Nyzhnyk says that interest rate is only 5-15 percent of the total amount of an overdue debt.

"Profitability of collection agencies in Ukraine does not exceed 7-10 percent of the total gain," Oleksandr Kabak, head of Verdict collection agency said. "Imperfect legislation and different interpretation of the same laws by different public bodies prevent the market from active development," Nyzhnyk added.

In turn, debtors have a lot of complaints regarding collectors' work. Lawyers say that their clients complain about collectors applying psychological pressure on them.

"Collectors like to phone a debtor late at night. They call a debtor's workplace or send him letters with threats," said Natalya Sumska, a lawyer at Sumski, Filshteyn and Partners law firm.

Sumska recommends people not to pay attention to collectors. "If you suffer from their activities asking legal counseling is a good idea," she said. "In most cases debt collection agencies refuse to meet with their victims' lawyers."

Rostyslav Kravets, senior partner at Kravets and Partners law firm, said that debt collection agencies often illegitimately post announcements marking "debtor" on people's houses. "Besides, debt collection agencies that do not have currency licenses collect debts in foreign currency," the lawyer added.

"They often violate not so much law as they infringe ethical behavior," Serhiy Boyarchukov, managing partner at the Alekseev, Boyarchukov and Partners law firm, said.

"Collectors are typical entrepreneurs before they pass the line after they turn into phone hooligans and blackmailers," Boyarchukov noted. "They often violate not so much law as they infringe ethical behavior."

Kravets said that there are no special laws regulating collectors' business in Ukraine. "Collectors' business is an entrepreneurial activity aimed at reimbursement of bad loans. That's why it is incorrect to say that their business is illegal," Boyarchukov added.

The activity of debt collection agencies is regulated under the Civil and Economic Codes. Lawyers believe that no special laws concerning collectors' activities needed to be adopted.

"The existing laws clearly regulate the debt collection process, and norms of the Ukrainian law 'on protection of consumer rights' protect ordinary citizens from illegal actions of creditors," Kravets said. "Another question is that the laws are not enforced, and the current juridical system allows swindlers to remain unpunished."



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A student of the Kyiv-Mohyla Academy washes the monument dedicated to Hryhorii Skovoroda, 18<sup>th</sup> century Ukrainian philosopher, mystic and poet, according to the tradition  
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# Ukrainian law schools better at producing theoreticians than practitioners

By Olena Goncharova, [goncharova@kyivpost.com](mailto:goncharova@kyivpost.com)

*Law experts interviewed by the Kyiv Post unanimously agreed that their firms are constantly on the hunt for better-skilled professionals.*

**W**ith more than 250 Ukrainian universities providing legal education, it turns out to be difficult for their graduates to meet the market demands, as excellent English-language skills and overall critical thinking abilities are needed, along with outstanding professional expertise.

Some Ukrainian graduates believe that a prestigious university diploma is the key to success, while Leonid Antonenko, counsel at Sayenko Kharenko law firm, said that “the diploma doesn’t always indicate proper job candidate.”

Ukrainian students admit that local universities often fail to adjust their curriculums to market demands. Oleksandra Brovko, who will get her master’s degree in law at Kyiv National Taras Shevchenko University this year, called the local system of education “too general and theoretical.”

Lack of practical skills encourages Ukrainian law students to apply to Western universities. During the last five years, the number of Ukrainian students in European universities increased by 38 percent, with around 32,000 students enrolled.

In 2013, Brovko entered Swiss World Trade Institute for one-year master’s program, where she studied international trade law. Brovko recalls she met people from more than 20 countries during her year at Swiss university, which gave her a good experience. She also says her studies in Switzerland were “very intense with more than 35 exams during the year.”

Hennadiy Voytsitskiy, who heads Tax Practice Group at Kyiv’s office of Baker & McKenzie law firm, admitted that the biggest problem is that local universities lack individual-oriented methods of studying: “University education in Ukraine drags way behind the reality,” Voytsitskiy said. “The education for lawyers should have the individual factor. And in fact Ukrainian universities don’t raise people who think critically.”

After getting his Ukrainian diploma, Voytsitskiy received a master of law degree from Harvard Law School in 2004. “US professors didn’t care whether you take notes during the lecture and how much information you

memorized. Much more important is to express one’s own opinion and have enough strong arguments to provide,” he recalled. Besides, students at American universities can create individual study plans and choose the courses to attend.

He is certain that Ukrainian law schools should incorporate the case method instead of lecture-based courses. Besides, local students lack communication with lawyers on the ground.

Oksana Ilchenko, a partner for Egorov, Puginsky, Afanasiev and Partners, agreed that involving reputable practitioners into university curriculum “will reinforce the bridge between theory and practice, and also between the law schools and the market.”

However, Ilchenko says theoretical background comes of a big help for Ukrainian law students. “Heavy focus on the theoretical part (especially, studying the codes) that is usually criticized as the biggest disadvantage of Ukrainian education system, is actually inevitable to some extent as it is ancillary to our legal system,” Ilchenko explained. On the flipside, she admitted, the Ukrainian system makes professors spend too much time lecturing instead of guiding and mentoring.

Ilchenko, who received degrees from Lviv National Ivan Franko University and Kyiv National Taras Shevchenko National University and completed a post-graduate course at TMC Asser Institute in Netherlands, recommended

law graduates from Ukrainian universities not to hurry with entering Western schools. “Try to get at least 2-3 years of practice to firm up or change your choice of specialization and get a real flavor of the matters you will be dealing with,” she said.

Artem Shaipov, another Kyiv Taras Shevchenko University graduate, enrolled at Cambridge University after working for Center for Political and Legal Reforms in Kyiv for a couple of years, which gave him an opportunity to find specific legal fields he’s interested in.

Shaipov received law degree from Cambridge University in 2012. He cites the university’s freedom and opportunity to select the number of disciplines to study as key advantages of the UK education. Moreover, he admits, many Ukrainian professors lack friendly attitudes towards students, while British professors are more accessible.

“However, I need to stress that Ukrainian education and legal education in general is not so bad, otherwise we wouldn’t have so many Ukrainian students who successfully study on different programs abroad,” Shaipov added.

Antonenko of Sayenko Kharenko law firm received his master’s degree from the University of Reading in 2009 after studying at Odessa Law Academy. He said it’s impossible to change all Ukrainian professors at once, but there are some important things to incorporate into local universities from the West.

He emphasized the difference in written assignments at Ukrainian and British universities.

“Every single paper (in University of Reading) was checked for plagiarism via Internet,” Antonenko explains. “And I think more written work that requires critical thinking and the cutting of useless library-research papers — the main home assignment for Ukrainian students — can improve educational process in Ukraine.”

Antonenko stressed that legal education provided by Kyiv-Mohyla Academy and Kyiv National Taras Shevchenko University is of a higher quality since graduates of these schools are more successful in receiving jobs at Sayenko Kharenko. “They usually have a good English-language level, which is important for us, and argumentation skills,” he explained.

**Lack of practical skills encourages Ukrainian law students to apply to Western universities. During the last five years, the number of Ukrainian students in European universities increased by 38%, with around 32,000 students enrolled.**

# Experts expect benefits from Ukraine-EU agreement on common aviation area

By Isaac Webb, isaac.d.webb@gmail.com

*On March 12, the Ukraine's Infrastructure Ministry announced that the European Union had postponed signing the Agreement on Common Aviation Area with Ukraine until the EU finishes resolving an internal dispute about the definition of the territory of the agreement.*

**B**oth parties are currently taking measures to ensure that they will be prepared to sign the Agreement on Common Aviation Area, which is also known as the Open Sky Agreement, as soon as the definitional question is resolved.

The agreement will yield considerable benefits to Ukrainian passengers. Vadim Samoilenko, an expert on aviation law at Asters Law Firm, told the Kyiv Post that the implementation of the agreement "will lead to a number of positive changes in the aviation field, including increasing the number of flights and increasing airline competition. As a result, the cost of flying will be lower, and consumers will see higher quality services and airline management.

Samoilenko said the bilateral agreement will "establish common aviation standards and liberalize market relations in aviation."

Ukraine and the EU began discussions about Ukraine joining the Common Aviation Area in 2007, but negotiations took a major step forward last November at the Eastern Partnership Summit in Vilnius, Lithuania, when the two parties initialed the agreement. Samoilenko said that the agreement will likely be ratified and enter into force in summer 2015.

Ukrainian airlines will benefit greatly from joining the Common Aviation Area, as increased passenger traffic through Ukraine will create more investment opportunities for foreign and domestic businesses. European air carriers will also benefit: all EU airlines will be able to operate direct flights to Ukraine from anywhere in the EU.

In a press release in November, the European Commission announced that as a result of the agreement "All limitations to weekly flights between Ukraine and the EU will be removed, and free and fair competition will help the establishing of market prices for all flights."

The Open Sky Agreement will likely stimulate the Ukrainian economy, said Samoilenko.

"We expect that OSA will promote free movement of persons and goods, [and] expand



Signing the Agreement on Common Aviation Area will establish european aviation standards and liberalize market relations in the sector © Unian

commercial opportunities, he emphasized.

Ukrainian air traffic has increased nearly fivefold since the collapse of the Soviet Union. According to the Ukrainian State Air Traffic Services Enterprise, more than 534,000 flights passed through Ukrainian airports in 2013, up from 120,500 in 1993. Experts expect that these figures will continue to rise after Ukraine joins the Common Aviation Area.

In addition to increasing air traffic, Ukraine will be required to implement European safety standards, which are considerably higher than Ukrainian standards. To comply with the agreement, Samoilenko said Ukraine would have to "reconstruct its domestic airports, upgrade air traffic control systems, and liberalize ground services and fuel delivery."

Signing the agreement may also raise Ukraine's image abroad, and give legitimacy to the new government by proving to Europeans that post-revolutionary Ukraine is capable of instituting far-reaching reforms. As a result,

Samoilenko hoped that the agreement would be a step towards European integration for Ukraine: "signing, ratifying and implementing the agreement...will facilitate cooperation of Ukraine with EU in other fields, including the application of the Association Agreement."

European Common Aviation Area agreements between the EU and some external countries were signed on May 5, 2006 in Salzburg, Austria. It would liberalize the air transport industry by allowing any company from an ECAA member state to fly between any airports in all ECAA member states (including the possibility for foreign company to provide domestic flights).

On June 9, 2006 the ECAA agreement was signed by almost all the EU members, the European community itself, Norway, Iceland, Croatia, Macedonia, Albania, Bosnia and Herzegovina and Kosovo. Slovakia and Latvia signed in later the same month, followed by Serbia and Montenegro.



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